

# ANNUAL VOTING REPORT 2019-2020

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## 1. OVERVIEW

For over thirty years, Comgest (the “Group” or “Company”) has developed an investment philosophy that focuses on long-term ‘quality growth’. It favours firms that can generate sustainable growth in earnings and that apply sound financial and business practices.

In 2010, Comgest committed to responsible investment by signing the United Nations Principles for Responsible Investment (UN PRI)<sup>1</sup>. Comgest incorporates environmental, social and governance (ESG) criteria into its investment process and responsibilities as active shareholders. As a result, Comgest has produced a responsible investment policy wherein the exercise of voting rights is a key theme. In most cases, Comgest’s independence allows the Group to exercise their voting rights without any consideration other than the best interest of investors.

Comgest supports the International Corporate Governance Network (ICGN)<sup>2</sup>, an international association that promotes practices in good governance. The Group also abides by the 12 principles of the UK Stewardship Code<sup>3</sup> (revised 2020), the eight principles of Japan’s Stewardship Code (revised 2020)<sup>4</sup> and the six principles of the US Stewardship Code<sup>5</sup>, which calls for transparency in the exercise of voting rights and appropriate reporting. In addition, Comgest participates in the Corporate Governance Committee of the French Asset Management Association (*Association Française de la Gestion financière*), which makes recommendations on corporate governance related to French-listed companies’ general meetings and boards of directors.

Comgest’s portfolios are invested in both developed and emerging markets. Given the diversity of these markets and their various business practices, legislation and maturity, it is extremely difficult to apply a single set of voting guidelines. Each resolution at a general meeting must be analysed individually.

In order to facilitate the exercise of its voting rights, Comgest has chosen Institutional Shareholder Services (ISS) as a proxy voting service provider. As a responsible investor, Comgest systematically applies responsible investment principles when voting. The Group has produced its own voting policy, including specific provisions for each region of investment. Comgest’s voting policy is on an annual basis and is publicly available<sup>6</sup>.

Comgest’s analysts and portfolio managers rely on recommendations issued by ISS’s Social Advisory Service, which are based on Comgest’s voting policy. They nevertheless remain fully responsible for voting decisions and may decide not to follow the recommendations under certain circumstances. In such cases, decisions are justified, documented and archived.

The purpose of this annual voting report is to provide an aggregate view of all the votes cast by the Company during the fiscal year 2019-2020.

## 2. PROCEDURES FOR EXERCISING VOTING RIGHTS

### 2.1 Voting scope at the portfolio level

As an active investor and member of the UN PRI, Comgest has the objective of systematically voting at all ordinary and extraordinary general meetings held by investee companies, whenever this is technically possible and deemed to be in the interest of investors.

### 2.2 Voting scope in terms of investment vehicles

In this report, the scope covers all open-end and dedicated funds, as well as all management mandates that have delegated the exercise of voting rights to Comgest S.A., with the exception of four portfolios who do not follow Comgest’s Responsible Voting Policy, but rather those of their clients.

### 2.3 Period concerned by the report

The period covered by this report is: 1 October 2019 - 30 September 2020.

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<sup>1</sup> UN PRI: <http://www.unpri.org/>

<sup>2</sup> ICGN: <https://www.icgn.org/>

<sup>3</sup> UK Stewardship Code: <https://www.frc.org.uk/getattachment/5a9e591d-d9d3-4cf4-814a-d14e156a1d87/Stewardship-Code-Dec-19-Final-Corrected.pdf>

<sup>4</sup> Japan’s Stewardship Code: <https://www.fsa.go.jp/en/refer/councils/stewardship/20200324/01.pdf>

<sup>5</sup> US Stewardship Code: <https://www.isgframework.org/stewardship-principles/>

<sup>6</sup> Comgest Responsible Voting Policy: <https://www.comgest.com/-/media/comgest/esg-library/esg-en/voting-policy-and-principles.pdf>

### 3. VOTING REPORT

#### 3.1 General statistics

During the financial year 2019-2020, Comgest voted at 243 general meetings, representing over 95% of all general meetings held by investee companies, or around 97% excluding general meetings at which Comgest declined to vote to avoid conflicts of interest (see section 4).

Comgest did not vote at six general meetings, held by five different companies, either for technical reasons or because voting was not considered to be in the interest of investors.

