



CARMIGNAC
INVESTING IN YOUR INTEREST

CARMIGNAC VOTING POLICY **JANUARY 2024**

As an active and independent asset manager, the Carmignac Group (Carmignac) is committed to efficiently managing our investors' assets over the long term. Considering Environmental, Social and Governance (ESG) factors into our investment analysis and decisions is inherently linked to achieving this purpose. While Carmignac only invests in companies in which we have high convictions, we are also committed to being active owners. We seek to actively encourage our investee companies to improve their approach regarding the incorporation of material ESG criteria into their long-term strategy and consider a broad set of stakeholders. We effectively do so by regularly engaging with them and exercising our voting rights.

OUR COMMITMENT TO VOTING

The exercise of our voting rights using proxy voting is an essential part of Carmignac's commitment to active ownership and we take our responsibility seriously. This is reflected in our objective of 100% voting participation for all voteable meetings on behalf of our clients across shareholder and bondholder meetings.

There may be cases where we choose not to vote such as, for instance, where a conflict of interest is identified (e.g. Carmignac Portfolio, for which SICAV Carmignac Gestion Luxembourg is the management company) or where the vote is on a position which we held at the vote record date but exited before the date of the shareholder meeting ('empty voting', see below for more information).

Our approach to voting is primarily defined by considering the interests of investors whose assets we manage over the long-term. Proxy voting is an important component of Carmignac's stewardship strategy as it is an essential tool that we can use to influence our investee companies. Having an active and conviction-based approach to investment does not prevent us from voting against the management of a company when we think it is appropriate to do so. We use our voting rights as an opportunity to encourage our investee companies to make improvements aligned with ESG best practices which are in the long-term interests of the company, their stakeholders and ultimately the investors in our funds.

This means Carmignac may vote against the management of a company where:

- The investee company does not align with the Carmignac Voting Guidelines set out in our ESG Expectations document¹ and summarised further below; or
- In line with the escalation process described in our Engagement Policy², we want to put additional pressure on the company to implement an engagement strategy.

We have created policies and put in place processes such that our voting practices reflect our objective of maximising long-term returns for investors and our own values around the following three specific ESG themes: Climate, Empowerment and Leadership.

