COMGEST

The Quality Growth Investor

COMGEST GROUP RESPONSIBLE INVESTMENT POLICY

OCTOBER 2020

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FOREWORD

For more than 30 years, Comgest[1] has aimed to create an international partnership, together with our investee companies and asset owners, sharing common values. While many aspects of the financial industry have changed since Comgest's foundation, our values have not. Our two founders strongly believed in their entrepreneurial vision of establishing an independent portfolio management company based in Europe, where the freedom to invest only in Quality Growth would be the key value proposition. To maintain the independence of this partnership in the long run, they also knew that Comgest would have to fully endorse the fact that great freedom requires even greater responsibility.

A. INTRODUCTION

1. Why does this Responsible Investment policy exist?

This Responsible Investment policy aims to establish what Responsible Investment ("RI") means at Comgest and how it relates to our values and management philosophy.

Comgest's values define its corporate culture and are founded upon five pillars:

- **Partnership**: this means entrepreneurship, team-work, ownership, humility and transparency
- **Quality**: this means expertise, excellence, rigour, continuous improvement and prioritisation
- **Integrity**: this means honesty, consistency, objectivity and trust worthiness
- **Courage**: this means having conviction, accepting necessary changes, learning from mistakes, daring to be different
- **Care**: we believe in the power of empathy, we care about our clients, our colleagues, our investee companies and about society.

As asset managers, we must invest on behalf of others with a clear sense of fiduciary duty. We consider that Responsible Investment is part of this fiduciary duty. As stewards of capital, we look to preserve the long-term interests of our clients by investing in companies where we believe the financial returns are sustainable over the long term. This includes monitoring the social and environmental impact of our investee companies to evaluate whether they support conditions for sustainable growth. This is important for the health of the financial returns, but also because our clients are affected by our investee companies in other ways - as consumers, employees, citizens and inhabitants of the earth.

With the implementation of its Responsible Investment policy, Comgest strives to achieve the following objectives, in line with our fiduciary duty:

- Conduct comprehensive assessment of companies' quality through better identification of companies' environmental, social and governance ("ESG") related risks and opportunities;
- Enhance the risk-adjusted return of our portfolios over a long-term investment horizon;
- Encourage investee companies to increase ESG information disclosure and to adopt relevant governance practices and risk mitigation measures in the interest of all stakeholders;
- Discover new opportunities through the assessment of companies that establish forward-thinking and comprehensive integration of ESG factors into business activities and processes; and,
- Promote a responsible investment mindset across the finance industry.

2. What do we mean by Responsible Investment?

Responsible Investment can be differentiated from traditional approaches to investment in four ways:

1) We believe that time horizons are critical; the ultimate objective is the creation of sustainable, long-term investment returns not just short-term returns. The long term has been the cornerstone of our investment philosophy since the beginning.

[1] The Comgest Group is comprised of six investment management companies, Comgest, S.A. in Paris, Comgest Asset Management International Ltd in Dublin and Comgest Far East Ltd in Hong Kong, which has two subsidiaries: Comgest Asset Management Japan Ltd in Tokyo; Comgest Singapore Pte Ltd in Singapore and Comgest US LLC in Boston. The Group also includes Comgest Deutschland GmbH in Dusseldorf which markets Comgest's services and products in Austria and Germany as well as Comgest Benelux B.V. in Amsterdam which markets Comgest's services and products in Belgium and the Netherlands.

2) Responsible Investment requires that we monitor changes happening at the level of social ecosystems so as to link extra-financial analysis to financial outcomes and investment decisions. We believe in the ability of companies to transform social problems into economic opportunities. The long-term success of a company depends on the health of economic and environmental systems as well as evolving societal values and expectations.

3) Being an active investor is not only about selecting a few companies as measured by an active share, it also means facilitating positive impacts for civil society and the environment through our support to companies whose activities lead to positive outcomes (e.g. job creation, energy efficiency), including when the ESG profile of a company is in recovery.

4) We recognise that being a shareholder of a company implies that we share with it what we think is a good way of conducting its business and what is not. To become a responsible investor in a company is to accept this association, sharing in its good fortunes but also indirectly bearing some of its responsibilities and reputational risks.

To be responsible, an investor needs to think like an owner. Just like an owner, he or she needs to care about the strategic intent of the company as well as the impact of the company on its customers and employees. A responsible investor should try to answer some basic questions: What solutions does this company want to provide to what type of problems? What are the costs (direct and indirect) that will result from such actions? How should the benefits and costs be aggregated to assess the net social utility of the company? Do I want to invest in this business and with these people? And, finally, how should the value created be monetised and made as sustainable as possible?

As a commitment to these principles, Comgest became a signatory to the UN Principles for Responsible Investment (UN PRI) in March 2010, and since then we have strived to apply the six principles of the UN PRI.

3. What are the links between Responsible Investment and our investment beliefs?

Our investment style has always led us to consider a wide variety of extra-financial research and ESG data in particular. Generally, our core investment beliefs have been as follows:

1) Over the long term, fundamentals prevail and share price growth converges towards EPS growth.

   By focusing company analysis on fundamentals, we consider ourselves business analysts as much as financial analysts. In the long term, fundamentals are shaped by the link between a strategy and the need for a solution to a problem. The value of a business strategy is irrelevant without good execution, which largely depends on the people and the culture of the company. This is where understanding that management of Human Capital and the ethics and governance of a company becomes a critical component of company analysis. Likewise, a business strategy with a solid grasp of societal trends and needs can have the dual effect of a dividend in terms of revenue potential while also creating a social dividend. In the end, EPS growth is determined by the juncture of the good execution of the right strategy while addressing latent demand for a better solution to a problem.

2) Markets may fail to correctly value businesses with strong and sustainable competitive advantage and persistent superior earnings growth.

   As a Quality Growth investor, our objective is to find companies whose future profits will outgrow what is already priced in their shares. To achieve this, we need to have a better understanding than others of the inherent quality and sustainability of this growth. On average, it is true that growth trajectories tend to converge towards GDP growth overtime. However, by focusing on the distinctive qualities of companies, we try to find the outliers whose quality growth outlasts expectations. ESG is a key component of this quality assessment.

   We are willing to be patient because we know other short-term investors may underestimate the power of compounding returns and know little about the companies they invest in.

3) Sustainable EPS growth with high Return on Invested Capital ("ROIC") and strong visibility leads to above-average investment returns at below average risk.

   Some of the most extreme risks can be hard to spot with conventional analyses (so called "black swans"). Our experience and high-risk aversion have taught us, however, that some ESG signals, like sub-par business ethics, can increase the probability of occurrence.

Furthermore, high ROIC is usually conditioned upon solid barriers to entry for the competition and the company's ability to secure a wide license-to-operate. Nowadays, sustainable barriers to entry often lie in intangible assets, like brands and reputations, and companies are required to accept some social responsibilities to protect those assets.

4. What are the links between Responsible Investment and our corporate purpose?

At Comgest, we have defined our corporate purpose as being:

> To provide investors with a consistent quality growth approach across global equity markets,
> To promote a long-term, responsible and independent mindset
> …within the culture of our enduring partnership.

We believe that our social utility is first and foremost to deliver above-average risk-adjusted returns to our clients over time. Allocating our client's capital to activities that generate positive social and environmental impacts at a reasonable price can help us to achieve these returns. Beyond our clients, we recognise that our employees, business partners, the environment and society in general can be stakeholders to which we try to deliver positive outcomes through our activities. The way we try to achieve this is critical and is carried out by promoting a long-term, responsible and independent mindset among our people, clients and portfolio companies within the culture of enduring partnership.