Overall, Comgest voted on 2,777 resolutions concerning 200 companies in 31 countries.

Comgest voted against, or abstained from voting on, at least one resolution at 172 general meetings.

#### 3.2 Statistics on general meetings

Table 1: General meetings by country

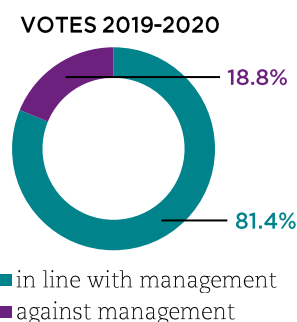
MARKET	GENERAL MEETINGS	GENERAL MEETINGS VOTED AT	%
BERMUDA	2	2	100
BRAZIL	23	23	100
CAYMAN ISLANDS	7	7	100
CHILE	2	2	100
CHINA	22	22	100
DENMARK	7	6	85.71
FRANCE	9	9	100
GERMANY	3	3	100
HONG KONG	1	1	100
INDIA	10	10	100
INDONESIA	1	1	100
IRELAND (SEE SECTION 4)	11	6	54.55
ITALY	3	3	100
JAPAN	36	36	100
JERSEY	1	1	100
LUXEMBOURG	3	2	100
MEXICO	8	8	100
NETHERLANDS	8	8	100
PHILIPPINES	2	2	100
PORTUGAL	1	1	100
RUSSIA	2	2	100
SOUTH AFRICA	5	5	100
SOUTH KOREA	6	6	100
SPAIN	2	2	100
SWEDEN	1	1	100
SWITZERLAND	6	6	100
TAIWAN	3	3	100
TURKEY	3	3	100
UNITED KINGDOM	3	3	100
UNITED STATES	32	32	100
VIETNAM	31	27	87.1
<b>TOTAL</b>	<b>254</b>	<b>243</b>	<b>95.67</b>

### 3.3 Statistics on resolutions

Comgest exercised its voting rights on 2,777 resolutions out of a total of 2,844 (excluding non-voted resolutions due to conflicts of interest – see section 4), representing around 97.64%. Comgest voted on 67 stockholder resolutions.

**Table 2: Breakdown of votes**

EXERCISE OF VOTING RIGHTS	%
VOTES "FOR"	80.8
VOTES "AGAINST"	16.6
ABSTENTIONS OR WITHHOLDINGS	2.7
VOTES IN LINE WITH MANAGEMENT	81.4
VOTES AGAINST MANAGEMENT	18.8



It is possible that the total number of votes may not equal 100%. This could be due to cases in which we wanted to change our votes at the last minute and, in certain accounts, the votes could not be changed for technical reasons. In these cases, it could appear that we voted differently on the same resolution.

**Table 3: Breakdown of votes against management by category**

CATEGORY	%
DIRECTORS	54.55
ROUTINE / BUSINESS	18.18
NON-SALARY REMUNERATION PLANS	13.83
CAPITAL TRANSACTIONS	8.33
REORGANISATIONS AND MERGERS	2.46
OTHER	2.65

### 3.4 Special cases

In certain specific cases, Comgest's analysts could decide not to follow the principles of Comgest's Voting Policy. Since each voting decision is made by the analyst covering the company, this analyst may consider that the general rule set forth in Comgest's Voting Policy does not apply in certain situations. In such cases where the analyst does not follow the ISS recommendation, based on Comgest's Voting Policy, they must systematically justify their decision.

This year, such specific deviations from Comgest's voting policy accounted for 4.50% of voted resolutions, which represents a total of 125 resolutions.

## 4. CONFLICTS OF INTEREST

During the period, Comgest encountered five cases deemed to represent potential conflicts of interest with respect to the exercise of voting rights. Where Comgest's open-ended public funds were invested in other funds which are part of Comgest's range, the company found itself in the position of voting at the general meetings of Comgest Growth Plc, an umbrella fund established under the laws of Ireland by the Comgest Group.

To avoid any potential conflict of interest, Comgest decided not to exercise its voting rights in general meetings related to the Group's SICAV funds.

## 5. PROXY VOTING DASHBOARD

Comgest publishes its general meeting voting decisions, which can be viewed via the following link:  
<https://vds.issgovernance.com/vds/#/MjMyMA==/>.