



CARMIGNAC GROUP

VOTING POLICY

FEBRUARY 2019

CONTENTS

1.	INTRODUCTION.....	3
2.	ROLES & RESPONSIBILITIES.....	4
2.1	ISS GOVERNANCE.....	4
2.2	MANAGEMENT TEAM (PORTFOLIO MANAGERS & STEWARDSHIP MANAGER).....	4
2.3	MIDDLE OFFICE FUNDS.....	4
2.4	CUSTODIANS.....	4
3.	PRINCIPLES.....	5
4.	POLICY.....	6
5.	INTEGRATION OF ENVIRONNEMENTAL, SOCIAL & GOVERNANCE CRITERIA.....	7
6.	CONFLITS OF INTERESTS AND FREE EXERCISE OF VOTING RIGHTS.....	9
7.	METHOD OF EXERCISING VOTING RIGHTS.....	10
8.	REPORTS TO CLIENTS ON VOTING RIGHTS.....	11
9.	ARCHIVING.....	12
	APPENDIX I. ISS GOVERNANCE POLICY GUIDELINES – SUSTAINABILITY.....	13

1. INTRODUCTION

This voting policy defined in this document applies to all entities of Carmignac Group (hereafter “Carmignac”).

Its effects are permanent and apply to the full range of UCI managed by Carmignac.

The voting policy sets out the general principles normally applicable for voting purposes. It also describes the company’s internal organization, in particular with regard to conflicts of interest

2. ROLES & RESPONSIBILITIES

2.1 ISS GOVERNANCE

Carmignac has appointed an external service provider to support internal teams, in the voting process coordination. This appointed service provider is one of the world leaders on the market, ISS Governance.

ISS Governance provides support to Carmignac in the operational management of the voting process (monitoring of meetings, automatic processing of voting cards) and above all, ISS Governance brings its expertise in reviewing the proposals submitted to voting by shareholders.

2.2 MANAGEMENT TEAM (PORTFOLIO MANAGERS & STEWARDSHIP MANAGER)

The management team remains the body responsible for deciding how votes are to be casted. Decisions are taken either at management committee meetings, or individually, having regard to the principles set out in this “voting policy” document, with the constant support of Carmignac Stewardship Manager

2.3 MIDDLE OFFICE FUNDS

The Middle Office-Assets unit is the body responsible for managing and monitoring resolutions tabled. It supports the management team with a view to facilitating the exercise of votes, their adequate receipt in ISS Governance dedicated systems and by relevant custodians. This team acts as a support for of management team and operationally conducts the voting process:

- Monitoring of alerts related to meetings,
- Returning documents filled in and signed by managers (such as POA)
- Transfer of relevant analysis provided by ISS Governance
- Consolidating voting instruction at a company level and processing of instruction, ...

2.4 CUSTODIANS

BNP Paribas Securities Services France and its branch in Luxembourg are respectively custodians of the range of French funds for which Carmignac Gestion is the Management Company and the Luxembourg SICAV for which Carmignac Gestion Luxembourg is the Management Company. The operational arrangement in place, implemented through ISS Governance, allows the automated management of the proxies submitted to Carmignac by the Depositaries, based on the votes available for each fund. Actually, each depositary verifies and certifies that the number of votes allocated to each account is accurate and that the shares are blocked, whenever necessary.

3. PRINCIPLES

By appointing an external service provider, Carmignac expects to leverage on ISS Governance expertise regarding the analysis performed on submitted resolution during corporate meetings.

Moreover, Carmignac is conscious of economic, social and environmental concerns that issuers will face in the future. This is the reason why Carmignac decided to leverage on the principles set in the « sustainability » policy defined by ISS Governance (attached in appendix I.).

Carmignac also exercises the voting rights attached to the securities held by the UCI it manages on behalf of unit holders and/or shareholders where there is a risk of companies changing their strategy, which may be evidenced by:

- a risk of a change in the majority shareholder;
- a risk of a merger / acquisition;
- a risk of a change in the management team;
- a risk of restructuring, etc.

It is also important to remind that one of Carmignac main objectives is to establish a sustainable relationship with company's government.

The Fund Management team is the body responsible for deciding how votes are to be cast. Decisions are taken either at management committee meetings, or individually, having regard to the principles set out in the "voting policy" document. The Middle Office Funds unit is the body responsible for reviewing and coordinating the voting process.

