



## REPORT ON THE EXERCISE OF VOTING RIGHTS FOR THE YEAR 2018

### **VOTING RIGHTS**

In compliance with Articles 319-22 and 321-133 of the French Financial Markets Authority General Regulation (*Règlement général de l'Autorité des Marchés Financiers* - hereafter “**RGAMF**”), DNCA FINANCE (hereafter “**DNCA**”) sets out in this report the conditions for exercising its voting rights for the 2018 financial year, with respect of the UCITS and/or AIFs (hereafter “**the UCIs**”) under its management.

This report specifies:

- the number of companies in which DNCA actually exercised its voting rights, in relation to the total number of companies in which it possessed voting rights and which meet the criteria specified within its voting policy;
- the absence of cases where the asset management company would have judged itself unable to comply with the principles set out in its “Voting policy” document;
- the details of negative and abstentions votes, by topic;
- the methods by which voting rights were exercised;
- the conflict of interests situations the portfolio management company was required to deal with in exercising the voting rights attached to the securities held by the UCIs under its management.

DNCA’s voting policy from which the criteria and elements of this report are derived was amended in September 2018. This update took place mainly in the context of the launch of the range of funds dedicated to socially responsible investing (hereafter “**SRI UCIs**”), for which DNCA set itself the objective of systematically voting for all its holdings in SRI UCI portfolios. This new voting policy is applicable as from January 1<sup>st</sup> 2019 and can be consulted on the [www.dnca-investments.com](http://www.dnca-investments.com) website.

In 2018, DNCA took part in Shareholder Meetings of companies in compliance with either of these two criteria:

- 1% or more of the company’s share capital in question;
- 0.2% of the total UCI assets managed.

On the basis of these criteria, DNCA actually voted at 136 of the 385 company Shareholder Meetings at which it had voting rights in the 2018 financial year (compared to 149 in 2017 financial year), on a total of 2397 resolutions.

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<sup>1</sup> DNCA Investments is a commercial brand of DNCA Finance.

DNCA also wanted to vote at four (4) Shareholder Meetings of companies for which its holdings were below the above mentioned criteria, on a total of 66 resolutions.

In compliance with Articles 319-23 and 321-134 of the RGAMF, DNCA holds available, for any UCI unit or share-holder upon request, the information relating to DNCA’s exercise of voting rights on each resolution presented in the Shareholder Meeting of an issuing company provided that the portion of UCI assets managed by DNCA reaches the threshold set out in its “Voting policy” document.

**EXERCISE OF SHAREHOLDER MEETING VOTING RIGHTS**

DNCA either abstained or voted “no” on at least one the resolution presented in 53 of the 136 General Shareholder Meetings.

**• Distribution of votes by resolution category and type of response**

Number of resolutions voted	“Yes” votes	“No” votes	“Abstention” votes
2,397	2,276 (94.95%)	98 (4.1%)	23 (0.95%)

All the votes complied with the principles set out in the “Voting policy” document applicable for the fiscal year 2018.

Detail of negative votes and abstentions:

	Number of resolutions	Percentage
Management and employee involvement in the company’s capital (allocation of free shares without preferential subscription rights or of stock options)	21	17.35%
Appointment and remuneration of Executive or Supervisory Board members.	54	44.63%
Capital operations considered to be anti-takeover mechanisms	4	3.3%
Changes to Articles of association with negative shareholder impact	15	12.4%
Approval of regulated agreements	0	0.0%
Capital operations dilutive for the shareholder	13	10.75%
Approving accounts (earnings and dividend distribution)	5	4.13%

Other resolutions unfavourable to shareholders	9	7.44%
<b>TOTAL</b>	<b>121</b>	<b>100%</b>

For more information on the justification for a negative vote or abstention by DNCA, you are invited to consult the voting rights policy applicable to 2018 available on request from DNCA.

**• Impossibility of complying with the principles of the voting policy - Derogations**

In the 2018 financial year:

- (i) DNCA did not encounter cases where it would have judged itself unable to comply with the principles set out in its voting policy;
- (ii) For a very limited number of resolutions DNCA voted in derogation of the voting policy principles, where, on the basis of a case by case analysis of the specific aspects of each resolution by the management team, it judged that such a vote was in the interests of its funds' unit or share-holders. Detail about these votes is available on request from DNCA.

**• Voting methods**

Correspondence (mail return or email for online voting by custodian)	130	95.59%
Participation (as vote-teller)	6	4.41%
Proxy vote with "blank power of attorney"	0	0%

Excepting the very limited cases of derogation (see above), all DNCA votes, both negative, positive and abstaining, complied with the principles set out in its "Voting policy" document applicable to the 2018 financial year.

**• Vote-teller's role**

In compliance with its voting policy, DNCA claimed the role of vote-teller whenever its holding in the company in question made it possible. In 2018 it therefore took this role at 6 Shareholder Meetings.

Of particular note in 2018: following the Lagardère SCA Shareholder Meeting, DNCA, before signing the meeting's minutes as vote-teller, requested that certain checks be made. Having been unable to obtain the requested materials, DNCA abstained from signing the minutes, in compliance with the terms of the "Vademecum for Shareholder Meeting board members" authored by the French AFEP Association of Large Companies with the French ANSA National Association of Joint-Stock Companies.

- **Conflicts of interest**

DNCA has established a management policy for conflicts of interest enabling the detection and prevention of any potential conflict of interest, as well a procedure for their resolution. This policy can be consulted on the DNCA website.

No conflicts of interest occurred in 2018 in the exercise of the voting rights associated with the securities held by the UCIs managed by DNCA.