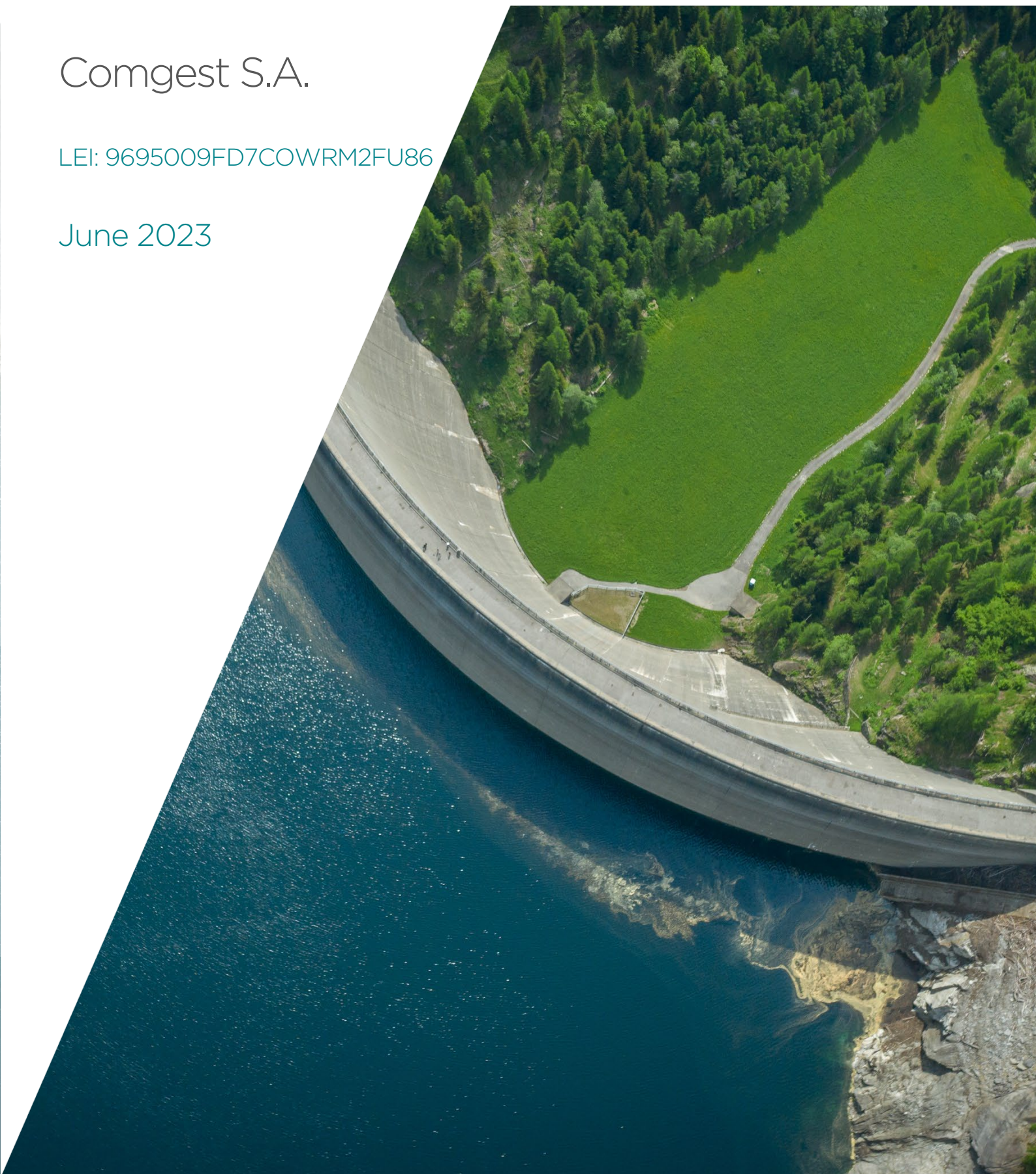


STATEMENT OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Comgest S.A.

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Summary

The Comgest Group¹ (“Comgest”) through its European subsidiaries Comgest S.A.² (“CSA”) and Comgest Asset Management International Ltd.³ (“CAMIL”), considers principal adverse impacts of its investment decisions on sustainability factors.

This CSA statement⁴ of principal adverse impacts (“PAI”) on sustainability factors covers the reference period from January 1st, 2022, to December 31st, 2022.

