

CARMIGNAC 2018 ENGAGEMENT POLICY

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 level of participation in votes to over **70%** for our ESG integration mainstream funds and over **80%** for our Socially Responsible funds in 2018.

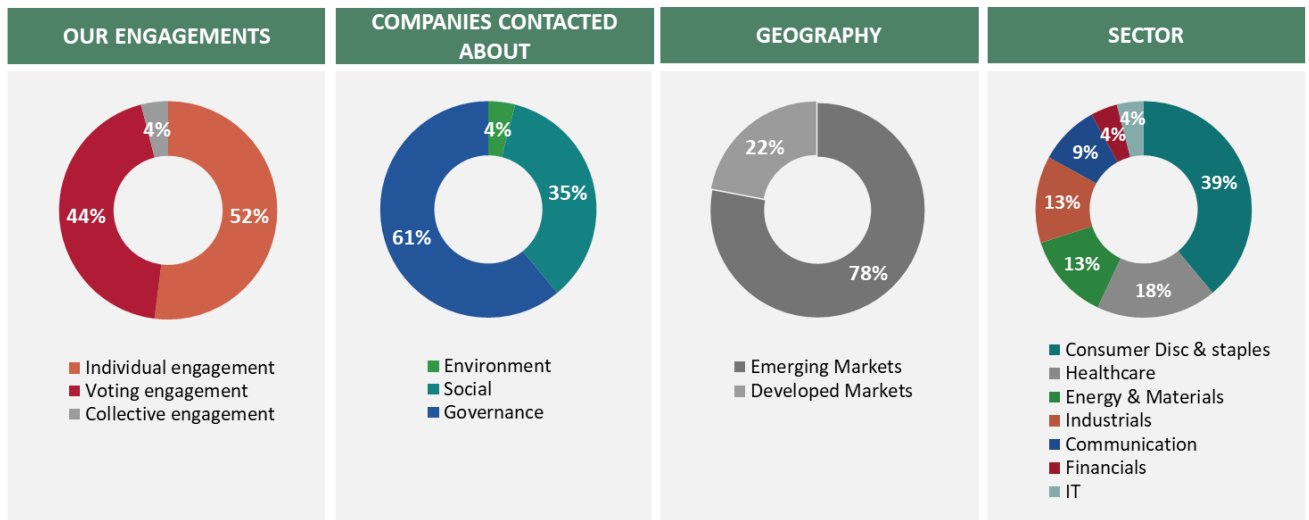
What types of engagement?

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 have joined forces with other asset managers on common issues which have proven quite powerful and enhance our shareholders' rights. We would evaluate the future financial impact on the company to decide a series of outcomes: to raise, lower or exit the investment.

The following graphs represent our engagements over the year 2018.



Please refer to our voting reports 2018 for more details

- [Voting policy report 2018 - CG \(PDF\)](#)
- [Voting policy report 2018 - CGL \(PDF\)](#)

Activity in 2018

Most of our engagements were related to improving Governance, both inside and outside the voting period. We have particularly been attentive to Board composition and Management compensation. On Social issues, we engaged on product safety, staff treatment and data privacy infractions. Finally, on Environmental issues, we engaged on carbon emission targets.

Plan for 2019

In 2019, we have an objective particularly regarding Environmental challenges and we hope to engage collectively with some selected NGOs and associations on issues related to energy transition and disclosure. Carmignac has again made a significant reduction of the carbon emissions in 12 billion euros of equity portfolio assets in 2018, and we believe we can further contribute to climate change risk mitigation and adaptation through commitments for further impactful engagements.

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