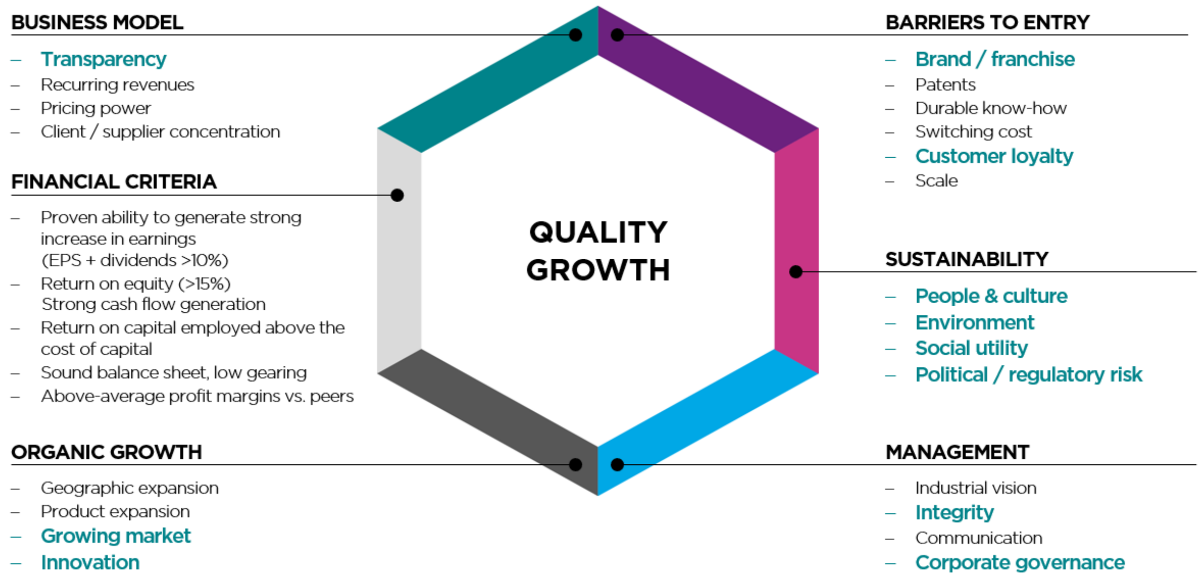
We do not want to be everything to everybody. By narrowing our options and focusing on one single investment style (Quality Growth), we think that we can be more efficient, and we can more clearly explain our successes and failures. We believe that asset managers who do not want to be anything in particular, usually produce nothing anybody particularly wants.

B. INVESTMENT PHILOSOPHY

1. One Investment Style: Quality Growth in the long term

In line with our corporate purpose, Comgest has developed an investment philosophy focusing on long-term "quality growth" that favours companies with sound business and financial practices and which can generate sustainable earnings growth.

To assess the quality of companies, we use the following list of criteria, nearly half of which are related to ESG matters:



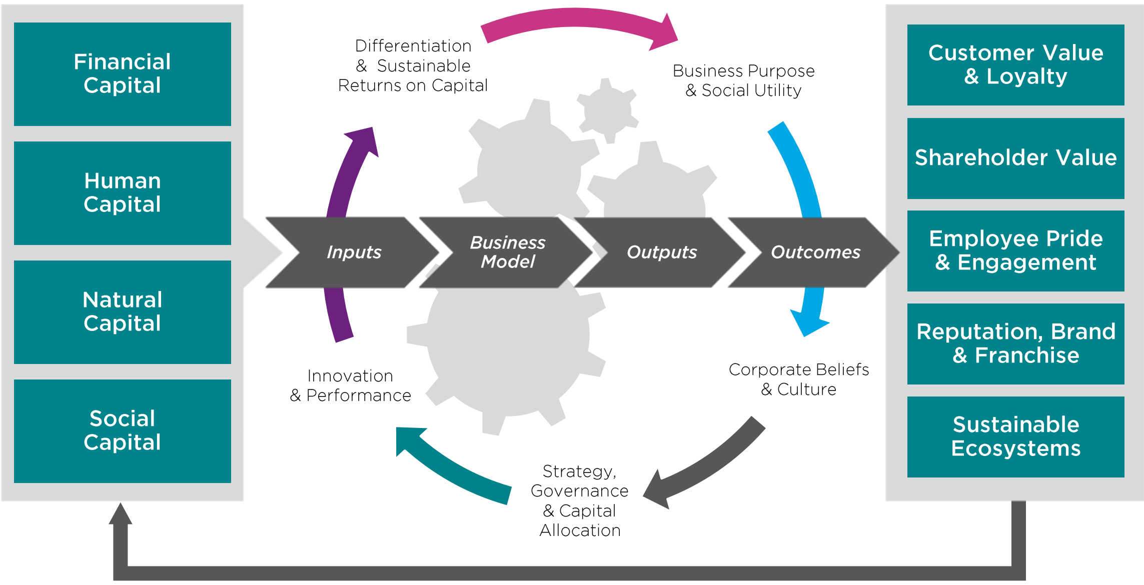
Comgest's investment process is characterised by in-depth research, analysis and knowledge of target companies. It uses a rigorous approach to identify quality companies that should be capable of generating above-average growth on a sustained basis. The disciplined company selection process aims to make it possible to withstand market trends and fluctuations. The specific nature of Comgest's approach is reflected in concentrated portfolios and inherently high-risk aversion.

The analysis conducted by our analysts and portfolio managers pays particular attention to two aspects: visibility on results and management quality. Top management is generally judged on its expertise, behaviour and propensity to communicate or not with investors. A close eye is also kept on compensation and the interests of stakeholders. This helps us assess whether the company is properly managed with the objective of long-term value creation.

2. Sustainable value creation

While most investors and financial analysts use the term value creation extensively, we believe very few may understand how companies actually achieve sustainable value. The confusion stems from the widely used framework of "shareholders' value creation" (put simply as ROIC superior to the Weighted Average Cost of Capital of any given company). This framework tends to de-emphasise the fact that a ROIC cannot be generated without some implicit assumptions about the company's access to other critical types of capital. Trying to forecast the evolution of ROIC without understanding the future dynamics of revenues (units and prices), procurement and labour costs or the level of tax is a meaningless exercise. Most of the costs related to an economic activity can be considered as revenues expected by the various stakeholders of a business. Revenues are then used by those constituencies to generate their own expected ROIC. From those levels of realised vs. expected ROICs, the constituencies will decide how to sustain their relationships with the company. The key variable that drives the ROIC of a company overtime remains the goodwill of its customers, and their willingness to pay higher prices and remain loyal. This level of goodwill requires that a company delivers genuine and increasing social utility, i.e. that a company succeeds in turning social needs into economic opportunities through innovation and differentiation.

Some companies generate Shareholder Value through innovation and others by capturing value from their stakeholders (e.g. charging clients higher prices, bringing down supplier margins). From Adam Smith through Joseph Schumpeter and more recently Peter Drucker, all have shown that, both in theory and in practice, capitalism is the best device to find better solutions to existing problems. Companies leverage various types of capital and inputs to generate outcomes which provide returns on that capital. The value creation process can be separated into five steps from Business Purpose to Sustainable Returns on the various types of invested capital. The diagram below depicts this value creation process.



The value creation should be greater and all the more sustainable if it is truly innovative and provides a return to the various providers of capital in a fair and acceptable manner. If not, goodwill towards a company can be eroded, as well as its profits by the reaction of the other capital providers, be they customers, employees, suppliers, anti-trust authorities or tax authorities.

Natural Capital is a special case as it is not expecting a return or an increase in value. Nonetheless, this capital needs to at least be amortised so as to be regenerated and maintained, particularly if it is in limited supply. Therefore, we believe environmental protection, recycling and product re-use should be encouraged and increasingly valued in business models to protect licenses-to-operate and sustainable margins. Other positive outcomes can be illustrated through the Sustainable Development Goals framework of the UN[2].

3. Governance principles and core values

Regardless of the strategy, Comgest's investment process systematically considers governance criteria for all stocks in the portfolio. Comgest believes that several fundamental principles need to apply to all organisations that aim to be successful quality growth companies. Careful consideration of individual company values and practices informs our investment decision-making processes.