Comgest is committed to considering and mitigating, where possible, the adverse impacts of its investments on sustainability factors. In support of this, Comgest will ensure that its investment teams, including its dedicated team of ESG analysts, are provided, wherever possible, with a wide range of data, research and analysis regarding the adverse impacts. In addition, the Comgest Group has adopted a Voting and Engagement Policy and currently supports various international standards aimed at improving adverse environmental and societal impacts.⁵

Comgest believes that all investments have impacts on society and the environment and considers responsible investment to be part of its fiduciary duty as an asset manager. For over thirty years now, Comgest has been exclusively managing long-term quality growth equity portfolios. In doing so, it seeks to protect the long-term interests of its clients by investing in companies whose financial returns are sustainable well into the future. Comgest must therefore monitor the impacts of its investee companies to evaluate whether they support the conditions for sustainable growth and determine whether their governance structures are designed to treat fairly all the relevant stakeholders. This is important for Comgest’s clients’ financial outcomes and because they are also stakeholders in other ways — as consumers, employees, citizens and members of society.

ESG research is integrated into Comgest’s investment process in the belief that this enables a better assessment of the “quality” of a company. Undertaken by both ESG and company analysts, ESG-related research is used to complement the fundamental analysis which is otherwise undertaken and to increase its analysts’ knowledge of the companies they follow, both in terms of the key material risks but also opportunities that may impact a business. As part of its ESG integration process, Comgest’s investment teams assess the principal adverse sustainability impacts caused by companies in which they invest by monitoring the 14 mandatory principal adverse impact indicators referenced in Annex 1 of the delegated regulation (EU) 2022/1288 as well as two optional indicators selected by Comgest.

Adverse impact mitigation efforts include the application of targeted exclusion policies for certain activities as outlined in section I where sustainability risks and adverse impacts tend to be more significant.

Mitigation efforts also include engagement activities with investee companies through voting at annual general meetings and initiating a dialogue with the relevant company on specific ESG issues as well as continuing to support industry-initiatives that guide Comgest’s assessment of principal adverse impacts as outlined in sections II, III and IV.

¹ Comgest Global Investors, S.A.S. is the holding company for the Comgest Group which includes six asset management companies: Comgest, S.A. (Paris), Comgest Far East Ltd (Hong Kong), Comgest Asset Management International Ltd (CAMIL)(Dublin), Comgest Asset Management Japan Ltd (Tokyo), Comgest Singapore Pte Ltd (Singapore) and Comgest US LLC (Boston). Comgest also has the following service locations: Comgest Deutschland GmbH (Düsseldorf), Comgest Benelux B.V. (Amsterdam), Comgest Australia Pty Ltd (Sydney), as well as offices of CAMIL in London, Milan and Brussels

² LEI: 9695009FD7COWRM2FU86

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⁴ The CAMIL statement is available on the Comgest website.

⁵ <https://www.comgest.com/en/our-business/esg/our-commitments>

Key learnings from this first assessment period include:

- **Data coverage and metric development:** Companies do not yet report consistently on several PAIs, leading to low data coverage and challenges to interpret results and plan for effective mitigation actions. Comgest will continue to expect investee companies to further disclose on material ESG indicators and will continue to monitor progress of data providers' regarding the development of methodologies to estimate companies' impacts, notably via proxies, that best align with regulatory requirements.
- **Main data usage:** Pending improvements in reporting standardisation and data coverage, Comgest has mainly been using PAI data to identify lowest performing companies on material topics to feed internal ESG research and to prioritise engagement. It has also looked to map PAI data with Comgest's own targets or commitments, notably on climate and biodiversity. This mapping allows to plan for PAI mitigation actions that align with Comgest's overall responsible investment strategy.
- **Implementation of escalation policies:** This first assessment period demonstrates an effective implementation of Comgest's escalation policies. Indeed, in line with its [Responsible Investment Policy](#), the Comgest Group actively engages with companies that may be involved in severe violations with the UN Global Compact. In 2022, Comgest actively engaged with a Chinese auto manufacturer that was flagged by its ESG data provider for alleged human rights violations. Given the ESG and investment teams' engagement efforts did not bring about the progress the team had hoped for, they reached a decision to divest entirely from the company across all portfolios.

These key learnings are further detailed in Section 1 of the statement (Description of the principal adverse impacts on sustainability factors), including Figure 1 covering the 14 mandatory PAIs and Figure 4 covering the two optional PAIs Comgest has selected.

