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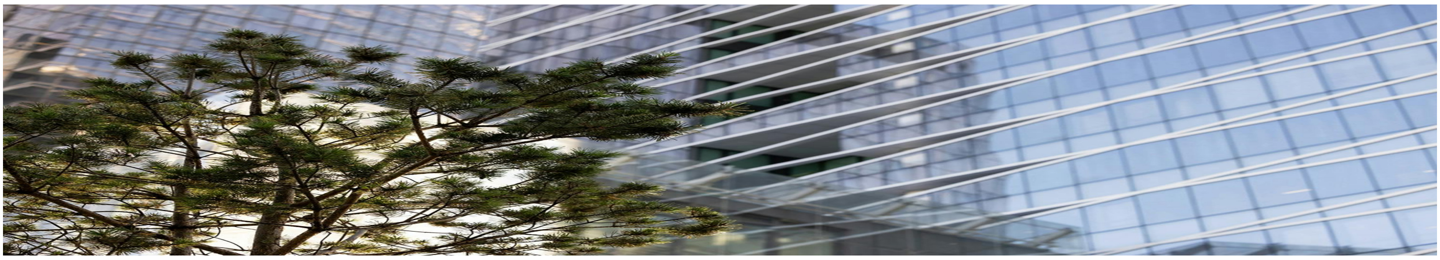

Takeaways from the 2023 voting season

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For active owners like Carmignac, the Annual General Meeting (AGM) season represents an opportunity to make our voices heard through voting and often represents the culmination of a busy period of engagement. Voting is an essential tool in our stewardship programme. It gives us 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 our clients.

In the interest of transparency, at the end of the voting period, we would like to share our highlights and report how we voted at the shareholder meetings of our investee companies.

We use our votes to signal concerns to the boards of the companies we are invested in but our active ownership activity does not stop here: engagement, or dialogue with companies, is how we seek to influence change and complements our voting activity. For more information on our approach to engagement, please consult our Engagement Policy[1] .

Votes against companies not meeting our ESG voting guidelines

During this voting season, **Carmignac cast at least one vote against management at 54% of the meetings in which we voted**[2]. This represents a total of 9% votes cast against the management of the companies we invest in, versus 12% over the same period in 2022.

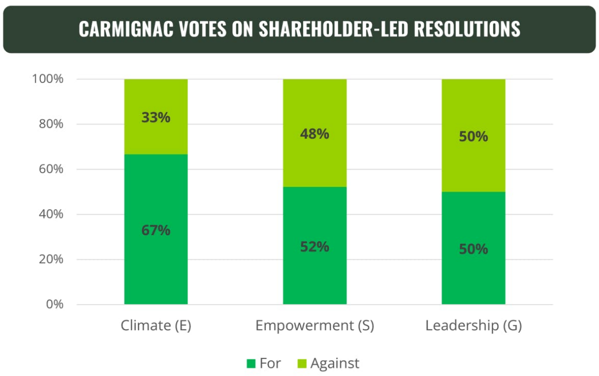
This voting season also marked a milestone for Carmignac. In January 2023 we published our inaugural *ESG expectations. We set out our expectations as an active asset manager for our investee companies (equity and bond holdings)* around three priority themes: **Climate**, **Empowerment** and **Leadership**.

This heavily influenced our voting this year, for example:

- The absence of auditor rotation triggered **votes against 13% of auditor-related resolutions**.
- Concerns on executive remuneration triggered **votes against 15% of remuneration resolutions and 7 votes against the chairs of remuneration committees as per our vote escalation strategy**.
- We cast **25 votes against the election of directors** because of concerns over the level of **board gender diversity**.

Shareholder-led resolutions: cutting through the noise

According to ISS[3] , the volume of shareholder proposals for annual meetings held between 1 January through 31 May jumped 14% from 2020 to 2023. **During the 2023 voting season, Carmignac voted on 109 shareholder-led resolutions and voted in favour of 52% of them** (versus 75% last year).



We continue to believe that the filling of resolutions by shareholders is a fundamental tool in ensuring minority shareholders can hold boards to account. However, Carmignac takes a case-by-case approach to voting on these resolutions. Given the record increase in resolutions filled by shareholders, we believe the most appropriate approach is to ensure we only support resolutions which tackle relevant issues, are not overly prescriptive or burdensome, and are genuinely constructive on ESG issues.

A significant level of support, above 30%, for a shareholder-led resolution, sends a strong signal to the board that shareholders expect more action on a specific issue and is often the only means by which minority shareholders can communicate this. This is especially the case in companies with a shareholder that holds a controlling stake.

We also noted difficulties around the quality of some of the resolutions filed by shareholders. We especially noticed an increased number of “anti-ESG” resolutions. These are typically filed in the US by proponents who have concerns about the increased level of ESG considerations by companies and tend to promote a US conservative political agenda. For example, we voted against a resolution from the National Center for Public Policy Research requesting pharmaceutical company Eli Lilly to report on the risks of supporting abortion[4]
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A closer look at our voting activity: significant votes

We highlight below significant votes during the 2023 voting season, split around our three ESG themes of focus:

Climate

Climate

At European mining company **Glencore, Carmignac voted against the company's 2022 climate report[5]. We also supported a shareholder-led resolution[6]** requesting better disclosure of how the company's thermal coal production and capital expenditures are aligned with the Paris Agreement. Our decision was mainly motivated by our engagements with the company. While our exchanges with the company were the opportunity to provide our feedback on improvements that could be made to its climate strategy, we found that the company did not act on our minimum expectations. The company's targets and its decision to increase capex to coal were key considerations in our voting decision. Approximately 30% of shareholders voted against the climate report and voted in favour of the shareholder-led resolution[7]. Given this significant level of support, we expect the board to engage with shareholders on this topic and provide an appropriate response.

