



## 2021, a year of active stewardship illustrated

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Lengte  
🕒 4 minuten leestijd

84

engagements held

95%

meetings voted

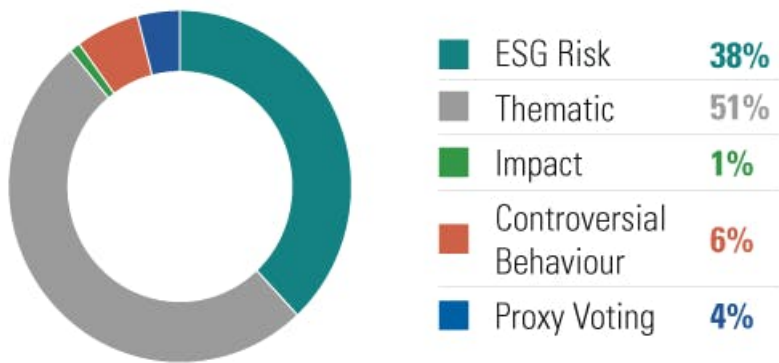
41%

of meetings where  
Carmignac voted against  
management at least once

As part of our commitment to improve corporate governance practices, we actively engage with the companies we invest in. We assess their ESG behaviour, exercise our shareholder voting rights, help instil best practices, clarify our views and hold senior management accountable when issues arise.

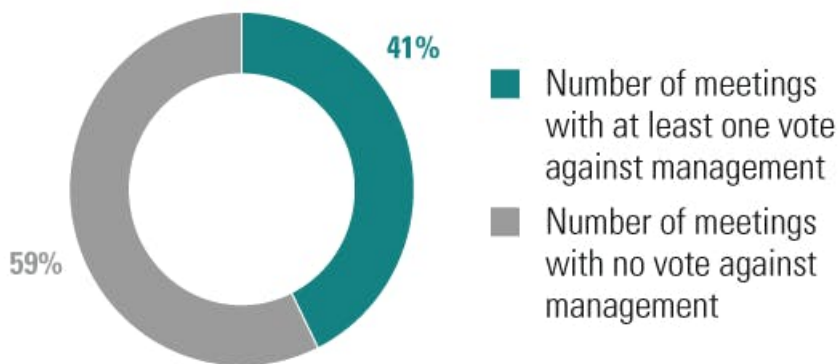
In line with our commitment to active ownership, Carmignac held **84** engagements with **74** investee companies in 2021:

Split of engagement objectives - Carmignac 2021 engagements



As active investors, we use our shareholder rights to drive companies to improve their carbon footprint, human capital management and their governance. In 2021, Carmignac voted against the management of our investee companies at least once at **41%** of meetings voted:

Meetings voted for/ against  
Management



## Engagement Case Studies

### TotalEnergies





**Sector:** Oil&Gas

**Region:** Europe

The company's equity is held within Carmignac Portfolio Green Gold, our thematic ESG fund which invests in innovative companies that are actively addressing or contributing to climate change mitigation across the whole renewable energy and industry value chains.

### **Engagement objective(s)**

In line with Carmignac's engagement policy, recent controversies around the company's involvement in politically unstable Myanmar triggered our decision to contact the company.

We worked jointly with the equity investment team to determine the engagement approach including the following objectives:

- Ensure the appropriate management of geopolitical risks in the context of the presence of the company in Myanmar through the production of gas in the Yadana offshore gasfield;
- Ensure the company continues its efforts around the energy transition, in line with the objectives of the Paris Agreement.

### **Engagement method**

Carmignac deemed appropriate to contact the company's investor relations team directly to discuss the issues identified in line with the objectives described above.

### **Engagement summary**

Our engagement with the company on their operations in Myanmar allowed us to get an insight into what internal controls the company has put in place to monitor the situation and understand in more details the reasons why they chose to keep their operations in the area.

The company explained the risks associated with a decision to leave the operation site including for the safety of their local workforce. The company also explained its 'red lines' to any involvement in a project

in a politically unstable area: employee safety and international sanctions.

Regarding energy transition issues, our key focus was to dig into their Research & Development, CAPEX and revenues. What we understood is that going forward, they will continue to invest in natural gas as a “bridge fuel” to facilitate the energy transition. Note that since January 2022, gas has been included in the draft proposal of the EU Taxonomy; it emits half as much CO<sub>2</sub> as coal during combustion.

In parallel, the company is also entering the hydrogen and biofuels streams to support sustainable mobility. We think TotalEnergies remains committed to reinvent itself (not only by changing its name) and respond in a pragmatic manner to the challenges posed by climate change.

### **Outcome and next steps**

As stewards of capital with a duty to investigate these types of grey areas, we asked robust questions around internal controls and governance to challenge the company and try to gather as much elements as possible about Myanmar’s realities.

We note that, since our engagement and following pressure from NGOs and investors, the company has publicly stated its support for targeted sanctions on Myanmar’s gas revenues and officially announced its withdrawal from the country.

We will continue to monitor information on the situation. In addition, given the company’s inclusion in Carmignac Green Gold fund, it is essential to continue to monitor its approach to the transition to a lower-carbon economy.

## **Carnival corporation & plc**





**Sector:** Hotel, restaurants & leisure

**Region:** North America & UK (dual-listed)

A number of Carmignac's fixed income funds are invested in the company.

### **Engagement objective(s)**

As long-term investors, when one of our investee companies is given a poor ESG rating by leading data providers, we seek to understand the key issues around the poor rating and we also encourage them to take action.

It is important companies act on poor ESG ratings given the capital allocation implications. These ratings are increasingly used by investors who seek to integrate ESG considerations into their investments.

### **Engagement method**

In line with Carmignac's engagement strategy, the responsible investment team requested a call with the company. The fixed-income investment team also fed their views to make sure that the questions were oriented towards the most material ESG issues.

### **Engagement summary**

On the environmental side, we engaged on the company's actions to address pollution-related issues. The company explained a number of initiatives they are implementing and the challenges they are facing. We understood from this call that backward-looking ESG research does not fully capture forward-looking remediation actions the company is undertaking. We found the direct engagement with the company beneficial. For example, it helped us understand the company's plan to roll out LNG (Liquified Natural Gas) ships (representing the majority of the new orders) and to retrofit some ships with Hydrogen in the future.

In addition, waste management controversies have been identified as a significant issue. The company is working on the recommendations and requirements set by law following the Princess Cruise incident. They explained the actions they have taken to remedy the issue, including the setting of clear waste reduction related targets.

On the social side, we chose to focus our engagement on the disruptions caused by the pandemic, from a

customer and also an employee perspective. The company explained the measures it has taken to protect the health and safety of its employees and customers, including health protocols.

### **Outcome and next steps**

Overall, the engagement was a confirmation that there is more to the story than what is commonly dispersed by the press or ESG ratings. We followed-up with the company in 2021 with a second engagement. Towards the end of the year 2021, a leading data provider ESG specifically have started reflecting similar conclusions with a rating upgrade of the company, which comforts us in the identification of a positive direction of travel.

We will continue to monitor the company's practices and re-engage with the company in the future, as deemed necessary.

#### Voting Engagement Report 2021

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

[Responsible Investment](#)