I. Description of the principal adverse impacts on sustainability factors

FIGURE 1. INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Climate and Other Environment-Related Indicators				
Adverse sustainability Indicator	Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Greenhouse gas emissions (GHG)	1. GHG emissions	Scope 1 GHG emissions	238 809	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Throughout 2022, Comgest has focused on the various actions to mitigate adverse impacts relating to GHG emissions.</p> <p>Integration in investment decision-making</p> <p>Further embedding material climate-related risks and opportunities into the analysis of companies and the investment decision making process. Comgest analysts were trained on climate related topics and internal ESG dashboards have been enhanced to facilitate access to climate related data.</p> <p>Comgest's Coal Exit Policy was reviewed to lower revenue and activity thresholds and add an absolute threshold, while phase out dates for developed markets have been advanced from 2040 to 2030. Further details on this Coal Exit Policy can be found in the Comgest Group's Responsible Investment Policy.</p> <p>Engagement and voting activities</p> <p>Comgest engaged both collaboratively and individually with companies on climate related topics. It notably joined the CDP Non-Disclosure and SBTi campaigns and co-led an engagement</p>
		Scope 2 GHG emissions	188 827	
		Scope 3 GHG emissions	4 643 522	
		Total GHG emissions	5 071 158	
	2. Carbon footprint	Carbon footprint	174.69	
	3. GHG intensity of investee companies	GHG intensity of investee companies	513.85	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the	2.00 %	
			Sum of investee companies' carbon emissions scope 1, 2 and 3 (tCO ₂ e) weighted by the value of investment in each company and each company's enterprise value including cash (EVIC).	

FIGURE 1. INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Climate and Other Environment-Related Indicators				
Adverse sustainability indicator	Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
			natural gas, and thermal and metallurgical coal.	through the Climate Action 100+ initiative. Its engagements activities covered some of Comgest's largest GHG emitters such as Shin-Etsu (Japanese chemicals company) and Inner Mongolia Yili (Chinese dairy company).
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	71.26 %	Weighted average of investee companies' energy consumption and/or production from non-renewable sources as a percentage of total energy use and/or generation.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.63	Weighted average of investee companies' energy consumption in GWh per million EUR of revenue, for companies classified within Nomenclature of Economic Activities (NACE) high impact climate sectors, including: A. Agriculture, Forestry, and Fishing, B. Mining and Quarrying; C. Manufacturing; D. Electricity, Gas, Steam, and Air Conditioning Supply, E. Water Supply, Sewerage, Waste Management, and Remediation activities, F. Construction, G. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles, H. Transportation and Storage, L. Real Estate Activities.

FIGURE 1. INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Climate and Other Environment-Related Indicators					
Adverse sustainability indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
				Due to lack of available activity-level energy consumption data, MSCI provides energy consumption intensity at company-level.	<p>In 2023, Comgest will be tracking annual progress against these targets (vs. a 2022 baseline) and focusing on developing engagement plans with companies representing the most significant proportion of Comgest's financed emissions. Comgest will also continue participating in key collaborative engagement climate initiatives (CDP Non-Disclosure Campaign, CDP SBTi Campaign, Climate Action 100+) and join complementary campaigns (CDP Transition Plan Campaign).</p> <p>Adherence to initiatives and advocacy activities Comgest will also continue supporting industry-wide climate initiative and joined in the first quarter of 2023 the Institutional Investor Group on Climate Change (IIGCC).</p> <p>Metrics and targets Comgest will continue to work with data providers to ensure consistency of data provided with regulatory requirements, notably for PAIs 5 and 6.</p>
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively	0.00 %	<p>Captures investee companies that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.</p> <p>This assessment is based on controversy assessments as the Sustainable Finance Disclosure Regulation ("SFDR") regulation hasn't clearly defined 'negatively affecting biodiversity sensitive areas'. This could create potential divergence between various data providers' and asset managers' assessments.</p>	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Integration in investment decision-making</p> <p>The reported data shows that CSA has a low exposure to activities negatively affecting biodiversity-sensitive areas. Nonetheless, Comgest considers the impact of biodiversity loss in its investment decision-making. It also analyses the dependence of companies on biodiversity. This can be direct (direct physical impact compromising production processes) or indirect (via the value chain). Comgest may invest in companies that</p>