¹ https://carmidoc.carmignac.com/ESGGUIDE_INT_en.pdf

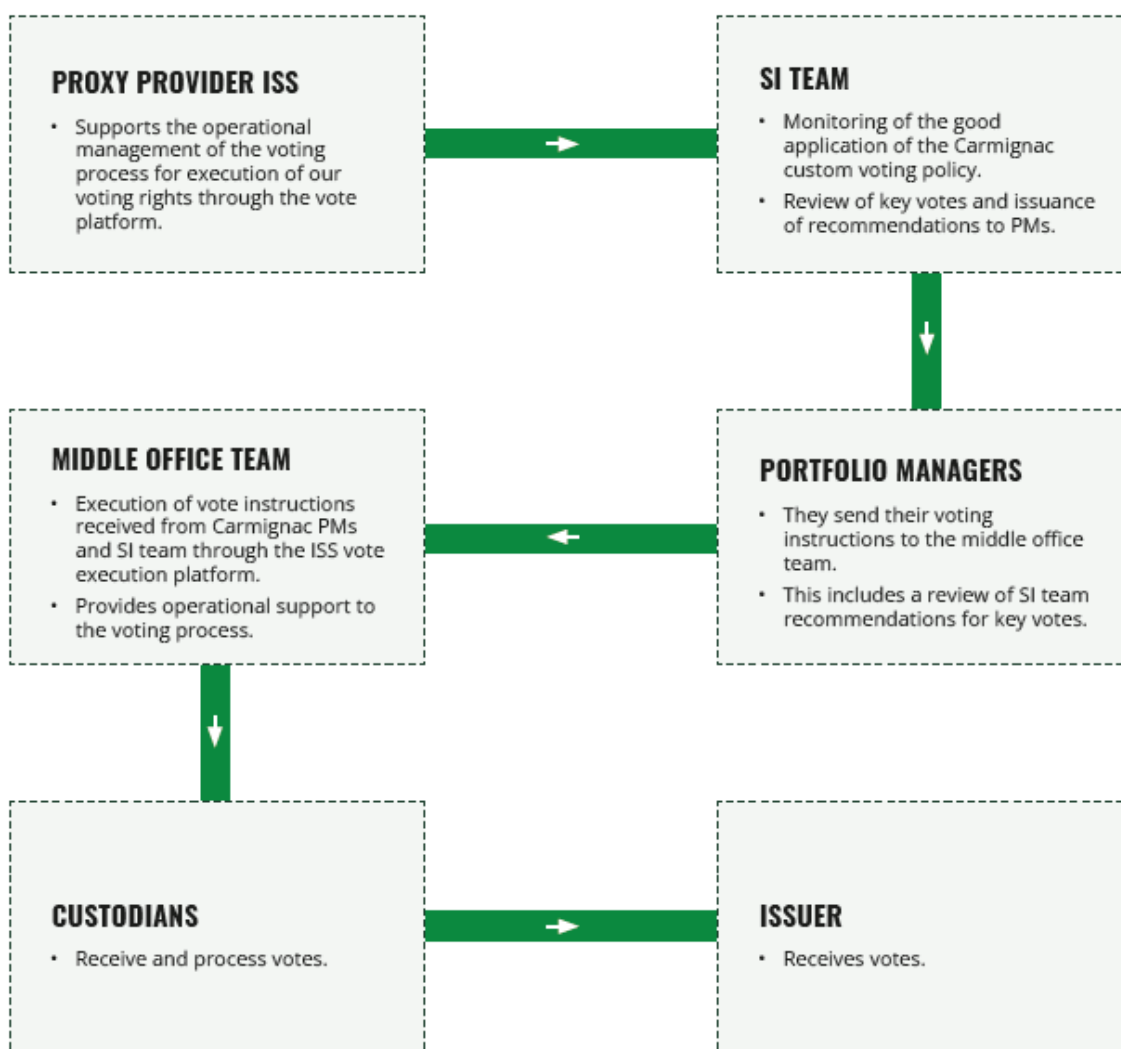
² https://carmidoc.carmignac.com/ESGEP_INT_en.pdf

OUR PROCESS

Carmignac's Voting Policy applies consistently across Carmignac and to both our equity and non-equity holdings. The scope of the policy covers all positions held in portfolios for which Carmignac is the investment manager.

The Sustainable Investment (SI) team is responsible for writing and regularly reviewing Carmignac's voting guidelines and process. This is done under the oversight of Carmignac's ESG Governance Group, composed of senior internal stakeholders³ across various business divisions within Carmignac.

As a signatory to the United Nations-supported Principles for Responsible Investment (PRI)⁴, we ensure that these principles are also considered in the voting process.



³ For more information, please refer to our Stewardship Report on our website.

⁴ <https://www.unpri.org/>

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**. We disclose our guidelines further below in this document.

A key differentiator of Carmignac's approach is that we do not adopt a standardised, "box-ticking" approach to voting. For the Carmignac Voting Policy we do not take a principled approach to the implementation of our voting guidelines.

To complement the Voting Policy, we leverage on the voting guidelines set in the Sustainability Policy⁵ defined by our proxy provider Institutional Shareholder Services (ISS). This may include their recommendations where the underlying voting guideline is aligned with our ESG expectations.

In addition, the following resources may be used to inform our voting decision :

- **Views of Carmignac's Investment Analysts:** the depth of their sector expertise can be useful to understand a company's circumstances in more detail.
- **Engagements:** we might use records of previous proactive engagements with a company to inform our judgment. Proxy voting issues may also trigger an engagement by the SI team. For more details on our approach to engagement, please consult our Engagement Policy⁶.
- **Other third-party research:** e.g. sell-side investment research.
- **Company's individual circumstances.**
- **Recommendations of Carmignac's SI team:** in addition to leading the voting process, the SI team provides an extra layer of valuable input and ESG expertise on votes. For more details, please refer to the sections below on shareholder and bondholder meetings which explain the role of the SI team in the voting process.

SHAREHOLDER MEETINGS

In 2024, we evolved our voting process to introduce shared 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 decisions.