Comgest looks for and encourages the companies it invests in to apply the following four principles in their governance systems:

- **Long-term performance orientation**: companies should think big and plan long. Boards of directors, management and employees should be responsible for ensuring continuous improvement throughout all levels of the organisation. Innovation and initiative should be part of the corporate culture. We believe a long-term performance orientation leads to better personal, team and financial performance and encourages employees to 'go the extra mile' for customers and shareholders.
- **Accountability and transparency**: executive and non-executive directors need to take full ownership of their duties and responsibilities, share information in a sufficiently open and timely manner, be able to answer questions and explain decisions, uphold trust and confidence and be fully accountable for the consequences of their actions.
- **Honesty and integrity**: compromising honesty and integrity can be disastrous for a company's image, brand, morale and performance. Qualities, attributes and competencies that nurture and embrace honesty and integrity are vital to keeping a company whole, internally and externally. Companies should be vigilant, reliable and constantly seek to earn the trust of employees, customers and shareholders.
- **Shared purpose and engagement**: both executive and non-executive directors should align their own interests with what is best for the company. Managers should lead by example with respect to all the company's stakeholders and successfully engage with them via their vision, leadership and capacity to inspire trust. Similarly, each employee should understand how his or her role contributes to the successful realisation of the company's business purpose. Fundamentally, a company is a team and it takes a strong team of highly motivated people to achieve outstanding and sustainable long-term performance.

4. Responsible Investment strategy

We believe that companies should create social utility as illustrated by the famous quote of Peter Drucker: "The proper 'social responsibility' of business is to … turn a social problem into economic opportunity".

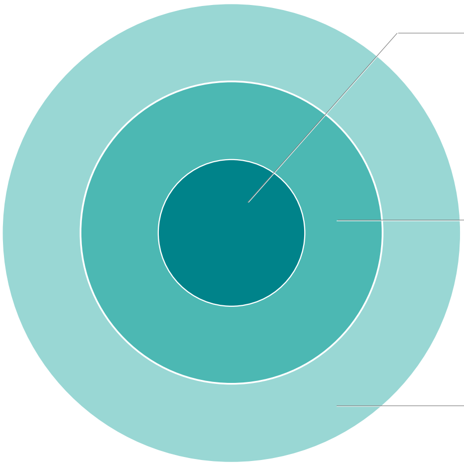
We think that companies should provide benefits to all stakeholders (shareholders, customers, employees, suppliers…) and care about the environment.

We fully acknowledge the large number of environmental challenges (energy, climate change, biodiversity, resource scarcity, multiple sources of pollution…) and the need for the financial system to look for solutions.

Based on these convictions and consistent with its corporate purpose, Comgest has developed and implemented a three-pronged responsible investment strategy:

- **Integrate**: ESG integration, exclusions
- **Engage**: voting, company dialogue
- **Promote**: RI activities, impact reporting

[2] UN SDGs: http://www.un.org/sustainabledevelopment/sustainable-development-goals/



Comgest has chosen the ESG integration approach because it fits very well with Comgest's general approach of stock picking quality companies with a long-term investment horizon. ESG integration allows financial analysts and portfolio managers to increase their knowledge of the company in terms of risks but also in terms of opportunities that can be or will be material to the business. Comgest takes ESG factors into account at different stages of the investment process to ensure that the investment teams are aware of companies' ESG risks and opportunities and use the results of ESG research for their investment decisions in a systematic manner.

With Standard ESG Integration the financial analysts continue to remain primarily responsible for the ESG integration, while the ESG analysts support them with ongoing monitoring of ESG alerts and controversies.

Enhanced ESG Integration includes additional ESG research and analysis on companies carried out by Comgest's dedicated team of ESG analysts. ESG factors are incorporated into Comgest's in-house valuation model where the ESG profile of each company is considered. Over the longer term, Comgest's objective is to cover every company in which it invests through the enhanced integration process.

With a growing and dedicated team of ESG analysts, Comgest continues to evolve its Responsible Investment Strategy within its range of products, including specific Exclusion Policies and adherence to ESG labels for certain products:

	Enhanced ESG Integration applied to:	Standard ESG Integration applied to:	Applicable Exclusion Policies	SRI/ESG Labels	Application of Voting & Engagement Policy
Enhanced Coverage (Plus Funds)	100% of investee companies		Group-wide and Specific Exclusion Policies	Febelfin, FNG Siegel, LuxFlag	✓
Enhanced Coverage	90% - 100% of investee companies	remaining investee companies	Group-wide Exclusion Policies	LuxFlag*	✓
Standard Coverage	<90% of investee companies	remaining investee companies	Group-wide Exclusion Policies		✓

* *SRI/ESG Labels are applicable to a limited number of Comgest public funds only.*

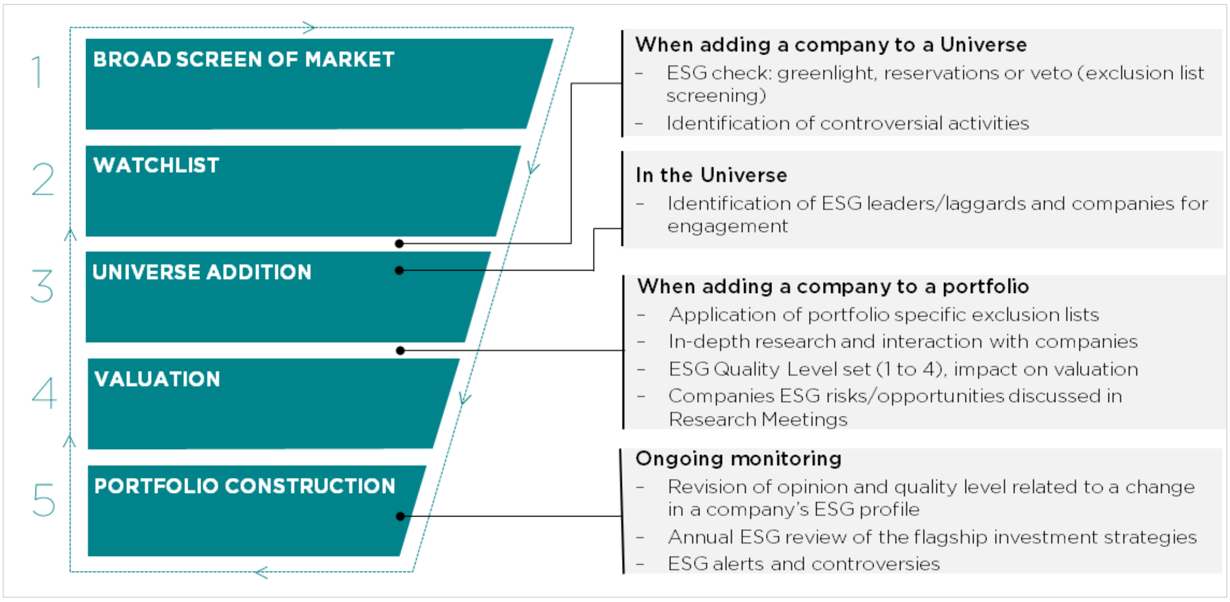
Refer to the **Appendix** for a list of strategies/products in each category.

C. INTEGRATE

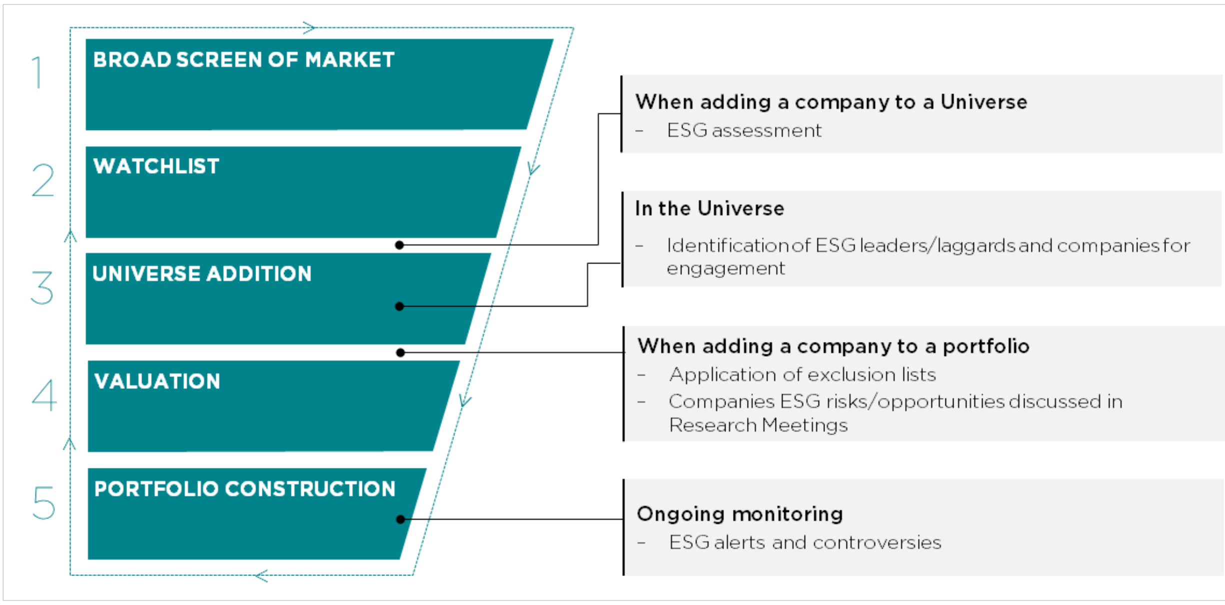
1. ESG integration

(a) ESG integration process

ENHANCED ESG INTEGRATION



STANDARD ESG INTEGRATION



(b) Before the inclusion in Comgest's investment universe

Companies undergo an initial analysis by the financial analysts and, where they pass this initial screening, they are considered as potential investment ideas and are added to a watchlist.