FIGURE 1. INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

<i>Climate and Other Environment-Related Indicators</i>				
<i>Adverse sustainability Indicator</i>	<i>Metric</i>	<i>Year 2022 Source: MSCI</i>	<i>Explanation</i>	<i>Actions taken, and actions planned, and targets set for the next reference period</i>
	affect those areas			<p>have higher exposure to biodiversity related risks, such as deforestation or intensive agricultural production. In such cases, it specifically includes biodiversity and its protection in its assessment of ESG risks for the company's operations.</p> <p>In 2022, Comgest included additional data sources to assess biodiversity dependency and biodiversity impact. These additional metrics assist company and ESG analysts to better assess investee companies' impact on biodiversity and their dependence on biodiversity.</p> <p>Engagement and voting activities Biodiversity is a priority topic for Comgest's thematic engagement, and it participates in various collaborative engagements related to the topic: CDP Non-Disclosure Campaigns on water and forests, an initiative on the use of chemicals, and an initiative on sustainable aquaculture led by FAIRR.</p> <p>The Comgest Group enhanced its <u>Voting and Engagement Policy</u>, detailing generally voting in favour of resolutions linked to positive impacts on biodiversity and voting against resolutions which would have detrimental biodiversity consequences.</p> <p>Adherence to initiatives and advocacy activities Comgest continued its support to the Investor Policy Dialogue on Deforestation (IPDD) initiative as a management committee member and joined a meeting with government officials in Brazil in December 2022.</p> <p>Comgest became a signatory to the Financial Sector Commitment Letter on Eliminating</p>

FIGURE 1. INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Climate and Other Environment-Related Indicators					
Adverse sustainability indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
					<p>Commodity-driven Deforestation in November 2021. As a signatory to this initiative, it committed to adopt the roadmap proposed by the Deforestation-Free Finance Project by 2025.</p> <p>Actions planned and targets for 2023:</p> <p>Engagement activities</p> <p>In 2023, Comgest will launch an engagement programme on deforestation-related risks, and it intends to implement a Deforestation Policy which will set out how it assesses risks linked to deforestation and how it intends to mitigate adverse impacts linked to deforestation. This will enable Comgest to enhance its risk assessment around deforestation-related risks.</p> <p>Data and metrics</p> <p>Comgest will continue to evolve its data sources to better assess biodiversity-related risks and adverse impacts. Comgest will continue to work on identifying further tools to better assess biodiversity risk.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	8.47	<p>Investee companies' total wastewater discharged (metric tons reported) into surface water as a result of companies' activities associated with 1 million EUR invested. The apportioning factor used is the EVIC.</p> <p>Currently companies don't report widely on this metric leading to a low data coverage.</p>	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Given low disclosure rates, Comgest focused its action on engaging with companies to enhance disclosure by participating in the CDP Water Non-Disclosure Campaign.</p> <p>Actions planned and targets for 2023:</p> <p>Comgest will continue to participate in this collaborative engagement in 2023.</p>