⁵ <https://www.issgovernance.com/policy-gateway/voting-policies/>

⁶ https://carmidoc.carmignac.com/ESGEP_INT_en.pdf

The votes not submitted to the PMs are voted in line with the Carmignac Voting Policy (with 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's board member and director ultimately responsible for sustainable investment issues, Maxime Carmignac. For more information, please refer to our dedicated Stewardship Conflict of Interest Policy⁷.

BONDHOLDER MEETINGS

Carmignac aims to vote at all bondholder meetings. Bondholder votes tend to take place through extraordinary shareholder meetings and focus on financial topics. Therefore, a case-by-case approach is favoured.

The PMs are responsible for the voting decision and may request the views of the SI team to inform their decisions.

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

USE OF PROXY PROVIDERS

Since 2015, Carmignac has been using the services of external proxy voting provider, ISS to manage the voting process and to provide vote-related research and recommendations. As explained above, our proxy provider's research and analysis are used to inform the judgment of our SI and PM teams on proxy voting-related issues. ISS' ProxyExchange voting platform is used by our Middle Office team to cast our votes.

An annual review of our proxy provider's organisation (e.g. composition of research teams), research quality and future developments around proxy voting data takes place in a due diligence meeting. These

⁷ https://carmidoc.carmignac.com/COIP_INT_en.pdf

meetings are attended by representatives of our proxy provider, members of the SI team (including our Head of Sustainable Investment) and members of our Middle Office team who are responsible for the good execution of our votes via the ISS' ProxyExchange platform.

However, please note that we do not wait for our annual due diligence meeting to provide feedback to our proxy provider. Our dialogue is continuously ongoing during the year and takes place as issues arise. Identified issues can be for example on the timing of the delivery of the research or any other operational issues.

STOCK LENDING

To manage portfolios efficiently, generate capital or additional income for the funds, and/or protect its assets and liabilities, each fund 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 into the funds without any impact on the fund management side. In particular, a sell order coming from a PM initiates an automatic recall of the security lent to settle the trade in a timely manner. Hence, the PM for a fund can recall the securities at any time. The monitoring of this activity remains under the supervision of the Middle-Office 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 being held. While this remains a rare issue, our policy is for the 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.

THE ROLE OF THE MIDDLE OFFICE TEAM IN THE VOTING PROCESS

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.

MANAGING POTENTIAL CONFLICTS OF INTEREST

Identifying, managing, and mitigating both actual and perceived conflicts of interest is essential to Carmignac's activities, so that investors understand their interests are always put first. Additionally, the management of conflicts is important in building long-term relationships with our investee companies, as 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 potential conflicts inherent in the corporate governance activity undertaken at Carmignac. Carmignac's Conflicts of Interest Management Policy⁸ is available on our website. This policy is deemed to be commensurate with the size, structure, nature, importance, and complexity of Carmignac's business. In addition, we also have published a stewardship-specific conflict of interest policy available on our website⁹.

⁸ https://www.carmignac.com/en_US/article-page/regulatory-information-1788

⁹ https://carmidoc.carmignac.com/COIP_INT_en.pdf

VOTING GUIDELINES

We set out our expectations towards investee companies including our voting guidelines in our **ESG Expectations document**¹⁰. Please note that we do not take a principled approach to the application of these voting guidelines and that we also consider individual company circumstances. **For more information** on each of the guidelines below, please refer to our ESG expectations document.

TOPIC	CARMIGNAC'S VOTING GUIDELINES	SCOPE OF APPLICATION
CLIMATE		
SAY ON CLIMATE	<ul style="list-style-type: none"> The company's disclosures are aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The company's net-zero commitment and carbon targets cover scope 1,2 and 3 emissions. The company discloses its scope 1,2 and 3 emissions. Short, medium, and long-term emissions reduction targets for scope 1,2 and 3 are in place and aligned with the goals of the Paris Agreement. Our preference is for net-zero targets validated by the Science-Based Targets initiative (SBTi) as this provides comfort to investors around the alignment of the targets set with the goals of the Paris Agreement. Where relevant: the company's targets include methane emissions. 	All markets
EMPOWERMENT		
VOTE TRIGGERS	<p>We may use our voting rights to:</p> <ul style="list-style-type: none"> Vote against the management of a company when a controversy related to our expectations on the topic of Empowerment. Support a resolution put forward by shareholders which seeks to improve an investee company's practices on empowerment-related topics. 	All markets
LEADERSHIP		
ANNUAL & INDIVIDUAL BOARD ELECTIONS	<ul style="list-style-type: none"> Vote against the election of directors whose board terms are above four years. Vote against "bundled resolutions" which combine the election or discharge of all directors under one agenda item. Support resolutions proposing the repeal of staggered boards. 	All markets
THE ROLE OF THE GENERAL MEETING OF SHAREHOLDERS	<ul style="list-style-type: none"> Vote against resolutions which seek to introduce "virtual-only" general meetings. Support resolutions which seek to introduce "hybrid" shareholder meetings (i.e. physical and virtual formats). 	All markets

