

# CARMIGNAC'S ENGAGEMENT POLICY

31/12/2019

As part of its commitment to strong corporate governance practices, such as an active voting policy, Carmignac also commits to engage with the companies in which it is invested in order to raise awareness on environmental, social or governance controversies or issues. Our fiduciary duty fully entails representing our shareholders' rights on behalf of our investors. For that reason, we have also raised our target of vote participation to 100% across our entire equity Fund range for 2020 voting season and beyond.

Carmignac is in the process of reviewing its Engagement Policy in order to align more fully with the Shareholder Rights Directive (SRD II) and its transposition in the relevant countries. The final transposition of the Directive occurred in November 2019 in France and did not provide Carmignac, as with enough time to align its overall engagement framework to address all requirements from the Directive and comply with it. Therefore, Carmignac has decided to continue to strengthen its Engagement framework in 2020, through the Responsible Investment Governance implemented in order to make its 2020 Engagement Policy comply with the Directive. Furthermore, it will address additional factors such as how we monitor the strategy, financial and non-financial performance, risk and capital structure of our investee companies (where applicable) and also how we cooperate with other stakeholders and coordinate actions.

Lastly, in accordance with our Conflicts of Interest Management Framework, Carmignac 2020 Engagement Policy will address how in this strengthened framework, Carmignac manage actual and potential conflicts of interest arising from this updated Engagement Framework.

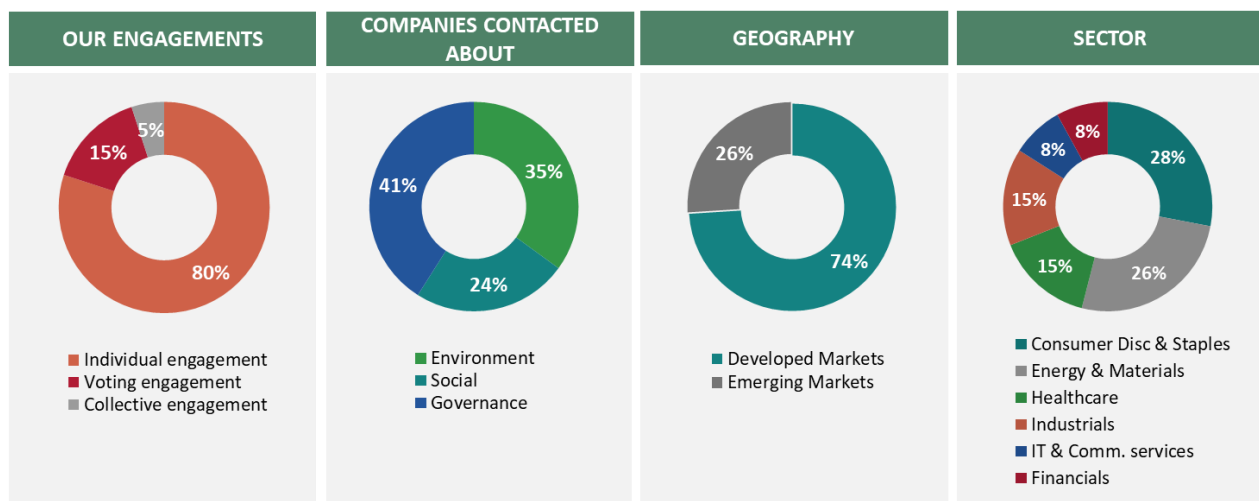
## **What types of engagement?**

Engagements with firms go beyond the ESG related assessments that contribute to an investment rationale. We engage with firms in which we are invested, generally when we feel there is, or could be, a negative materiality stemming from Governance, Social or Environmental risks. Secondly, the Portfolio Manager or Analyst may need to contact or visit a company following a controversy that has taken place. That may include an environmental accident, a significant occurrence tied to product safety or staff treatment, or lastly concerning Governance, risks tied to accounting practices, board composition or management compensation just to give some examples. Thirdly, direct engagement with the firm can occur during votes where we need to clarify our views, or when we intend to vote against a recommended vote following a standard Sustainability recommendation from our Voting service provider ISS.

## How do we engage?

Engagement issues can be resolved quickly through clarifications by email but can also last several months if a policy change is required as an outcome. When controversies occur, the materiality of the risk is assessed, as are the responses to mitigate current and future risks made by the firm. Should we need, external research can be consulted. On occasions, we could join forces with other asset managers on common issues which have proven quite powerful and enhance our shareholders' rights either in an ad hoc basis or through the affiliations <sup>(1)</sup> we have joined more recently. We would evaluate the future financial impact on the company to decide a series of outcomes: to raise, lower or exit the investment depending on market liquidity conditions so as not to prejudice the fund holder.

The following graphs represent our engagements over the year 2019 that have been performed and documented internally in our Mackey RMS front office information data base



Please refer to our voting reports 2019 for additional details regarding our voting process.

- [Voting policy report 2019 - CG \(PDF\)](#)
- [Voting policy report 2019 - CGL \(PDF\)](#)

## Activity in 2019

As planned for 2019, there has been a more proactive stance on engaging with companies on their climate targets and transition towards cleaner energy sources. Environmental engagements make up 35% of our engagements compared to only 4% in 2018. Given we were able to add two new ESG roles within the Sustainability team, we have been able to increase our number of engagements threefold with more engagements with companies in developed markets. The Sustainability team reports to Maxime Carmignac, Managing Director of Carmignac Gestion Luxembourg - UK branch and Member of the Board of Directors of Carmignac Gestion SA (the Board).

## Plan for 2020

In 2020, we will continue our efforts to engage with our trustee companies on their carbon targets and transparency. We will be taking active steps through our SRI Fund range to contribute to both climate mitigation and adaptation, and we will be taking a new role in identifying companies that are part of the renewable energy supply chain to transition towards cleaner energy as well as with companies operating in highly emitting sectors. Given our affiliation <sup>(1)</sup> with Climate Action 100+ and ShareAction, we intend to raise our collective engagements on issues related to energy transition and disclosure.

(1) Carmignac became signatory of ShareAction and Climate Action 100+ in February 2020. For more information, please visit [www.shareaction.org](http://www.shareaction.org) and [www.climateaction100.org](http://www.climateaction100.org)

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**CARMIGNAC GESTION** - 24, place Vendôme - F-75001 Paris Tel: (+33) 01 42 86 53 35 - Investment management company approved by the AMF - Public limited company with share capital of € 15,000,000 - RCS Paris B 349 501 676

**CARMIGNAC GESTION Luxembourg** - City Link - 7, rue de la Chapelle - L-1325 Luxembourg Tel: (+352) 46 70 60 1 - Subsidiary of Carmignac Gestion. Investment fund management company approved by the CSSF Public limited company with share capital of € 23,000,000 - RC Luxembourg B 67 549