FIGURE 1. INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Climate and Other Environment-Related Indicators					
Adverse sustainability Indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Waste	9.	Hazardous waste and radioactive waste ratio			
		Tonnes of hazardous waste and radioactive generated by investee companies per million EUR invested, expressed as a weighted average	0.28	Investee companies' total hazardous waste (metric tons reported) associated with 1 million EUR invested. The apportioning factor used is the EVIC. Currently companies don't report widely on this metric leading to a low data coverage. Additionally, companies don't systematically distinguish data relating to hazardous waste and to radioactive waste.	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Engagement activities Comgest joined an investor group to urge the world's biggest chemical companies to phase out production of hazardous substances which linger in the environment and have been linked to serious health problems. In December 2021, the investor group sent a letter to the world's 50 largest chemical producers, asking for greater transparency on the chemicals they produce and a phasing out of the most hazardous chemicals.</p> <p>In 2022, Comgest co-led engagements with 4 companies and in H2 2022, the investor group signed a follow-up letter to the chemical producers. Of these 4 companies, one is the largest contributor to the PAI results (LG Chem, a Korean chemicals companies). Among the 3 other companies engaged, 2 were not covered by MSCI and the engagement discussions were an opportunity to signal to these companies the importance of disclosing information relating to hazardous waste.</p> <p>Actions planned and targets for 2023: Comgest will continue to participate in this collaborative engagement in 2023.</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters					
Adverse sustainability indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.01%	Captures investee companies with severe violations of the UN Global Compact. Due to the lack of data from providers that directly address OECD guidelines, proxies have been used to assesses compliance with OECD guidelines.	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Integration in investment decision-making</p> <p>Comgest uses the UN Global Compact to identify and assess the responsible conduct of businesses and potential human rights violations.</p> <p>Exclusion policy</p> <p>Comgest identifies companies involved in severe violations of the UN Global Compact. These companies are automatically excluded from the <i>Plus fund</i> range. For other portfolios, Comgest may engage with these companies to discuss improvements and actions they have taken or will take to address the violations. If severe violations of the UN Global Compact persist without prospect for improvement, Comgest will add the companies to a general exclusion list updated on a quarterly basis.</p> <p>Engagement activities</p> <p>In 2022, Comgest actively engaged with a Chinese auto manufacturer that was flagged by MSCI for alleged human rights violations. This investment accounts for the 2022 metric result of 0.01%. The ESG and company analysts reached out to the company’s investor relations team to learn more about the company’s labour practices but they weren’t able to obtain a satisfactory response from the company. Engagement efforts did not bring about the progress the team had hoped for. Following the inadequate response from the company, the investment team discussed the validity of the holding in depth in light of its unchanged ESG risk profile, reaching a decision to divest entirely from the company across all portfolios by the end of 2022.</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters				
Adverse sustainability indicator	Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
				Actions planned and targets for 2023: Engagement activities Comgest signed the Investor Alliance for Human Rights' statement in June 2022 and joined two working groups: – ICT & Human Rights – Uyghur Region Engagement Group Comgest will monitor engagement opportunities through these groups in 2023. Data and metrics Comgest will continue to monitor data sources/providers that may better capture compliance with OECD guidelines.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	5.12 %	Captures investee companies which aren't signatories to the UN Global Compact. Signing the UN Global Compact translates to a requirement to provide annual update on policy implementation and compliance. Due to the lack of data from providers that directly address OECD guidelines, proxies have been used to assesses compliance with OECD guidelines.	Actions taken in 2022 to mitigate adverse impacts: Integration in investment decision-making Comgest's ESG analysts look 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. Comgest encourages all companies to: <ul style="list-style-type: none"> - Commit to respecting and enforcing human rights across their entire operations and their supply chains, taking into account all stakeholders - Implement robust due diligence processes to identify, address and mitigate potential violations - Adhere to international human rights standards as outlined by the UN Global Compact.