4. POLICY

Carmignac voting policy aims to favor the exclusive interests of UCI unit holders or shareholders. As such, and with regard to voting in companies falling within the scope of the application of this policy, the votes cast by Carmignac will support ISS Governance “Sustainability” voting policy and /or will favor:

- the establishment of a basis for effective corporate governance;
- shareholders’ rights and the main functions of holders of capital;
- fair treatment of shareholders;
- the role of different stakeholders in corporate governance;
- transparency and distribution of information;
- the responsibility of the Board of Directors.
- the development of fair remuneration principles in compliance with companies economic perspectives (“Say on Pay”);
- the adherence to relevant norms, standards, and codes of conduct implemented by international organizations on “ESG”.

5. INTEGRATION OF ENVIRONMENTAL, SOCIAL & GOVERNANCE CRITERIA

Carmignac commits to adopt and apply the Principles for Responsible Investment (« PRI ») defined by the United Nations. As a consequence, Carmignac ensures that these principles are also taken into account in the voting process.

ISS Governance's voting policy on Sustainability selected by Carmignac pays special attention to propositions on environmental, social and governance ("ESG") issues. The relevant voting recommendations aim to ensure standardized reporting by the issuers, to develop adherence of companies to norms, standards, and codes of conduct implemented by international organizations and to promote the disclosure and transparency of companies. Furthermore, the voting recommendations defined by ISS and submitted to Carmignac have the following objectives:

- Greater disclosure of corporate environmental policies including climate change and greenhouse gas or toxic emissions;
- Greater transparency of social policies concerning workplace discrimination, corporate board diversification, human rights, and adherence to norms, standards, and codes of conduct; and
- Detailed reporting on sustainable business practices including recycling, subcontracting and sustainable exploration of raw materials (wood and water), preservation of protected areas, renewable energy, and incorporation of sustainability-related performance metrics into the performance and compensation of senior management.

Please note that the analysis provided by ISS Governance regarding each proposition in the General Meeting, are part of the « *norm-based screening* » tool developed by ISS-Ethix. This standardized analysis tool allows the assessment of adherence by companies to international norms on:

- environmental protection,
- human rights,
- labour standards,
- anti-corruption

The tool provides an analysis and assessment of corporate conduct and practices in relation to the following 10 fundamental principles:

- *Principle # 1: Support and respect human rights;*
- *Principle # 2: Ensure non-complicity in human rights abuses;*
- *Principle # 3: Uphold freedom of association and right to collective bargaining;*
- *Principle # 4: Eliminate forced labour and compulsory labour;*
- *Principle # 5: Abolish child labour;*
- *Principle # 6: Eliminate any discrimination in respect of employment and occupation;*

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- *Principle # 7: Support a precautionary approach to environmental challenges;*
 - *Principle # 8: Promote environmental responsibility;*
 - *Principle # 9: Encourage development and diffusion of an environmentally-friendly approach;*
 - *Principle # 10: Work against corruption.*

The integration of these elements to the analysis allows Carmignac to identify underlying issues and adjust its voting instructions to ensure that the latter are in compliance with the above principles.

6. CONFLITS OF INTERESTS AND FREE EXERCISE OF VOTING RIGHTS

Along with the internal regulations, Carmignac Compliance standards, guidelines and policies define the conflicts of interest potentially involving members of the management team.

It reaffirms the following principles:

- Primacy of customers' interests;
- Respect for the smooth-running and integrity of the markets;
- Monitoring and transparency of employees' personal transactions

Moreover, sensitive employees - in particular fund managers & analysts - must fulfill specific obligation regarding personal dealing defined in the policy and provide Compliance & Internal Control department with precise information on a periodic basis.

In accordance with regulatory requirements, Carmignac has also adopted a conflict of interest management policy in order to identify, prevent and manage conflicts of interest, within each legal entity.

7. METHOD OF EXERCISING VOTING RIGHTS

By appointing an external service provider, ISS Governance, Carmignac selected one of the market leaders in the management of vote instruction through dedicated electronic platforms.

By consequence, voting rights are in priority exercised through ISS Governance voting electronic platforms.

8. REPORTS TO CLIENTS ON VOTING RIGHTS

A report is issued once a year, within the four months of the end of the financial year.

This report provides quantitative and summary information on how voting rights were exercised over the prior year. This report states the number of companies in which each Carmignac exercised its voting rights compared with the total number of companies in which it held voting rights.

This report also describes cases in which Carmignac felt it could not follow the principles set out in the current voting policy document.

Lastly, this report details conflicts of interest that Carmignac had to consider when exercising the voting rights attached to shares held in the investment funds that it manages.

This report may be viewed on request in Carmignac registered offices.

9. ARCHIVING

All voted instructed by Carmignac are recorded by the company in a log, which may be viewed according to given periods or individual companies.

The Middle Office-Assets department is responsible for this archiving.

APPENDIX I. ISS GOVERNANCE POLICY GUIDELINES – SUSTAINABILITY



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