¹⁰ https://carmidoc.carmignac.com/ESGGUIDE_INT_en.pdf

SHARE CLASS STRUCTURE	<ul style="list-style-type: none"> Support resolutions which seek to introduce “one-share, one-vote,” unless the company’s individual circumstances do not justify a vote of support. 	All markets
SHAREHOLDER RESOLUTIONS	<p>For Carmignac to cast a vote of support for a shareholder resolution, we consider the following considerations (indicative and non-exhaustive list) when reviewing the wording of the proposed resolutions:</p> <ul style="list-style-type: none"> The resolution tackles a relevant issue. It is not overly prescriptive. It is not overly burdensome. It aims to be constructive on ESG issues. It is aligned with Carmignac’s core ESG themes of focus: Climate, Empowerment and Leadership. 	All markets
ESG CONTROVERSIES	<ul style="list-style-type: none"> Case-by-case approach. When we decide to hold the board accountable though a vote against management, we will generally seek to target resolutions regarding the election of directors. 	All markets
BOARD CHAIR	<ul style="list-style-type: none"> We will generally consider voting against the appointment of the former CEO to the role of board chair at widely held companies. However, we also adopt a case-by-case approach to the issue and consider the company’s specific circumstances. 	All markets
SPLIT OF FUNCTIONS OF CHAIR AND CEO	<ul style="list-style-type: none"> For widely held companies, we generally consider voting against the appointment of a combined chair and CEO where there is no Lead Independent Director on the board. However, please note that we consider a company’s specific circumstances. 	All markets
BOARD INDEPENDENCE	<ul style="list-style-type: none"> Vote against the non-executive board chair and the non-independent non-executive members of the board when the following independence thresholds are not in place: <ul style="list-style-type: none"> Controlled company (significant shareholder owns >30% economic stake): minimum 33% of board independence expected. Non-controlled company: minimum 50% of board independence expected. 	All markets
AUDIT COMMITTEE	<ul style="list-style-type: none"> Vote against the non-independent chair of the audit committee. Vote against the chair of the board if they also chair the audit committee. Vote against any executive director sitting on this committee. Vote against the chair of the committee or non-independent members due for re-election if the independence level of the committee is below 67%. 	All markets
REMUNERATION COMMITTEE	<ul style="list-style-type: none"> Vote against the non-independent chair of the remuneration committee. Vote against the chair of the committee or non-independent 	All markets

	<p>members due for re-election if the independence level of the committee is below 67%.</p> <ul style="list-style-type: none"> • Vote against any executive sitting on this committee. • Vote against the chair of the remuneration committee where this is the third year that we are voting against the remuneration report or policy. 	
NOMINATION COMMITTEE	<ul style="list-style-type: none"> • Vote against the chair of the committee if the independence level of the committee is below 50%. 	All markets
DIVERSITY OF THOUGHT ON THE BOARD	<ul style="list-style-type: none"> • We may vote against the board chair of a company where insufficient gender diversity levels are in place. • Considering various cultural and market practices, we have put in place the country level minimum thresholds for representation of the underrepresented gender at board level: <ul style="list-style-type: none"> ○ North America (S&P 500 and TSX): 30% ○ Europe: 40% ○ Australia (S&P and ASX 300): 30% ○ UK: 33% ○ Companies outside of the countries and indices mentioned above (rest of the world): at least one woman on the board • We apply these voting guidelines unless the company provides us with sufficient comfort that significant changes are in place to improve the gender diversity levels. 	Minimum thresholds at market level
BOARD MANDATES	<ul style="list-style-type: none"> • Vote against any director who holds more than five board mandates at a listed company. 	All markets
REMUNERATION	<ul style="list-style-type: none"> • Salary increases should be justified and remain aligned with the overall average salary increases of the workforce, unless a robust justification is provided. • Annual bonus: sufficiently challenging performance targets should be set by the remuneration committee. • Long-Term Incentive Plan (LTIP): <ul style="list-style-type: none"> ○ We expect awards granted under the LTIP to be measured against performance and over a sufficiently long-term period, three years as a minimum. ○ For North America: we encourage performance based LTIP awards to represent at least 50% of the total LTIP grant. • For all incentives, we expect a sufficient level of detail to be provided in the annual disclosures to be able to assess the level of performance against the metrics set. • Where possible, malus and clawback provisions should apply to the payment of any variable pay. This is to ensure that no 	All markets