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters				
Adverse sustainability indicator	Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
				<p>Voting guidelines The Comgest Group has detailed in its Voting and Engagement Policy that it supports positive resolutions linked to social topics and votes against resolutions which would have detrimental social consequences.</p> <p>Actions planned and targets for 2023: Internal guidance Comgest also intends to develop internal guidelines on how to better assess companies' processes and procedures and their compliance with UNGC principles or OECD guidelines.</p> <p>Data and metrics Comgest will continue to monitor data sources/providers that better capture compliance with OECD guidelines.</p>
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.38 %	Weighted average of investee companies' difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings. Currently companies don't report widely on this metric leading to a low data coverage. Additionally, companies don't report consistently on this metric (some reporting on the absolute or uncontrolled pay gap while others control for compensable factors such as role or location).	<p>Actions taken in 2022 to mitigate adverse impacts: Diversity is one aspect of ESG criteria that ESG and company analysts examine when researching companies, because Comgest believes that it is an important indicator of the potential for higher quality decision-making.</p> <p>Actions planned and targets for 2023: Comgest intends to engage with companies when material gender pay gaps have been identified. In Comgest's view, assessing data on 'unadjusted' gender pay gap which measures the average difference in pay between all men and women within the company</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters				
Adverse sustainability indicator	Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
				doesn't provide sufficient information to investors when performing assessment on gender pay gap. In the assessments of and engagements with companies, it also believes that it is important to focus on 'adjusted' pay gap which measures if companies offer women and men equal pay for equal work. This data point calculates the difference in pay between women and men after accounting for the factors that determine pay, like job role, education, and experience.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	31.62 %	Weighted average of investee companies' percentage of board members who are female. For companies with a two-tier board, MSCI's calculation is based on members of the Supervisory Board only.	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Voting guidelines and activities</p> <p>Regarding gender diversity, Comgest generally does not support the re-election of a nomination committee chair if there is not at least one woman on a board of less than 10 members or two women on a board of more than 10 members. This application of this rule may vary depending on the company's country of origin, local practices and governance codes.</p> <p>For instance, in May 2022, Comgest voted to abstain on the re-election of the Director who chairs the Nomination Committee of Keywords Studios, due to a female representation below 30% and few indications the company would remediate this after engagement discussions held.</p> <p>Engagement activities</p> <p>Comgest engaged both collaboratively and individually with companies on board gender diversity. It notably joined the French Club 30 initiative in September 2022 which aims to engage with SBF 120 companies that are required to ensure they have at least 30% of women on boards. Comgest's individual engagements notably</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters				
Adverse sustainability indicator	Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
				<p>covered companies with low ratio (<30% ratio) of females on boards including, for instance, AIA (Hong-Kong based insurer), HDFC (Indian bank), Shin-Estu (Japanese chemicals company) and Tencent (Chinese internet and technology company).</p> <p>Actions planned and targets for 2023:</p> <p>Engagement activities</p> <p>Comgest will continue its participation in collaborative engagements led by the French Club 30 and will continue targeting companies with low female board member ratios for individual engagement.</p>
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	<p>Captures investee companies exposed to controversial weapons.</p> <p>In 2022, Comgest used Sustainalytics to assess companies' exposure to anti-personnel mines and cluster munitions; and MSCI to assess companies' exposure to chemical weapons and biological weapons.</p>	<p>Actions taken in 2022 to mitigate the adverse impacts:</p> <p>Following its commitment to responsible investment and the integration of ESG factors, Comgest has adopted an exclusion policy on controversial weapons to avoid investment in companies involved in anti-personnel mines, cluster bombs, biological/chemical weapons, depleted uranium, and nuclear weapons. Further detail on this exclusion policy can be found in the Comgest's Group's Responsible Investment Policy.</p> <p>To implement this exclusion policy, 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 updated on a quarterly basis. Companies on the exclusion list are blocked for trade and cannot be purchased.</p> <p>Actions planned and targets for 2023:</p> <p>Comgest will continue to implement its exclusion policy.</p>

FIGURE 2. INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Adverse sustainability indicator		Metric	Year 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	-	-	Comgest made no investments in sovereign bonds in 2022.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	-	-	

FIGURE 3. INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

Adverse sustainability indicator		Metric	Year 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	-	-	Comgest makes no investments in real estate assets.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	-	-	

FIGURE 4. OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Climate and Other Environment-Related Indicators					
Adverse sustainability indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Emissions	19. Investment in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	34.06 %	Captures investee companies without carbon emissions reduction targets.	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Assessing companies’ targets</p> <p>As mentioned for PAIs 1 to 6, Comgest has focused on the various actions to mitigate adverse impacts relating to GHG emissions. This work notably included identifying companies which have set or committed to set science-based targets (SBTs) for decarbonisation. This assessment was key to establish Comgest’s 2022 portfolio coverage baseline, as one of the classification criteria of the Net Zero Investment Framework pertains to companies’ targets (criteria 2) and needs to be fulfilled for companies to be assessed as “aligning” and “aligned”.</p> <p>In 2022, Comgest also started disclosing the percentage of investee companies with approved or committed SBTi targets in the annual responsible investment reports of its main strategies.</p> <p>Engagement and voting activities</p> <p>Some companies without robust decarbonisation targets, especially when they contribute significantly to Comgest’s financed emissions have been prioritised for engagement. For instance, in 2022, the ESG and investment teams engaged with Shin-Etsu and Inner Mongolia Yili on decarbonisation targets.</p> <p>Further detail on collaborative engagement activities and voting guidelines, as well as initiatives joined, are included in the table pertaining to PAIs 1 to 6.</p> <p>Actions planned and targets for 2023:</p> <p>Engagement activities</p> <p>Comgest will continue to engage with companies which have not yet set decarbonisation targets and represent the largest proportion of Comgest’s financed emissions; and will continue its support to collaborative campaigns such as the CDP SBTi campaign.</p>