If there is more interest in a specific company, a deep fundamental financial analysis is conducted by the financial analyst. If the company passes Comgest's high financial / quality criteria, it is proposed to be included in Comgest's investment universe.

At this stage we have eliminated a large part of the market; so, this watch list already includes companies with a high degree of quality, considering our criteria.

At this early stage, an ESG check/assessment is conducted either by an ESG analyst or the financial analyst on the company in order to have a first ESG opinion highlighting any potential significant ESG issues.

Where enhanced ESG integration is applied, an ESG analyst reviews the entry of the company into Comgest's investment universe providing the following input:

- **Greenlight**: no reservations on the company being included in the investment universe; or
- **Reservations**: the company can be included in the investment universe but the ESG analyst makes reservations because of short-term or structural ESG concerns with a material impact that have been found during this ESG check; or
- **Veto**: the company cannot be included in the investment universe because it is on Comgest's Controversial Weapons or tobacco blacklist or there are material ESG issues which would prevent the company from meeting the quality growth criteria.

(c) In Comgest's investment universe

An ESG screening is performed by the ESG analysts in Step 3 using the data from external ESG service providers. The purpose of this screening is to identify:

- ESG leaders
- Companies with higher exposure to ESG risks
- Companies with low ESG disclosure
- Companies for future engagement (i.e. ESG laggards with potential for improvement)

(d) When added to the portfolio

When the financial analyst / fund manager has a strong conviction on a company in Comgest's investment universe and considers that it is a good time to initiate the position, the company is proposed to be included in the portfolio. Exclusion lists, including portfolio specific exclusion lists, are controlled at this stage to ensure that unauthorised positions are not added to the portfolio.

Where enhanced ESG integration is applied, the financial analyst / fund manager informs the ESG Team. The ESG analyst conducts in-depth ESG analysis on the company in collaboration with the financial analyst. It is important that the financial analyst is associated with ESG research to better understand the stakes. In most cases, the company is contacted to discuss key material ESG issues, at least through a call or an email. The ESG analyst produces an "ESG Report" in which an 'ESG Opinion' and an 'ESG Quality Level' are given. The ESG Quality Level has an impact on the discount rate in the valuation model (see section C.2, "Impact on valuation"). The ESG analyst primarily focuses on ESG issues which are likely to be financially material over the next five years.

The ESG Report is given to the financial analyst / fund manager who takes the results of this analysis into account in the investment decision both qualitatively in the investment case and quantitatively in the valuation of the company. If the financial analyst / fund manager still has a strong conviction, the company is added to the portfolio.

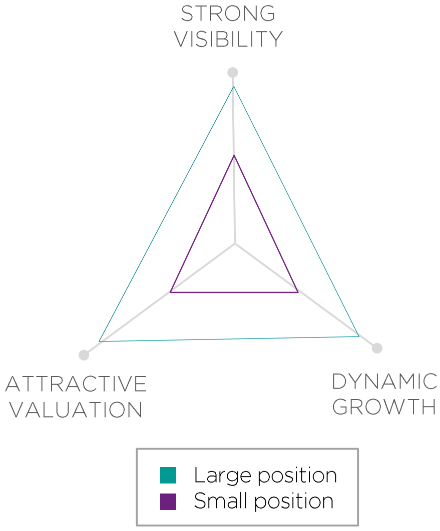
For portfolios with enhanced coverage, this ESG Report is produced for all companies to be included in the relevant portfolio prior to investment. On rare occasions, where the investment opportunity requires a faster decision on investment, a manager may start to build a position in a company and the ESG Report is required to be produced within 3 months of the company's first addition to a portfolio.

As mentioned above, for portfolios with standard coverage, some companies in the portfolio may not be covered by the additional ESG Report. In this case, the financial analyst will rely on the ESG assessment performed prior to the company being added to the investment universe as well the financial analyst's ongoing ESG research.

Following production of the ESG Report and/or the financial analyst's research, relevant ESG issues are discussed during the research meetings to be sure that the wider investment team has understood ESG risks and opportunities.

During portfolio construction, ESG integration contributes to all three components used in determining the weight of a holding:

- **Quality / visibility**: the ESG analysis leads portfolio managers to assess the overall quality of a company (e.g. management, positioning vs. competitors, resilience)
- **Dynamic growth**: the ESG analysis leads portfolio managers to assess the growth opportunities related to sustainability themes (access to communication in Emerging Markets, ageing population, access to healthcare, health and wellness, renewable energy etc).
- **Attractive valuation**: ESG considerations are taken into account in the company risk factors when calculating the discount rate. In addition, the ESG Quality Level resulting from the ESG Report assigned to each company (where an ESG Report has been produced) has an impact on the inputs of the valuation model (see section C.2, "Impact on valuation")



The above three components can influence the portfolio managers' level of conviction during portfolio construction (as seen in the diagram).

(e) In the portfolio

Investee companies across all strategies are monitored on an ongoing basis from an ESG perspective. The purpose is to identify all ESG events (controversies, change in corporate structure, change of board / management…) which could affect companies' ESG / quality profile, valuation and/or reputation. In the case of such material events, the ESG Report and the ESG Quality Level (where applicable) would be revised accordingly and the investment case could be re-assessed. This monitoring is conducted systematically for all strategies by using third party tools that provide us with real time updates on changes in governance and new controversies. The ESG Team provides an update to the relevant investment teams on alerts they have received.

For companies requiring ESG improvements, the ESG analyst or the financial analyst may decide to organise onsite visits at their facilities or meetings with independent board members, middle managers or employees to find complementary information on the ESG / quality profile of these companies.

Where enhanced ESG integration applies, the ESG analyst ensures that the ESG Opinion is reflected in voting decisions and coordinates the voting activity across all portfolios to maintain the coherence of the votes.

2. Impact on valuation

(a) Definition of the ESG Quality Level

To refine the quality assessment of the companies, an ESG Quality Level is assigned to each company subject to enhanced ESG integration. The quality level is the result of a consensus between the ESG analyst and the financial analyst on the level of ESG quality specific to the company. The ESG Quality Level is on a scale of 1 to 4.

ESG QUALITY LEVEL		DESCRIPTION (ONE OR MORE OF THE SAMPLE ELEMENTS BELOW)
1	**ESG Leader**	Sustainability/CSR fully embedded in corporate culture, strategy to benefit from ESG opportunities, excellent disclosure, mitigation of existing ESG risks
2	**Good Quality**	Good awareness and mitigation of low ESG risks, adequate disclosure, few controversies, able to benefit from ESG opportunities
3	**Basic Quality**	Basic awareness of ESG risks, limited mitigation measures in place, moderate ESG risk exposure, low disclosure, ESG controversies, room for improvement
4	**Improvement Expected**	High ESG risk exposure, no consideration of ESG risks, very low or absence of disclosure, no mitigation measures, significant ESG controversies, priority for engagement

(b) Impact on the discount rate

As part of the enhanced ESG integration, once the ESG Quality Level has been determined, it is translated into a company specific ESG discount rate which is added to the initial discount rate given by the financial analyst based on country / market risk and business risk. The ESG discount rate considers all environmental, social and governance risk / opportunity elements found in the in-depth ESG Report.

