



Carmignac's ESG expectations: a guide for our investee companies



Author(s)
Marion Plouhinec

Published
February 21, 2023

Ler

In recent years there has been a significant evolution in the sustainable investment landscape, and at Carmignac, we acknowledge it is sometimes difficult for companies and clients to understand the expectations of asset managers when it comes to ESG (Environmental, Social and Governance) considerations and how to navigate them.

As such, **we are pleased to publish our inaugural guide to our ESG priorities: Carmignac's ESG expectations: a guide for our investee companies.**

In line with Carmignac's sustainable investment and active ownership strategy, we explain in a transparent way how we think investee companies across our equity and bond holdings should approach the appropriate integration of ESG considerations into their strategies, policies and behaviours and our ESG priorities for 2023 and beyond. As a responsible investor and steward of our clients' assets, **we believe it is important to be transparent on these expectations as they inform our approach to sustainable investing, engagement and voting.**

The publication of this document is also an **opportunity for us to explain our own approach to ESG**. As an independent and high-conviction investor, **we have chosen to prioritise our ESG focus on the following three core themes, Climate, Empowerment and Leadership** that are important to our business and in which we feel we can make a tangible difference:

CLIMATE



We believe that climate change poses an existential threat to the planet and its people. It is also a key source of systemic risk for our economies and the financial markets.

EMPOWERMENT



We believe that companies cannot successfully operate without appropriately balancing the interests of their stakeholders.

LEADERSHIP



We believe that a robust leadership underpins the long-term performance and success of any corporation.

A guide for our investee companies

Download the report

Our approach explained

This new ESG Expectations document contains our general expectations of investee companies that are the basis of our sustainable investing as well as active ownership activity. However, **we do not take a principled approach to the application of these expectations and our high-conviction style means we always take individual company circumstances into account.**

The expectations **inform the proprietary assessment** made by our equity and fixed income investment teams on the ESG profile of each issuer through our exclusive ESG ratings and research system START (System for Tracking and Analysis of a Responsible Trajectory)¹. Our conviction for our three priority themes is also reflected in our investment proposition including our thematic fund range. **In 2022, Carmignac launched Carmignac Portfolio Human Xperience, which invests in companies with both superior employee and customer satisfaction levels (aligned with our Empowerment theme).** This fund completed our existing thematic fund range composed of [Carmignac Portfolio Climate Transition](#) (aligned with our Climate theme) and [Carmignac Portfolio Family Governed](#) (aligned with our Leadership theme).

Stewardship at Carmignac

Carmignac's ESG expectations document comprises a non-exhaustive list of considerations we take into account in our approach to **engagement** with our investee companies. **In 2022 Carmignac engaged with 67 investee companies in 81 engagement meetings, with 58% of our engagements on our thematic Climate-Empowerment-Leadership topics.** Through engagement we seek to encourage our investee companies to further embed ESG considerations into their strategies as well as to encourage them to evidence appropriate management of ESG risks and opportunities.

Lastly, the criteria presented in each of the "Carmignac's voting guidelines" sections provide the detail of how we may **use our voting rights** by voting against the investee companies who do not meet our expectations. **In 2022, of the meetings in which we voted, Carmignac voted against the management of investee companies at least once at 55% and made a vote of support for 75% of resolutions filed by shareholders².**

1. 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

2. Source: Carmignac using ISS data. Proxy votes for the period between 1st January 2022 and 31st December 2022. Data includes all votes of Carmignac's two legal entities: Carmignac Gestion and Carmignac Gestion Luxembourg.

Marketing communication. Please refer to the KID/KIID, prospectus of the fund before making any final investment decisions. This document is intended for professional clients.

This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication. The portfolios of Carmignac funds may change without previous notice. The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

Morningstar Rating™ : © Morningstar, Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds may not be offered or sold, directly or indirectly, for the benefit or on behalf of a «U.S. person», according to the definition of the US Regulation S and FATCA. The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital.

The Funds' prospectus, KIDs, NAVs and annual reports are available at www.carmignac.com, or upon request to the Management Company. Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law.

In France, Luxembourg, Sweden: The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital. The Funds' prospectus, KIDs, NAV and annual reports are available at www.carmignac.com, or upon request to the Management Company.

In the United Kingdom: the Funds' respective prospectuses, KIIDs and annual reports are available at www.carmignac.co.uk, or upon request to the Management Company, or for the French Funds, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R. This document was prepared by Carmignac Gestion, Carmignac Gestion Luxembourg or Carmignac UK Ltd. FP Carmignac ICVC (the "Company") is an Investment Company with variable capital incorporated in England and Wales under registered number 839620 and is authorised by the FCA with effect from 4 April 2019 and launched on 15 May 2019. FundRock Partners Limited is the Authorised Corporate Director (the "ACD") of the Company and is authorised and regulated by the FCA. Registered Office: Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, UK; Registered in England and Wales with number 4162989. Carmignac Gestion Luxembourg SA has been appointed as the Investment Manager and distributor in respect of the Company. Carmignac UK Ltd (Registered in England and Wales with number 14162894) has been appointed as a sub-Investment Manager of the Company and is authorised and regulated by the Financial Conduct Authority with FRN:984288.

In Switzerland: the prospectus, KIDs and annual report are available at www.carmignac.ch, or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon.

The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in English on the following links: [UK](#) ; [Switzerland](#) ; [France](#) ; [Luxembourg](#) ; [Sweden](#).