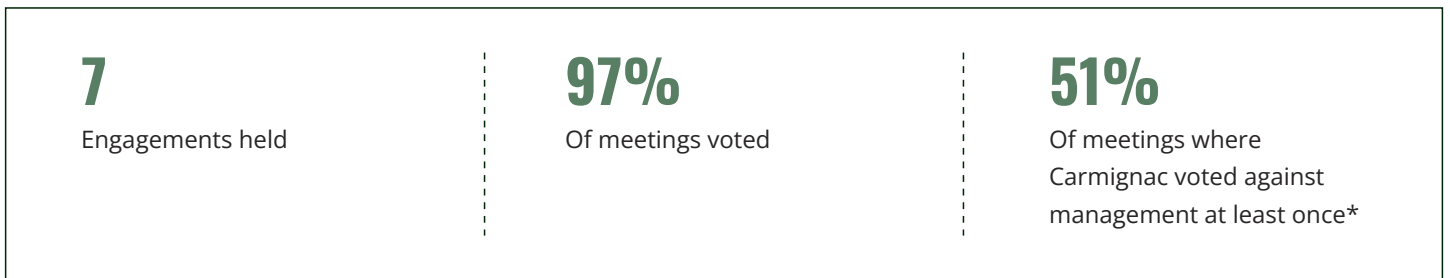


1ST QUARTER 2024: OUR ACTIVE STEWARDSHIP ILLUSTRATED

17/05/2024

As a long-term investor, we engage in regular dialogue with the companies in which we invest to encourage them to improve their practices for taking environmental, social and governance (ESG) criteria into account. Find out how our active approach to stewardship was borne out in Q1 2024.



Carmignac is committed to aligning its dialogue strategy with five types of engagement: engagement on ESG ratings, thematic engagement, impact engagement, engagement on controversial behaviour, and engagement on proxy voting decisions.

Over the first quarter 2024, we initiated dialogue with investee companies **7** times and covered two types of engagement.

Over the first quarter 2024, Carmignac voted against the management of our investee companies at least once at **51%** of meetings voted.

Find out how we specifically engaged with an investee company during the first quarter 2024.

ACCOR SA

Sector: Hospitality

Region: France

The Company is a fixed income holding in our funds¹.

Engagement objective

In line with our Engagement Policy, we noted that the Company had a high turnover rate of employees. We engaged with the Company to:

- Request that they resume reporting Health & Safety (H&S) data for the managed hotels as well as their legal scope employees.
- Request that they report turnover rates consistently for both legal scope employees and managed hotels.
- Request that they resume disclosing fatalities in managed hotels.

Engagement method

In January 2024, we held a videocall with the Company's investor relations representative.

Engagement summary

We engaged with the Company to understand their disclosure surrounding employee H&S as we had found inconsistencies in the universal registration document (URD). Overall, the high turnover is not an area for concern for the Company as it is in line with the industry average and the Company does not bear majority of the staff costs as most of their staff are hired through their managed and franchise hotels. They did acknowledge that this is a risk area from a reputational point of view given that the managed and franchise hotels use their names, so any labour issues could reflect poorly on the Company.

The Company provided us with information regarding the programmes they have in place to train and retain employees, and they are focusing on providing employees with personal development plans to enrich their future careers.

We did note that the Company's lost-time injury rate had increased, and they stopped reporting on data for employees in their managed hotels, and they did not disclose the fatality figures for 2022 in their managed hotels, therefore we requested the Company to resume reporting the H&S data for managed hotels again. They explained to us their change in reporting methodology saying that this was done to reflect more accurate data as the managed and franchise hotels use different reporting systems and reconciliation of figures proves difficult at times. They said that they will consider changing the reporting KPIs as per our requests.

We also used this engagement as an opportunity to exchange on the Sustainability Linked Bond (SLB) the Company issued in 2021, which we hold in our portfolios. This conversation provided us with more information about the Company's progress towards achieving the SLB targets, and it also allowed us to give feedback on how the Company discloses data regarding its performance against these targets.

Outcome and next steps

Following the engagement with the Company, we modified our START rating under the social pillar from B to C. This was done to reflect the reduction in the disclosure of social KPIs by the Company. We will continue to monitor whether the Company will implement our requests and engage where necessary.

¹ As of 31st March 2024: Carmignac Credit 2025, Carmignac Credit 2027, Carmignac Credit 2029, Carmignac Portfolio Flexible Bond, Carmignac Portfolio Evolution, Carmignac Portfolio Flexible Allocation 2024, Carmignac Global Active, Carmignac Portfolio Global Bond, Carmignac Patrimoine, Carmignac Portfolio Patrimoine Europe, Carmignac Multi Expertise, Carmignac Sécurité, Carmignac Portfolio Patrimoine, Carmignac Portfolio Sécurité. The portfolios of Carmignac funds may change without notice.

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CARMIGNAC GESTION 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35 Investment management company approved by the AMF Public limited company with share capital of € 13,500,000 - 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.

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