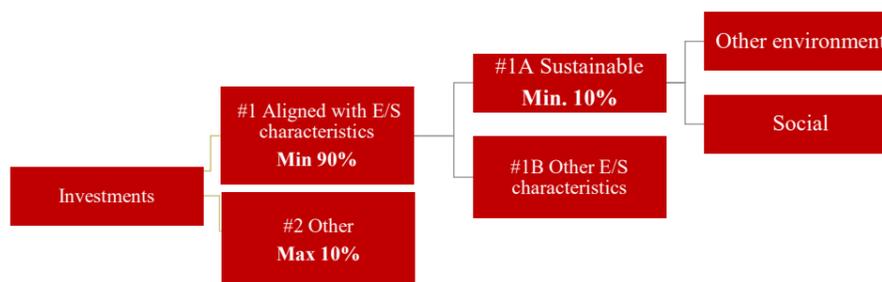


LUX IM – CARMIGNAC EMERGING FLEXIBLE BOND (“Sub-fund”)

Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”)

Section	Disclosure
No sustainable investment objective	The Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-fund invests at least 10% of its holdings in sustainable investments in pursuit of its investment objective. The Sub-fund makes sustainable investments whereby a minimum of 10% of the Sub-Fund’s net assets are invested either: 1) in emerging market sovereign or quasi-sovereign debt issuers that reflect strong or improving ESG-related characteristics within the top quartile of the sustainability score distribution ($\geq 3.4/5$) using our proprietary ESG scoring system, OR 2) in green, social, sustainable and sustainability-linked corporate, sovereign or quasi-sovereign bonds. The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-Fund’s net assets. To ensure that sustainable investments do not cause significant harm to any environmental or social sustainable investment objective, the Sub-fund uses the following methods: 1) universe reduction process; 2) active stewardship.
Environmental or social characteristics of the financial product	The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy, applying a best-efforts approach to invest in a sustainable manner: 1) ESG integration, 2) Negative screening, 3) Positive screening, 4) Active Stewardship to promote Environment and Social characteristics; 5) Monitoring of Principal Adverse Impacts.
Investment strategy	<p>The investment objective of the Sub-fund is to generate sustainable positive return over the medium term by adopting a total return approach taking advantage of the rising target markets opportunities while keeping a conservative approach through an hedging implementation in case of market’s downside.</p> <p>This objective will be effected through a diversified and flexible portfolio of emerging markets debt securities which comply with Environmental, Social and Governance (“ESG”) criteria.</p> <p>The Sub-fund adopts a sustainable investment approach using best in universe and best efforts selection process and both positive and negative screening to identify companies with long term sustainable growth criteria. The Sub-fund makes sustainable investments whereby a minimum of 10% of the Sub-fund’s net assets, are invested in shares of companies that are considered aligned with relevant United Nations Sustainable Development Goals (“the SDGS”). The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-fund’s net assets. In order to assess good governance practices, the Sub-fund applies Carmignac proprietary ESG research system START, which gathers key governance indicators automated for over 7000 companies, including 1) the percentage of Audit Committee Independence, Average Board Tenure, Board Gender Diversity, Board Size, Compensation Committee Independence as it relates to sound management structures, 2) Executive Compensation, Executive Sustainability Incentive, Highest Remuneration Package as it relates to remuneration of staff. Employee relations are covered within Carmignac indicators (namely through employee satisfaction, gender pay gap, turnover of employees) within START.</p> <p>As for taxation, the Sub-fund recognize companies in its investment universe which adhere to the OECD Guidelines for multinational enterprises on taxation and push for disclosure where necessary.</p>
Proportion of investments	<p>A minimum proportion of 90% of the Sub-fund’s net assets is used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy. The minimum of 10% of net assets which are deemed sustainable investments is defined as:</p> <p>1) Investments in emerging market sovereign or quasi sovereign debt issuers that reflect strong or improving ESG-related characteristics within the top quartile of the sustainability score distribution ($\geq 3.4/5$) according to the proprietary ESG scoring system; OR 2) Investments in use of proceeds bonds such as green, social or sustainable corporate, sovereign, quasi-sovereign and agency bonds and investments in sustainability-linked bonds.</p> <p>The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-fund’s net assets. The #2 Other investment (in addition to cash and derivatives which may be used hedging purposes, if applicable) are corporate bonds or sovereign bonds investments which are not classified as sustainable investment. They are investments made strictly in accordance with the Sub-fund’s investment strategy and have the purpose of implementing the Sub-fund’s investment strategy. All such investments are made subject to ESG analysis (including through our ESG proprietary sovereign model for sovereign bonds) and for equity and corporate bonds are subject to a screening of minimum safeguards to ensure that their business activities are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These instruments are not used to achieve the environmental or social characteristics promoted by the Sub-fund.</p>