	<p>payment of annual and long-term incentives is made based on misstatement or risky behaviour.</p> <ul style="list-style-type: none"> • We do not support the payment of exceptional remuneration unless there is a robust justification from the remuneration committee. • Termination benefits: we would not expect the payment of a severance package unless there is a change in control which leads to the termination of the role of the executive director. A robust explanation should be provided by the remuneration committee. • We encourage shareholding guidelines to be set to ensure the executive directors' interests are aligned with those of shareholders. To further align with best practice, the remuneration committee should also consider putting in place shareholding guidelines for executive directors when they are leaving their position. 	
AUDITOR TENURE	<ul style="list-style-type: none"> • Vote against the appointment of an external auditor when they have been in place for more than 30 consecutive years. • Vote against the resolution on the appointment of the auditor where the company does not disclose their tenure. 	All markets
AUDITOR FEES	<ul style="list-style-type: none"> • Vote against the appointment of the auditor and the approval of auditor fees when non-audit fees exceed 50% of the audit fees. • Vote against the resolution on the approval of auditor fees where the company does not provide a breakdown of these fees. 	All markets
POLITICAL ENGAGEMENT	<ul style="list-style-type: none"> • Support shareholder resolutions which request more transparency from an investee company on their political engagement activities where this information is not already available. 	All markets

OUR COMMITMENT TO TRANSPARENCY

Carmignac is committed to increasing the level of transparency of our stewardship activities. In line with the requirements of the European Union's Shareholder Rights Directive II (SRD II), we provide investors and the public access to the following information on our website:

- **Carmignac's annual Stewardship Report**¹¹: it contains an explanation of how Carmignac has exercised its voting rights, including our proxy voting decision processes and how we use the information provided by our proxy provider. It also includes a report of our voting activity with statistics and case studies on significant votes.
- **Carmignac's Voting Disclosure Webpage**¹²: to improve the transparency of our voting decisions, since 2023, we have a dedicated webpage containing our voting disclosures. This webpage includes:
 - All our voting instructions are cast at resolution-level for all the shareholder meetings we voted for since 2021. Note that the disclosure is made with a lag of 30 days following the date of the meeting.
 - Search functions which allow the user to filter the information based on information such as:
 - The name of the issuer.
 - The date of the shareholder meeting,
 - The fund family (domiciliation) for our two legal entities: Carmignac Gestion and Carmignac Gestion Luxembourg,
 - Individual fund-level voting information¹³ for all investee companies in our funds that have a French "Label ISR" as well as our funds categorised as Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR),
 - For all shareholder meetings held from 1st January 2023 onwards, the voting rationale for all votes cast against management or against the Carmignac Voting Policy.
- Our **annual UN- supported PRI reporting**¹⁴.
- A **periodic online report**¹⁵ which includes key voting statistics as well as case studies.
- **Yearly voting reports at individual fund level** for French "Label ISR" funds¹⁶.

¹¹ https://www.carmignac.com/en_US/responsible-investment/template-hub-policies-reports-4528

¹² <https://vds.issgovernance.com/vds/#/ODI4OQ==>

¹³ Please note that fund-level information is limited to a number of our funds as mentioned above.

¹⁴ Our latest available report is publicly available on their website: <https://ctp.unpri.org/dataportalv2/transparency>

¹⁵ https://carmidoc.carmignac.com/SRIQVER_INT_en.pdf

¹⁶ Please refer to the individual fund pages on our website for more detail: https://www.carmignac.com/en_US

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