At European oil & gas company **TotalEnergies, Carmignac voted against the company's 2023 sustainability & climate progress report[8]** . We remain concerned that there are areas of the company's report which are missing material information to enable us to understand and compare energy transition strategies. Also, we think there is insufficient appetite by management to acknowledge the company's responsibility for its products' emissions. We think this stance will not be tenable in the medium to long term from a legal perspective.

We also **voted against a shareholder-led resolution[9]** to align its existing 2030 reduction targets covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement target[10] . We do not believe, at present, that the proposed action is an effective method of addressing climate change and could have unintended negative consequences, such as forcing the sale of assets to less sustainable stewards, regressive price impacts and increasing reliance upon states with geo-political risk. As the energy industry shifts towards an increased supply of clean energy, it may become more appropriate to specify a Scope 3 target in the future, but at present we feel it would be unsuccessful on a global scale. Our votes were also informed by our continuous engagement with the company including two recent engagements held in April and May 2023, before the AGM. Approximately 11% of shareholders voted against the company's report and 30% supported the shareholder-led resolution[11] .

Empowerment

Empowerment

At US online retailer **Amazon**, a record number of shareholder resolutions were filed. **We supported 10 out of 18 shareholder-led proposals[12]** (we supported 7 out of 14 shareholder resolutions last year). We highlight below our support for shareholder-led resolutions related to the topic of employee experience:

Resolution 16 - Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining

The company is involved in controversies on the topic of freedom of association and collective bargaining. We believe that an independent assessment by a third party would be beneficial for shareholders to understand how the company is managing this risk.

Resolution 21 - Commission a Third Party Audit on Working Conditions

This topic currently poses reputational risk, from public criticism, as well as operational risks. While we consider the steps taken by the company to improve its workforce's conditions, we believe a third-party audit would increase transparency around the topic and help stakeholders, as well as the company, to accurately assess the issue.

Although none of the shareholder-led resolutions were approved, we note that several shareholder-led resolutions received a significant level of support[13] . Resolutions 16 and 21 received approximately 35% support.

Leadership

Leadership

We **supported shareholder-led resolutions which requested the introduction of a "one-share, one-vote" share capital structure at US "big tech" companies Meta Platforms[14]** and **Alphabet[15]** .

The "one share, one vote" structure ensures that all shares have voting rights and that those rights correspond to the economic value held. This is generally a preferable corporate governance structure from the point of view of minority shareholders as it ensures all shareholders have a voice proportional to the economic stake held.

Given the controlling stake of the co-founders Page and Brin at Alphabet and the controlling stake of Zuckerberg at Meta Platforms, these resolutions didn't a chance of succeeding. However, we believe that they send a strong signal to the board regarding investor expectations on this topic.

The resolutions received approximately 28 % support at Meta[16] and approximately 30% support at Alphabet[17] .

[1] https://carmidoc.carmignac.com/ESGEP_INT_en.pdf

[2] The votes we refer to in this article refer to all our votes across our two legal entities: Carmignac Gestion and Carmignac Gestion Luxembourg. Data is based on Carmignac calculations using data stored in ISS ProxyExchange.

[3] https://insights.issgovernance.com/posts/us-shareholder-proposals-jump-to-a-new-record-in-2023/.

[4] Eli Lilly AGM 1st May 2023, resolution 10 - Report on Risks of Supporting Abortion: «*Shareholders request the Company issue a public report prior to December 31, 2023, omitting confidential and privileged information and at a reasonable expense, detailing the known and reasonably foreseeable risks and costs to the Company caused by opposing or otherwise altering Company policy in response to enacted or proposed state policies regulating abortion, and detailing any strategies beyond litigation and legal compliance that the Company may deploy to minimize or mitigate these risks*».

[5] Resolution 13 - Approve 2022 Climate Report, Glencore AGM 26th May 2023.

[6] Resolution 19 – Resolution in Respect of the Next Climate Action Transition Plan, Glencore AGM 26th May 2023.

[7] Source: https://www.glencore.com/media-and-insights/news/results-of-2023-agm.

[8] Resolution 14 – Approve the Company's Sustainable Development and Energy Transition Plan, TotalEnergies AGM 26th May 2023

[9] Resolution A – Align Targets for Indirect Scope 3 Emissions with the Paris Climate Agreement (Advisory), TotalEnergies AGM 26th May 2023.

[10] To limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

[11] Source: https://totalenergies.com/sites/g/files/nytnzq121/files/documents/2023-05/AG2023_Resultats-des-votes-par-resolution_EN.pdf.

[12] AGM held on 24th May 2023.

[13] Source:https://ir.aboutamazon.com/sec-filings/default.aspx

[14] Resolution 4 - Approve Recapitalization Plan for all Stock to Have One-vote per Share, Meta Platforms AGM 31st May 2023.

[15] Resolution 18 – Approve Recapitalization Plan for all Stock to Have One-vote per Share, Alphabet AGM 2nd June 2023.

[16] Source : https://www.sec.gov/ix?doc=/Archives/edgar/data/1326801/000132680123000083/meta-20230531.htm.

[17] Source: https://abc.xyz/investor/other/annual-meeting/#:~:text=The%20ratification%20of%20the%20appointment,votes%20against%2C%20and%2019%2C606%2C676%20abstentions