Section	Disclosure
Monitoring of environmental or social characteristics	<p>The Investment Manager will be monitoring the environmental and social characteristics promoted by this Sub-fund by using its four-pillar approach which include: 1) coverage rate of ESG analysis; 2) amount of the corporate bond universe is reduced by minimum 20%; 3) positive screening (at least 60% of the Sub-fund's net assets are invested in emerging market sovereign bond and quasi-sovereign bonds); 4) active stewardship (ESG-related company engagements). In addition, the Investment Manager will monitor principal adverse impacts ("PAIs": Greenhouse gas emissions, Carbon footprint, GHG intensity (investee companies), Exposure to companies in fossil fuel sector, Non-renewable energy consumption and production, Energy consumption intensity per high-impact climate sector, Activities negatively affecting biodiversity-sensitive areas, Emissions to water, Hazardous waste ratio, Water usage and recycling (optional choice), Violations of UN Global Compact principles or OECD Guidelines for Multinational Enterprises, Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact and OECD Guidelines for Multinational Enterprises, Unadjusted gender pay gap, Board gender diversity, Exposure to controversial weapons, Excessive CEO pay ratio (optional choice). Sovereign bond issuers are monitored for social violations and GHG intensity indicators). Internal controls are in place in respect of investment decision making for the Sub-fund. These include, but are not limited to, pre-trade and post-trade controls to ensure all binding elements are observed at all times. The Sub-fund's Management Company will oversee the information provided by the Investment Manager and ensures that the ESG compliance of the Sub-fund is met.</p>
Methodologies for environmental or social characteristics	<p>The Sub-fund's Investment Manager uses the following methodologies in assessing the ESG investment strategy:</p> <ul style="list-style-type: none"> ▪ Sovereign bond proprietary methodology ▪ Corporate or sovereign sustainable debt methodology ▪ ESG analysis through the proprietary platform START ▪ Negative screening and exclusion methodology ▪ PAI methodology ▪ Stewardship and engagement methodology
Data sources and processing	<p>The Sub-fund uses several data sources that are aggregated into the Carmignac proprietary ESG System START. The sources are recognized third-party data providers for revenue data, corporate filings for CAPEX data, carbon emissions data, for raw company ESG data, controversial behaviours, UNGC and OECD Business and Human Rights Norms screening. The Global sovereign scoring model obtains public information from, amongst others, the World Bank, the IMF, The Heritage Foundation, Oxford University... For a full overview please view the ESG Integration policy document on the Carmignac Sustainable Investment website.</p>
Limitations to methodologies and data	<p>The limitations to the attainment of the promoted environmental and social characteristics, are deemed non-material, as the investment universe of the Sub-fund provides an appropriate level of disclosure and coverage of required information by the Investment Manager to allow for the application of the investment methodology.</p>
Due Diligence	<p>In order to qualify for initial investment, the target investments must comply with the binding elements applied by the Sub-fund. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place. The investment team are ultimately responsible for the proprietary ESG assessment. The auto populated START score is determined by a proprietary formula comparing companies within 90 peer groups aggregated by capitalization, sector and region.</p>
Engagement Policies	<p>Carmignac establishes an engagement plan to identify engagements with companies in which the Sub-fund is invested that show poor management of ESG related risks, where Carmignac has identified a specific theme, or where a specific impact or investigation of a controversy is required.</p>
Designated reference benchmark	<p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>