

COMGEST VOTING INTENTIONS – 2024

By: Comgest ESG Team

This year's proxy season marks Comgest's third pre-declaration of our voting intentions. As an active manager, voting is key to exercising our stewardship responsibilities. We view pre-declaring our voting intentions as an opportunity to strengthen ongoing engagements and provide increased transparency. Below, we outline our intended positions on some key shareholder resolutions for the current proxy season.

Walmart

- **Shareholder Resolution: Set Compensation Policy that optimises portfolio value for company shareholders**

Lead filer: The Shareholder Commons

Co-filer(s): N/A

Comgest's vote intention: FOR

Resolution summary: Shareholders request that Walmart establish a Company compensation policy to pay a living wage to its employees.

We note that the statement provided by proponents in support of their Proposal may not fully reflect Comgest's view on the matter; still, given the materiality of the issue for the company we consider voting "For" the Proposal based on the Comgest rationale presented here below.

Comgest rationale: Given its human capital-intensive business model (2.1 million associates worldwide as of FY2024¹) and its role as the world's biggest private company employer², Walmart's approach to employee relations and the treatment of its workforce constitutes a material ESG risk for the company that we actively monitor. We also acknowledge the macro-economic concerns associated with low wages, and note that controversies around employee pay and working conditions could risk stunting Walmart's growth prospects.

As a long-term investor, we believe that effective compensation policies should provide employees with the necessary means to support their basic needs, to attract and retain a motivated and stable workforce. We therefore consider fair remuneration to be an important area for Walmart to consider in the context of its long-term growth prospects.

Meta

- **Shareholder Resolution(s): Child Safety Online**

Lead filer: Proxy Impact

Co-filer(s): Adrian Dominican Sisters, Maryknoll Sisters, Domestic & Foreign Missionary Society of the Protestant Episcopal Church

Comgest's vote intention: FOR

- **Shareholder Resolution(s): Lack of Investment in Content Moderation in the Global Majority**

Lead filer: Akademiker Pension

Co-filer(s): Eko

Comgest's vote intention: FOR

¹ <https://corporate.walmart.com/askwalmart/how-many-people-work-at-walmart>

² <https://www.forbes.com/sites/niallmccarthy/2015/06/23/the-worlds-biggest-employers-infographic/>

Meta (cont'd)

– Report on Generative Artificial Intelligence Misinformation and Disinformation Risks

Lead filer: Arjuna Capital

Co-filer(s): Eko, Open MIC

Comgest's vote intention: FOR

Resolution(s) summary: These resolutions request that Meta introduces new reporting to allow shareholders to better assess and monitor their approach to tackle i) child safety issues across its platforms, ii) human rights risks relating to hate speech, disinformation and incitement to violence in its five-largest non-US markets, and iii) risks posed to the business by misinformation and disinformation content amplified by the use of generative Artificial Intelligence ('AI').

We note that the statements provided by proponents in support of their Proposals may not fully reflect Comgest's view on the matter; still, given the materiality of the issue for the company we consider voting "For" the Proposal based on the Comgest rationale presented here below.

Comgest rationale: We view Meta's well-documented problems around content safety to be one of the most material risks that the company faces. Despite significant investment in resources and processes in recent years, these issues require further action to reduce risks and satisfy regulatory requirements. Widespread adoption of AI tools (including Meta's) could amplify the spread of problematic content. The effective mitigation of these risks is key to safeguard Meta's business model in the long-run, given the company's significant advertising revenue streams and the need to maintain a loyal user base. Both are dependent on ensuring high quality content within a safe online community.

We have therefore identified content safety as a priority issue for engagement with Meta, and recently committed to lead a group of investors as part of the Investor Coalition on Mental Health and Wellbeing to engage with the company on mental health issues. The proposed resolutions are in line with our stewardship commitments, and we consider them to be of high importance in the mitigation of child safety and human rights risks on Meta's platforms and countries of operation. The implementation of concrete targets and further quantitative reporting would also represent a significant step in the mitigation of material risks potentially impacting the long-term sustainability of Meta's business model.

IMPORTANT INFORMATION

All information is as of 11 April 2024, unless otherwise noted. Investing entails risks, including possible loss of principal. Comgest's voting intention is an internal decision, will apply where Comgest has full voting discretion, and has not been agreed with any third party. This material is provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. Reference to any specific security does not fully represent all securities recommended for clients, nor does it mean that referenced securities are presently held.

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