FIGURE 4. OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Climate and Other Environment-Related Indicators					
Adverse sustainability indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
					<p>Portfolio coverage target</p> <p>In 2023, Comgest will be tracking annual progress against its 2027 and 2030 portfolio coverage targets, set under the Net Zero Asset Managers initiative (versus a 2022 baseline). As mentioned above, reaching these portfolio coverage targets is tied to investee companies setting their own decarbonisation targets.</p> <p>Metrics and data</p> <p>The SFDR has not set up a clear definition of companies without carbon emission reduction initiatives. Comgest will continue to assess what information data providers rely on to classify companies with carbon emission reduction initiatives.</p>
Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters					
Adverse sustainability indicator		Metric	Year 2022 Source: MSCI	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Anti-corruption and anti-bribery	20. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	9.83 %	Captures investee companies without an anti-corruption and anti-bribery policy consistent with the United Nations Convention against Corruption.	<p>Actions taken in 2022 to mitigate adverse impacts:</p> <p>Generally, Comgest expects companies it invests in to have anti-corruption and anti-bribery policies, as well as clear guidelines and take effective action to combat corruption.</p> <p>Actions planned and targets for 2023:</p> <p>Comgest will continue to encourage its investee companies to implement anti-corruption and anti-bribery policies.</p>

II. Description of policies to identify and prioritise adverse sustainability impacts on sustainability factors

A) Policy Approvals

Policies and statements in relation to principal adverse impacts are approved by Comgest's Sustainability Committee, its Investment Committee as well as CSA's Board of Directors.

B) Implementation

The policies and targets set in the PAI assessment reports are implemented by Comgest's regional investment teams throughout the Group with the ESG analysts as coordinators and stewards of the ESG integration process, under the supervision of the Group's Chief Investment Officer and the Group Investment Committee.

Comgest voluntarily considers the two following principal adverse impact indicators:

- Lack of anti-bribery and anti-corruption policies: Bribery is still prevalent in many sectors and countries, taking different shapes and forms. This activity is illegal in many countries and has adverse impacts on the economy and civil society. When uncovered, bribery can lead to very significant fines, reputational damage, management dismissal, and operational disruption. Comgest therefore believes it is an important metric to monitor whether investee companies have put in place anti-bribery and anti-corruption policies. Comgest may also consider the probability of bribery or corruption occurring, whether or not policies are in place, by taking into account the location and type of operations, local customs in the countries concerned and governance and compliance culture within the investee company.
- Investments in companies without carbon reduction initiatives: Comgest believes that having carbon reduction initiatives in place is essential to reaching carbon neutrality in the future and aligning its investments with the Paris Agreement. As part of its assessment of principal adverse impacts Comgest's investment teams look at whether companies have initiatives in place and, where they do not, they encourage them to adopt such initiatives through their engagement with the companies.

ESG factors are incorporated into the investment decision making process with the objective of improving the long-term financial outcomes of portfolios, consistent with their objectives. This approach looks to inform Comgest of ESG factors that may present opportunities as well as identify sustainability risks which could have a negative impact on returns. As part of its ESG integration process, Comgest's investment teams also assess the principal adverse sustainability impacts of companies in which they invest. This is done by monitoring the 14 mandatory principal adverse impact indicators referenced in Annex 1 of the delegated regulation (EU) 2022/1288 as well as the two optional indicators that Comgest has chosen.

In 2022, in order to collect and share PAI related data and information more efficiently, Comgest developed an internal tool, the "PAI Dashboard", with the main purpose of providing the investment teams with instant access to all PAI-related data and information on investee companies, as well as a more granular view of each indicator at fund level (e.g., top 5 contributors) so as to enable the investment teams to easily identify companies that should be considered for engagement.

The quantitative and qualitative data aggregated at entity level will guide Comgest's assessment of the principal adverse impacts identified and allow it to measure and set engagement priorities, long-term engagement programmes, and other mitigation efforts such as voting and advocacy.

C) Data

Comgest's investment teams consider data points on principal adverse impacts from investee companies and specialised ESG data providers (e.g. MSCI) to help identify where the key impacts may be from an environmental and social perspective. Comgest may face some challenges with regard to availability of data, data quality and coverage especially in emerging markets and for small/mid-capitalisation companies.

When aggregating data at entity level and calculating the PAI results, Comgest uses reported company data and estimated company data wherever available. Where this data is not available, and for the PAIs that consider total value of investments, data gaps have been filled by reweighting the companies without data. This reweighting approach uses the average of collected data to fill missing data gaps. Comgest believes this approach provides for a reasonable assessment at this point in time and permits Comgest to further identify and build on mitigation action plans.

