

# FLASH NOTE

03.05.2023



## Q1 2023: a quarter of active stewardship illustrated

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Length  
🕒 3 minute(s) read

11

Engagements held

98%

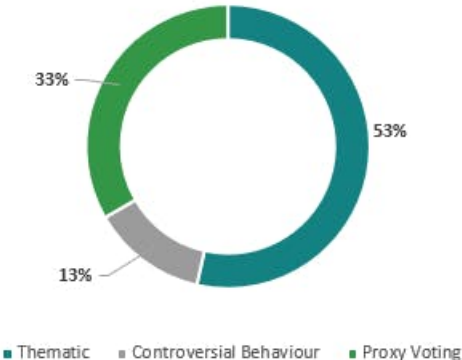
Meetings voted

49%

Of meetings where  
Carmignac voted against  
management at least once

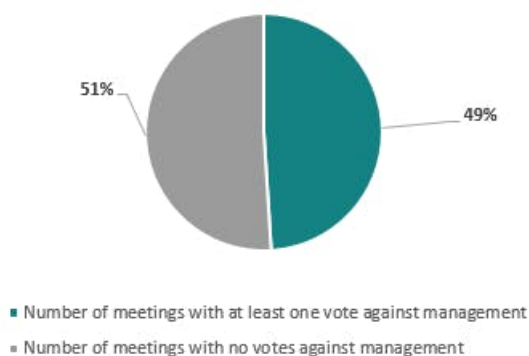
Carmignac held **11** engagements in Q1 2023:

Q1 2023 engagement activity



In Q1 2023, Carmignac voted against the management of our investee companies at least once at **49%** of the meetings we voted compared:

Meetings voted for/against management



The engagements presented below were undertaken in Q1 2023:

## Hyundai Motors

**Sector:** Automobile

**Region:** Asia-Pacific

The Company is held in several Carmignac equity funds<sup>d</sup>.

### Engagement objective

Following our two engagements with the company in 2022 which focused on their environmental performance and social-related controversy in a US supply chain plant, we focused this call on the company's governance before their Annual General Meeting (AGM) on 23<sup>rd</sup> March 2023 as well as follow-ups from our previous calls.

## Engagement method

We held a videocall with the Company's investor relations representatives in early March 2023.

## Engagement summary

We engaged on the following topics:

**Cross-shareholdings:** we flagged our expectations and the need for more clarity from the company regarding their plans to simplify the shareholding structure. This is a difficult topic given how embedded the chaebol structure is in South Korean business culture and a topic which investors have been pushing on for many years. We will continue to engage on this matter.

**Board composition:** the company is increasing the number of board members from 11 to 13. Focus on broadening the skillset and considering diversity considerations such as nationality (2023 appointment of an inside director) and gender (appointment of a second female as outside director in 2023).

**Presence of one inside director (the CFO) on the remuneration committee.** We flagged this is an issue and told the company this would trigger a vote against the re-election of this director at the 2023 AGM.

**Social:** following the recent controversy related to the presence of children in their Alabama supply chains, the company has taken a series of robust steps including the audit of 19 plants in Alabama. They explained their ambition to enhance the review of their global supply chains from a social perspective. We will monitor the steps taken by the company.

**Environmental:** they are in the process of setting science-based targets. We mentioned our expectation around the development of their approach to Life Cycle Assessments.

## Outcome and next steps

This call helped inform our vote at the 2023 AGM and monitor the progress made by the company following our previous engagements with them. We voted against the election of the CFO<sup>2</sup> given their presence on the remuneration committee. The presence of an executive director on the remuneration committee triggers a vote against under our voting policy<sup>3</sup> as we deem this presents a conflict of interest.

Given our regular engagement and close monitoring of the company's ESG behaviour, this engagement did not trigger a change in our internal START<sup>4</sup> rating (overall rating: 'B'), our proprietary and internal rating of investee companies' ESG profile to inform our investment decisions.

We will continue to engage with the company on the topics mentioned above.



<sup>1</sup>As at the date of the engagement reported (March 2023). Equity funds invested in Hyundai Motors are Carmignac Grande Europe and Carmignac Portfolio Emergents, Carmignac Emergents, Carmignac Emerging Patrimoine and Carmignac Portfolio Human Xperience.

<sup>2</sup>Resolution 3.2.2 - Elect Seo Gang-hyeon as Inside Director.

<sup>3</sup>[https://carmidoc.carmignac.com/SRIVP\\_INT\\_en.pdf](https://carmidoc.carmignac.com/SRIVP_INT_en.pdf)

<sup>4</sup>The proprietary ESG system START combines and aggregates market leading data providers ESG indicators. Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete. For more information, please consult our ESG Integration Policy: [https://carmidoc.carmignac.com/SRIIP\\_INT\\_en.pdf](https://carmidoc.carmignac.com/SRIIP_INT_en.pdf)

To find out more on our responsible investment philosophy, please visit our Responsible Investment section:

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