When a company has an ESG Quality Level 1, the initial discount rate is reduced.

As ranges of initial discount rates are different according to whether it is a developed market or an emerging market investment universe, ranges of ESG discount rates also differ accordingly.

DEVELOPED MARKETS

ESG QUALITY LEVEL	ESG DISCOUNT RATE
1	-50 bp
2	0 (no change)
3	+100 bp
4	+200 bp

EMERGING MARKETS

ESG QUALITY LEVEL	ESG DISCOUNT RATE
1	-100 bp
2	0 (no change)
3	+150 bp
4	+300 bp

These ranges have been set based on our experience and on back-testing results and are subject to change. We have observed that ESG factors can have an impact of 15%-20% in terms of return expectations or risks. Applying this to our average discount rates results in the above ranges. ESG quality can indicate better strategic insight and operational effectiveness which should lead to lower risk and higher growth potential; therefore, it can result occasionally in a lower discount rate. In our investment process, valuation is only one of the elements considered in making investment decisions. Integrating ESG factors in valuations and investment decision-making stimulates better awareness of ESG issues and deeper debate among investment team members.

Given our strict requirement for quality at the various steps of our investment process, we consider the presence of ESG Quality Level 4 companies in a portfolio to be acceptable where we think the companies can improve their standards within a reasonable time horizon and where we think our engagement may even help to accelerate that process.

3. Benefits resulting from Comgest's ESG integration approach

(a) Absence or significantly underweight in several industries

Because of Comgest's investment process, it has been observed for many years that companies involved in banking, energy, materials, mining, utilities, defence, civilian firearms, tobacco and airlines industries are usually absent from or significantly underweight in our portfolios.

Comgest's ESG integration approach is different from a Best-in-Class[3] approach because we may not invest in some sectors, principally because we cannot find good quality companies in these sectors according to our standards. Moreover, some activities do not necessarily have positive social and environmental outcomes. Comgest has rather a Best-in-Universe[4] approach based on absolute quality, combined with a Best-Effort[5] approach which may be rewarding over the long term thanks to our engagement activities (see section D. 2, "Engagement policy").

(b) Management of climate risks

Having a long-term investment horizon and caring about the impact of companies' activities on our planet, Comgest is committed to monitoring and managing climate risks carefully within its investment processes. As part of this commitment, Comgest is a signatory to the Global Investor Statement on Climate Change (see section E.1(b), "Participation in numerous international initiatives").

Comgest uses methodologies from leading research providers such as Trucost and MSCI. Based on the TCFD (Task force for Climate related Financial Disclosures) framework, Comgest assesses both the transition risks and the physical risks of the companies' in its French flagship funds as well as other investee companies where deemed material. The climate risks assessment methodologies provide a forward-looking and return-based valuation assessment under various scenarios, including climate policies.

Comgest also measures the carbon footprint of its public funds. Results of this foot-printing exercise realised by Trucost, as of December 31st, 2019, show that Comgest's public funds have carbon footprints which are generally significantly lower than the carbon footprints of their respective comparative indices.

Trucost carbon footprint calculation methodology considers scopes: 1 (direct emissions) and 2 (indirect emissions linked to energy consumption) alongside scope 3 (other indirect emissions) upstream. However, we believe that it is difficult to obtain reliable scope 3 data. The carbon footprint gives a picture of the portfolio's greenhouse gas contribution. By calculating carbon footprints, we can calculate:

- Which companies emit most GHGs in absolute terms; and
- Whether portfolio companies emit more or less GHGs than others in the same sector.

It also means we can identify which companies fail to provide data on GHG emissions. These companies can then be prioritised for engagement. Data used to calculate the funds' carbon footprints feed into a Trucost estimate for each company. This analysis identifies which companies are contributing to reducing greenhouse gas emissions, notably green energy producers.

With regards to physical risks, the following 7 types of extreme weather events are covered by MSCI analysis:

- Extreme Heat
- Extreme Cold
- Heavy Precipitation
- Heavy Snowfall
- Wind Gusts
- Coastal Flooding
- Tropical Cyclones

Using the past 40 years of observed weather patterns to set a historical baseline, MSCI model calculates an expected cost for the company for the coming 15 years, considering physical risks and opportunities.

[3] Best-in-class refers to the selection of the best ESG-rated issuers of an industry
[4] Best-in-universe refers to the selection of the best ESG-rated issuers irrespective of their industry
[5] Best-Effort refers to the selection of issuers able to improve their ESG rating over time

To determine the alignment of its portfolios with the 2°C target, Comgest uses the Warming Potential metric developed by MSCI. This metric shows a portfolio's contribution to rising temperatures.

(c) Customisation of ESG integration approach in segregated accounts

For clients having specific requirements in terms of ESG quality, specific objectives in terms of ESG performance and/or having an SRI approach, Comgest can implement customised ESG integration strategies for segregated accounts upon request.

4. ESG research

(a) ESG criteria

Environmental, social and governance (ESG) criteria are based on the concepts of sustainable development (see Brundtland Report – 1987[6]) and CSR (Corporate Social Responsibility). These aspects occupy a growing place in Comgest's research, analysis and investment decisions.

Comgest's analysis of ESG factors applies to companies and focuses on the principal criteria grouped together by pillar in the following table:

ENVIRONMENT	SOCIAL	GOVERNANCE
— Air, water and ground pollution — Greenhouse gases emissions — Energy use and efficiency — Raw materials consumption — Transportation — Water and waste management — Biodiversity and its protection — Lifecycle impacts	— Net social utility[7] — Working conditions, health & safety — Diversity programmes — Retention — Human rights — Relationships with stakeholders (unions, NGOs, communities, etc.) — Supply chain management — Materials sourcing — Product safety and quality — Customer relationships	— Culture and ethics — Shareholder rights — Audit and accounting — Corruption and bribery — Board and board committee characteristics — Board member competence — Independence — Compensation — Risk management — Transparency — Regulatory capture

In Comgest's ESG research, priority is given to what we consider the most material ESG issues which are likely to have an impact on companies. This focus on materiality allows us to monitor key issues and to use the results of our research for valuation purposes as explained in section C.2, "Impact on valuation".

Generally, we look for companies in which we invest to have anti-corruption, anti-fraud and, where relevant, anti-money laundering policies.

(b) ESG information sources

To gather ESG information, Comgest uses its own research, the services of independent external service providers and information released by the companies themselves.

Comgest's ESG research is conducted internally by the dedicated ESG analysts / financial analysts who draw on external extra-financial information sources, such as companies' CSR reports, information and alerts by specialist providers, contacts with companies and their stakeholders, NGO and media reports, and other sources.

ESG data providers have been selected by Comgest based on ESG information quality and geographical coverage criteria. The following providers are currently used:

[6] http://www.un-documents.net/wced-ocf.htm
[7] Net Social Utility refers to a measure including both social benefits and social costs of an economic activity.

- **MSCI ESG Research:** general ESG data, climate scenarios modelling, physical risks analysis
- **Sustainalytics:** information on controversial weapons and sustainable products
- **Bloomberg:** ESG data and carbon data
- **BoardEx:** governance information
- **RepRisk:** controversies and reputational risks
- **Trucost:** carbon and environmental data
- **ISS-ESG:** ESG information
- **CFRA (Center for Financial Research and Analysis):** governance and accounting analysis

Other sources of information are also used, such as companies' answers to the Carbon Disclosure Project (CDP) questionnaires (climate change and water), brokers' reports, NGO reports and academic research.

ESG analysis also looks at compliance with the principal international environmental and social standards, which can notably be found in the ten principles of the Global Compact, but also in the conventions of the International Labour Organisation (ILO) or the OECD's Guidelines. Potential breaches of the ten principles of the Global Compact by the investee companies are monitored daily.

(c) Internal circulation of ESG information

The ESG Reports produced by the ESG Team on each company and are discussed at research meetings with regional investment teams. These ESG Reports, together with all the ESG research, are stored on the Comgest research platform and are at the disposal of all analysts and portfolio managers in a similar manner to traditional financial analysis reports.

Annually, a full ESG review of portfolios in the four main investment strategies (Global Emerging Markets, Global, Europe, Asia Pacific Ex Japan) is prepared by the ESG Team and is presented to the regional investment teams.

5. Exclusions

(a) Controversial weapons policy

Following its commitment to responsible investment and the integration of ESG factors, Comgest has adopted a group-wide policy on controversial weapons to avoid investment in companies involved in anti-personnel mines, cluster bombs, biological/chemical weapons, depleted uranium, and nuclear weapons.

(b) Definition of criteria relating to anti-personnel mines and cluster munitions

Comgest does not financially support companies involved in the development, manufacture, maintenance or trade of anti-personnel mines and cluster munitions.

The standards applied to define these weapons are based on criteria agreed upon in the following conventions:

- The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997)
- The Convention on Cluster Munitions (Dublin, 30 May 2008)

Comgest applies the following criteria to define a company's degree of involvement:

1. The company is involved in the development, manufacture, maintenance or trade of a product that is considered an anti-personnel mine or cluster munitions.
2. The company is involved in the development, manufacture, maintenance or trade of a key and dedicated component or service for a product that is considered an anti-personnel mine or cluster munitions.
3. The company holds a stake (>20%) in a company or is owned (>20%) by a company that is involved in controversial weapons as set out in 1 or 2 above.

The choice of these criteria is derived from best practice in the responsible investment industry.

(c) Definition of criteria relating to biological/chemical weapons, depleted uranium, and nuclear weapons

Comgest does not financially support companies involved in biological/chemical weapons, depleted uranium, and nuclear weapons.

The standards applied to define these weapons are based on the following conventions:

- The Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (26 March 1975)
- The Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (29 April 1997)
- The Treaty on the Non-Proliferation of Nuclear Weapons (1970)

Regarding biological/chemical weapons and depleted uranium, Comgest does not apply any revenue threshold. Regarding nuclear weapons, Comgest applies a 3% revenue threshold.

(d) Implementation of the controversial weapons policy

To implement its policy, Comgest uses data provided by Sustainalytics and MSCI ESG Research. After applying the criteria set out in the point above, Comgest draws up a list of companies involved in anti-personnel mines, cluster munitions, biological/chemical weapons, depleted uranium, and nuclear weapons. This list is distributed to Comgest's employees, in particular, to investment teams and the middle office, trading, risk control, compliance and internal control departments. It is updated on a quarterly basis. The companies featured on this list are not permissible investments.

If a company in which Comgest is already invested appears on the list of companies involved in controversial weapons, it will immediately be excluded from the investment universe and be sold out of diligently in the best interest of our clients.

(e) Tobacco policy

Comgest has adopted a group-wide policy on tobacco to avoid investment in companies that are direct manufacturers of cigarettes, cigars, roll-your-own tobacco, and pipe tobacco. This policy is applied to all of Comgest's public funds. It is also applied to dedicated mandates absent a request from a client to permit such companies. Comgest considers direct manufacturers of cigarettes, cigars, roll-your-own tobacco, and pipe tobacco to be companies which generate greater than 10% of their revenues from this activity.

To implement its policy, Comgest uses data provided by MSCI ESG Research. After applying the criteria set out above, Comgest draws up a list of companies involved in direct manufacturing of tobacco. This list is distributed to Comgest's employees, in particular to investment teams and risk departments. It is updated on a quarterly basis. The companies featured on this list are not permissible investments and are blocked in our trading systems.

If a company in which Comgest is already invested appears on the list of companies involved in direct manufacturing of tobacco, it will immediately be excluded from the investment universe and be sold out of diligently in the best interest of our clients.

(f) Coal Exit Policy

Comgest is currently working on drafting a group-wide coal exit policy. At this stage only the Plus funds have a coal exclusion policy. It is intended to implement the group-wide policy by the end of 2020.

(g) Exclusions on a case-by-case basis

Aside from controversial weapons and tobacco (see section C.5(a-b), "Promote"), Comgest's responsible investment policy does not make any *a priori* exclusions, in the traditional sense of refusing to invest in companies involved in predefined activities which are deemed unethical. Comgest, which employs more than 30 different nationalities, is committed to the values of respect for others and freedom of opinion. Since ethical questions will normally have a subjective element, Comgest considers it preferable to preserve the freedom of thought and judgment of its investment teams and clients and not to define *a priori* exclusions ahead of the definition of investment universes or client objectives.

It is worth noting, however, that Comgest's strict selection process makes it unlikely that a company whose practices are dubious in certain regards can satisfy the required standards of quality, visibility and sustainability. Accordingly, companies with substantial ESG risks are generally excluded from the investment universe.

Comgest also recognises the right of clients with whom we have a dedicated mandate to exclude on an *a priori* basis any investment in which they would refuse to be involved. Comgest is always ready to consider a solution for clients that will respond to their requirements in this area.

(h) Plus funds

For clients seeking additional exclusions through a collective investment vehicle, Comgest's "Plus" funds apply additional ESG screening criteria to avoid notably investment in fossil fuel related companies, i.e. companies with proved or probable, oil, gas or thermal coal reserves, companies involved in fossil fuel extraction, and companies involved in fossil fuel-based power generation.

Plus funds may also look to comply with certain industry ESG or sustainability labels which may result, for example, in the application of lower revenue or production thresholds in regard to controversial weapons, tobacco and fossil fuel related exposure. As of the date of this policy, Comgest Plus funds received the FNG label,the Towards Sustainability (Febelfin) label and the LuxFLAG ESG label.

Comgest has designed specific exclusion policies that apply to these funds. These policies extend and complement existing group exclusion policies, such as the ones on controversial weapons and on tobacco. For more information, please refer to the separate document entitled "Comgest Plus Funds Exclusion Policies" available on our website[8].

In order to implement exclusion policies for the Plus funds, Comgest uses screening tools provided by MSCI. Any companies identified through the screening process are added to an exclusion list applicable to these funds. If a company in which Comgest is already invested is added to the exclusion list, it will immediately be excluded from the investment universe for the Plus funds and be sold out of diligently in the best interest of our clients.

6. ESG labels

We believe that it is in the best interest of a client to be offered a level of assurance as to the nature and quality of a fund with an ESG focus. Greater transparency on funds with an ESG focus and a clearer understanding of the ESG factors taken into account is necessary to empower clients in their investment decisions and to mitigate the risk of greenwashing. Therefore, Comgest supports European efforts to establish certain standards through ESG labels.

An ESG label can, up to a certain extent, help eliminate the gap between what a fund with an ESG focus claims to be and the client's expectation of what that should mean. To obtain an ESG label for their funds, asset managers are first required to explain in a clear and understandable manner how ESG-related concepts factor into their investment process. Second, the label provider performs an objective review and assessment of the ESG process and of the level of ESG integration applied by the funds and their asset managers. This review helps to confirm whether the processes described for achieving responsible investing are followed.

We believe that an ESG label should help clarify what a client can expect from the sustainability-related component of the product they are buying. It should not, however, lead to a "one size fits all" approach to a definition of "sustainable" which could constrain choice. It will not, by any means, be able to capture all ways in which sustainability or ESG is incorporated into a particular investment strategy or product.

The below table provides an overview of the ESG labels that some of our funds have received:

LABELS:	COMGEST FUNDS COVERED:
Towards Sustainability (Febelfin)	2 public funds (Plus funds)
FNG	2 public funds (Plus funds)
LuxFLAG ESG	6 public funds

[8] https://www.comgest.com/-/media/comgest/esg-library/esg-en/plus-exclusion-policies.pdf

D. ENGAGE

Comgest is a bottom-up stock picker and the basis of our research includes meeting companies directly. For us it is quite natural to engage with companies regarding ESG issues. As an active shareholder and a promoter of RI practices, Comgest engages with companies in several ways. First, as a responsible investor, Comgest exercises its voting rights at general meetings. Secondly, Comgest establishes a constructive dialogue with investee companies to collect more information to refine its investment analysis and where it is deemed useful it also challenges companies on specific ESG issues seeking an improvement of ESG disclosure, risk mitigation, etc.

1. Voting policy

Comgest has designed its Voting Policy based on its own beliefs as well as commonly accepted best practices. For more information including conflict of interest management, please refer to the separate document entitled "Comgest Group Responsible Voting Policy" available on our website[9].

(a) Proxy voting

As an active investor and a member of the UN PRI, Comgest's objective is to vote systematically at all shareholder meetings held by all companies it invests in when this is technically possible and deemed to be in the interest of the shareholders.

To help it achieve this objective, Comgest has chosen Institutional Shareholder Services (ISS) as a proxy voting service provider.

(b) Voting principles

Comgest's portfolios are invested across the world, both in developed and emerging markets. Given the heterogeneous nature of these markets, their business practices, legislations and degrees of maturity, it is extremely difficult to draw up a single typology of voting principles. Each shareholder meeting resolution must be analysed on a case-by-case basis.

As a responsible investor, Comgest has naturally chosen to vote in accordance with responsible investment principles. To aid them in their decision-taking, Comgest's analysts and portfolio managers receive specific voting recommendations prepared by ISS' specialist analysts (Social Advisory Services) based on voting rules defined by Comgest for each region of investment.

Justification is documented for any votes that are not in line with recommendations based on our voting policy. Given the fact that no voting policy can apply ex-ante to all cases, we consider that having at least a small percentage of deviation from recommendations based on one's voting policy demonstrates that decision makers think and vote responsibly.

2. Engagement policy

Comgest has designed an Engagement Policy based on its own beliefs as well as commonly accepted best practices. As mentioned above (see section C.3(a), "Absence or significantly underweight in several industries") Comgest has a Best-Effort approach based on company engagement. Comgest typically engages with companies with lower ESG quality where we think a positive change is likely to occur, i.e. when the targeted company is ready to hear our message encouraging it to make improvements on material ESG issues. In this case, we are not against investing in companies with a lower ESG Quality Level (i.e. ESG Quality Level 3 and 4) because we think they potentially have the capacity to improve in a reasonable time horizon and this could be financially rewarding.

We also engage with companies ahead of the general meetings to discuss and sometimes even influence the content of the resolutions proposed on the agenda, to make sure it is aligned with the interests of minority shareholders and compliant with our governance principles (see section B.3., "Governance principles and core values").

[9] https://www.comgest.com/-/media/comgest/esg-library/esg-en/voting-policy-and-principles.pdf

(c) Individual engagement

We look to engage with companies where we have identified material ESG risks that can be mitigated and/or ESG opportunities that can be developed.

Examples of individual engagement:

- Remuneration
- Disclosure
- Board structure
- Labour management
- Environmental impact
- Consistency between Sustainability / CSR strategy and Business strategy

We may also engage with companies to congratulate and give positive feedback on their ESG performance and to encourage them to continue.

(d) Thematic engagement

Sometimes Comgest may decide to engage with multiple companies held in the same portfolio on a specific ESG issue that can be material to a large part of the portfolio.

Example of thematic engagement:

- Water risk on 7 companies of our Global Emerging Markets portfolio
- ESG disclosure on Chinese A-shares
- Promoting the adoption of integrated reporting

(e) Collaborative engagement

Comgest also regularly joins other investors to take part in collaborative engagement initiatives. The purpose of collaborative engagement is really to influence companies and encourage them to make improvements in specific ESG areas. The fact that several investors (asset managers and/or asset owners) accounting for large combined assets under management act together puts a lot of pressure on targeted companies.

Usually Comgest joins collaborative engagement initiatives through the UN PRI Collaboration platform, most of the time as a supporting investor and sometimes as a leading investor. The UN PRI Collaboration platform is a dedicated engagement platform where investors can propose engagement actions on a specific ESG theme with one or several companies. Then other investors can join the engagement initiative depending on their particular interest in the theme or in the targeted companies.

Comgest may also join other collaborative engagement initiatives out of the framework of the UN PRI, such as the CDP Non-Disclosure Campaign.

Examples of collaborative engagement:

- Anti-corruption
- Supply chain in the textile industry
- Supply chain in the electronics industry
- Director's nomination process
- Water consumption disclosure at several food & beverage companies
- Labour practices in the agricultural supply chain

E. PROMOTE

In line with our corporate purpose and our commitment to the UN PRI, we seek to spread a responsible and long-term mindset throughout the financial industry, both internally and externally (our peers, stockbrokers, asset owners, consultants…), and listed companies. To ensure consistency and credibility, we strive to say what we do and to do what we say.

In addition, our independence, our size (AUM) and the percentage of stock ownership of our portfolios in some companies enable us to voice our opinions and principles.

1. Participation in international and local Responsible Investment initiatives

(a) Adhesion to the United Nations Principles for Responsible Investment (UN PRI)

In 2010, Comgest made an official commitment to responsible investment by becoming a signatory to the United Nations Principles for Responsible Investment (UN PRI), a voluntary international initiative launched in 2006. Today, more than 1,600 asset management companies and institutional investors across the world have become signatories to the UN PRI. They roughly account for more than 50% of total assets worldwide.

Adhering to the UN PRI involves the gradual application of six principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Every year Comgest completes the reporting and assessment questionnaire of the UN PRI to measure its progress against the 6 principles. The result of this assessment can be found on Comgest's website[10].

(b) Participation in numerous international initiatives

With a view to applying Principles number 3 and 4 of the UN PRI, Comgest supports several international initiatives that aim to promote positive developments for the financial sector and for society as a whole. Comgest participates in international efforts to foster an improvement in companies' behaviour (business ethics, good governance, respect for the environment, respect for human rights and labour rights, etc.) and to increase transparency.

Comgest has carefully chosen the following initiatives whose topics are important to us and where we believe we can add value to the debates and efficiently promote responsible investment practices.

Comgest is currently a member of:

- International Corporate Governance Network (ICGN): Raise standards of corporate governance worldwide[11]
- RI Committee (AFG): Contribute to the development of responsible investment within the French asset management industry[12]
- Corporate Governance Committee (AFG): Contribute to the development of the Corporate Governance Code for the French asset management industry[11]

Comgest also supports the following initiatives:

- Carbon Disclosure Project[13] (CDP): CDP Climate Change and CDP Water Security and CDP Forest
- IIRC (International Integrated Reporting Council)[14]
- FAIRR (Farm Animal Investment Risk and Return) – global network of investors addressing ESG issues in protein supply chains
- Access to Medicine Foundation, an independent non-profit organization, analysing how the world's largest pharmaceutical companies are addressing access to medicine.

Regarding our commitment to manage climate risks, Comgest signed up to the Climate Action 100+[15] initiative and also supports the TCFD[16] (Task Force on Climate-related Financial Disclosures) recommendations.

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[10] https://www.comgest.com/-/media/comgest/esg-library/esg-en/unpri-assessment-report.pdf
[11] https://www.icgn.org/
[12] http://www.afg.asso.fr/
[13] https://www.cdp.net/
[14] http://integratedreporting.org/
[15] http://www.climateaction100.org/
[16] https://www.fsb-tcfd.org/publications/final-recommendations-report/

In June 2016 Comgest signed the Fiduciary Duty in the 21st Century statement[17] to acknowledge that ESG issues can affect the performance of investment portfolios and broader economic functioning.

(c) Stewardship codes

UK Stewardship Code

The UK Stewardship Code (published by the Financial Reporting Council in 2010, updated in 2012 and revised in 2020) groups together twelve principles and recommendations aiming to make institutional investors active shareholders in governance, acting in the interests of their clients. Comgest supports the principles promoted in this code (read on Comgest's website[18]).

Japan Stewardship Code

Comgest (through Comgest S.A. and its subsidiary Comgest Asset Management Japan Ltd) is a signatory to the Japan Stewardship Code. It supports the eight principles of the code published by the Japanese Financial Services Agency in February 2014, revised in 2017 and 2020. The purpose of this code is to promote sustainable growth of companies through investment and dialogue (read on Comgest's website[19]).

U.S. Stewardship Code

In February 2017 Comgest endorsed the US Stewardship Code[20] to demonstrate its support for the Stewardship Principles for Institutional Investors which promotes long-term value creation.

2. Impact reporting

We consider that it is part of our responsibility to show what we do and to measure the impact of our endeavours as factually as possible on all three pillars of ESG. We hope that it can help our clients demonstrate how they fulfil their own responsibilities to their beneficiaries.

(a) Quarterly Responsible Investment reports

The ESG team produces a quarterly Responsible Investment report which includes the following:

- Voting activity
- Latest ESG analyses on investee companies
- Participation in RI events
- Participation in collaborative engagement initiatives
- Individual and thematic engagement on ESG issues
- View of analysts on ESG alerts / controversies regarding investee companies

This report is available upon request for our clients.

(b) Annual Responsible Investment Report

In compliance with the French Energy Transition for Green Growth Law (or the Energy Transition Law), adopted in August 2015, also known as "Article 173", Comgest reports for 3 of its French flagship funds on the integration of ESG factors and the integration of climate change related risks (both transition risks and physical risks). Following the TCFD recommendations, the Article 173 report includes information on Comgest's contribution and alignment with the low carbon transition.

These reports are available on the Comgest website in the ESG Library[21].

Comgest generally uses the following indicators to measure the environmental and social impacts of its portfolios:

- Carbon footprint versus the benchmark;
- Environmental footprint versus the benchmark;
- Assessment of physical risks; and
- Effective tax rate versus statutory tax rate.

[17] http://www.fiduciaryduty21.org/
[18] https://www.comgest.com/-/media/files/our-policies/uk-stewardship-code_2012_statement.pdf
[19] http://www.comgest.com/sites/en/Groupe_Comgest/Responsible_investment/Japanese_stewardship_code; FSA website: https://www.fsa.go.jp/en/refer/councils/stewardship/20200313/en_list_01.pdf
[20] https://www.isgframework.org/
[21] https://www.comgest.com/en/our-business/esg/esg-library

Comgest also perform SDG (UN Sustainable Development Goals) mapping of reporting and performance material of companies covered by its ESG integration process to better understand the impact(s) its French flagship funds have on the environment and the society.

(c) Annual voting report

Comgest publishes an annual voting report providing statistics on votes cast on our behalf and on behalf of our clients who have delegated the exercise of their voting rights to us (available on Comgest's website[22]).

(d) Tailored reporting

Comgest is committed to adapting responsible investment reporting to clients' specific requirements. Upon request and subject to certain conditions, we can customise portfolio reporting with information such as:

- ESG performance of investment portfolio vs. comparative index;
- Environmental and carbon footprints of investment portfolio vs. comparative index;
- Social footprint of investment portfolio (job creation); and,
- Voting statistics and voting rationale.

F. ORGANISATION

1. Definition and implementation of the Responsible Investment strategy

The RI strategy, as set out in this policy, is defined by Comgest Group's Chief Investment Officer ("CIO") and the Investment Team Managers in collaboration with the ESG analysts / portfolio managers and is reviewed once a year. It is then implemented by the regional investment teams with ESG analysts / portfolio managers as coordinators and stewards of the ESG integration process, under the supervision of the CIO and the Investment Team Managers.

Voting officers are in charge of the execution of the voting decisions upon recommendations of the analysts and portfolio managers who follow investee companies.

2. ESG team

Comgest's ESG Team is comprised of 3 dedicated ESG analysts, reporting directly to Comgest's CIO, as well as an ESG Officer. As members of the investment team, the ESG analysts work in collaboration with financial analysts and portfolio managers. They support regional investment teams (Global Emerging Markets, Europe, US, Japan, Asia ex-Japan, India) as well as the Global team. The financial analyst, due to his/her in depth knowledge of the companies in question, represents a major source of information for the ESG Analysts.

The ESG Analysts may also serve as portfolio managers on certain funds, including the Comgest Plus funds.

3. Incentives

All members of the investment team are encouraged through their objectives and annual performance evaluation to properly implement the RI strategy and systematically take ESG factors into account in their investment analyses and decision-making processes.

[22] https://www.comgest.com/en/our-business/esg/our-policies

4. Partnership

Comgest is proud to remain an independent company and is 100% owned by its employees and founders. Our ambition is to retain this structure in the long term. We believe this aligns our actions with our clients' interests from the very outset and we can motivate a talented and committed team.

Employees are typically given the opportunity to become shareholders after two years with the firm. The decision to allocate equity is based on an individual's sustained performance, seniority and overall contribution. The equity of the firm is not restricted to senior managers, rather it is held by a very broad employee base covering both the investment and operational teams. This fosters a strong team spirit and a sense of shared responsibility which we believe is highly valuable to the longevity of the Comgest culture.

- Approx. 75% of Comgest's employees are currently shareholders;
- 100% of investment team members, who have been employees of Comgest for more than two years, hold shares.

Our entities around the globe are unified via a group holding structure. Over 30 nationalities are represented within the Comgest group.

APPENDIX

Please find below the list of investment strategies by category as of October 2020:

INVESTMENT STRATEGIES

ENHANCED COVERAGE		STANDARD COVERAGE
Europe Plus	Asia Ex-Japan Equities	China Equities
Global Emerging Markets (GEM) Plus	Asia Incl. Japan Equities	Europe Compounders
	Asia-Pacific Ex-Japan Equities	Europe Smaller Companies
	Europe Large Cap Equities	Europe Opportunities
	Europe Ex-Switzerland Equities	GEM Promising Companies
	Europe Ex-UK Equities	India Equities
	Europe Shariah Equities	Japan Compounders
	GEM Flex	Latin American Equities
	GEM Ex-China Equities	US Equities
	GEM Large Cap Equities	
	Global Equities	
	Global Ex-US Equities	
	Global Flex	
	Japan Equities	

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YANN GÉRAIN

ESG Analyst/PM: Global Emerging Markets, Japan

Yann Gérain joined Comgest in 2012 and is an ESG Analyst and Portfolio Manager responsible for ESG coverage of Emerging Markets and Japan. Yann meets and engages with company management alongside the firm's investment Analysts and prepares in-depth ESG reports. He also coordinates the firm's voting policy and leads Comgest's participation in national and international responsible investment initiatives. Prior to joining Comgest, Yann worked as an Analyst and Portfolio Manager for several asset and wealth management firms in Luxembourg, Paris and Geneva before joining Novethic, the French research centre for Socially Responsible Investment (SRI). He graduated from the Grenoble School of Management in 2006 with a Master's Degree in Management, majoring in Capital Markets and Banking. He also holds an MBA from ISC Paris School of Management where he specialised in Sustainable Development and Corporate Social Responsibility (CSR).

SÉBASTIEN THEVOUX-CHABUEL

ESG Analyst/PM: Europe, USA

Sébastien Thévoux-Chabuel joined Comgest in 2013 and is an ESG Analyst and Portfolio Manager, responsible for the ESG coverage of developed markets including Europe and the USA. Sébastien meets and engages with company management alongside the firm's investment Analysts and prepares in-depth ESG reports. He is also member of the firm's Investment Executive Committee. Starting his career as a buy-side Analyst at Deutsche Bank in 1998, Sébastien later became a Portfolio Manager at BFT Gestion (Crédit Agricole) before moving to Oddo Securities where he was initially a technology Analyst before assuming the role of Sustainable and Responsible Investment (SRI) Analyst, a position he held for five years before joining Comgest. He graduated from the ESCP business school in Paris in 1997 before completing a post-graduate degree in Financial Engineering at the Sorbonne University.

ERIC VORAVONG

ESG Analyst/PM: Asia Pac ex Japan

Eric Voravong joined Comgest in 2017 and is an ESG Analyst and Portfolio Manager responsible for ESG coverage of Asian markets. He meets and engages with company management alongside the firm's investment Analysts as well as preparing in-depth ESG reports. In 2008, prior to Comgest, Eric established an independent investment consultancy and regularly collaborated with Comgest, particularly on several key projects involving ESG integration. Eric started his career in corporate banking in 1989 at Banque Paribas where he worked for 15 years, starting as a Risk Analyst then moving on to roles including Account Manager, Credit Officer and Portfolio Manager. He worked in both Paris and Los Angeles before moving to London where he joined the Equity Research team focusing on telecom and technology companies. Eric then joined Paris-based ADI Alternative Investments as a Senior Analyst in their research team before establishing his above-mentioned consultancy firm. He holds a Diploma from the EM Lyon Business School and is a CFA® charterholder.

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