D) Mitigating adverse impact

Where investment teams have identified material risks through their assessment of the principal adverse impact indicators, this may also influence their assessment of a company's ESG quality level and, by consequence, their valuation models as well as their portfolio construction. Where an investee company's performance on any issue identified is not what investment teams would expect, Comgest may look to address this through either engagement, voting and advocacy on specific ESG issues as well as continuing to support industry-initiatives. Environmental, social and governance-related harm identified may also be mitigated through exclusion policies. For example, Comgest looks for investee companies to have a coal exit policy where relevant to their activity and it maintains an exclusion policy in relation to companies involved in controversial weapons. These policies assist in reducing the adverse impacts associated with indicators 1, 2 and 14.

Comgest reviews annually at entity level the adverse impacts of its investment decisions on sustainability factors. This information is used to inform future action plans and targets for engagement.

III. Engagement Policies

As an active manager, company engagement is a key element of Comgest's investment approach. Comgest's investment teams analyse relevant and material adverse impact indicators through their in-depth research and engagements with investee companies. These indicators help Comgest to increase its understanding of the companies and to identify areas where engagement could have an impact.

Comgest's investment teams may engage directly with the investee company or work with other investors to seek to agree a plan for mitigation or elimination of the adverse impact with the investee company. Sometimes the investment teams may decide to engage with multiple companies on a specific ESG issue that can be relevant to a large part of the portfolio. When prioritising its efforts to remediate adverse impacts through engagement, Comgest considers, among other things, the materiality of the issue, the likelihood of success of the engagement efforts and the size of holdings.

A) Engagement Priorities

Comgest identifies engagement themes where it sees common issues arising from its bottom-up engagement with companies as well as through the top-down priorities it has established as a responsible investor. Comgest's areas of focus will also take into account the results of its principal adverse impacts assessment.

Comgest has identified the following three themes as being material to all portfolios and investee companies, in relation to primary ESG risks and principal adverse impact mitigation. These are Climate (linked to PAIs 1 to 6), Biodiversity (linked to PAIs 7 to 9) and Human Rights (linked to PAIs 10 and 11).

These themes are inextricably interlinked and cannot be addressed in silos. It is important to leverage synergies to advance low-carbon, nature-based and people-positive models. For example, preserving tropical forests not only contributes to halting biodiversity loss but also enhances the earth's capacity to sequester carbon while protecting indigenous communities' rights.

B) Escalation

Comgest's engagement process includes provisions for escalation where an issue is sufficiently material and when investment teams were unable to make progress. As a first step of escalation, the investment teams would typically raise their concerns to the investee company's board of directors, including any independent board members. The investment teams may also consider a collaboration with other investors which can be a more efficient form to achieve desired outcomes from escalation activities. Where these engagements do not progress in the direction that the investment teams believe is in the best interests of their clients and funds under management, other options are considered, including, but not limited to:

- Voting against resolutions at shareholder meetings.
- Filing a shareholders' resolution.
- Selling some or all of the investment, where the investment teams see no prospect of the company enacting change and if their concern is material in nature.
- More rarely, inform regulators or the press of Comgest's stance.

As long-term investors, Comgest acknowledges that engagement may only yield results gradually and its efforts may sometimes continue over many years before it would consider that its engagement activity has reached a conclusion.

Where investment teams see no prospect of the company enacting change and if their concern is material in nature, they may sell their position. Once an engagement that has been identified to be of material concern commences, Comgest defines a maximum horizon of 5 years for its efforts to incite change before exiting, in the best interest of its clients.

The Comgest Group has designed its [Voting and Engagement Policy](#) based on its own beliefs as well as commonly accepted best practices and high governance standards.

More information can be found in the Comgest Group's [Voting and Engagement Policy](#) as well as the [Proxy Voting Dashboard](#) available on the Comgest [website](#).

IV. References to International Standards

Comgest supports several international initiatives that aim to promote positive developments for the financial sector and for society as a whole and that guide its assessment of principal adverse impacts. Comgest participates in international efforts to foster an improvement in companies' behaviour (e.g. business ethics, good governance, respect for the environment, respect for human rights and labour rights) and to increase transparency. These initiatives also provide investment teams with an external lens through which they can analyse their effectiveness in mitigating adverse impacts.

A) Standards and Initiatives for Climate Related Indicators

Comgest has chosen to adhere to or support, as appropriate, the following standards and/or initiatives which correspond to climate related adverse impact indicators (Figure 1. PAI 1 to 6 & Figure 4. PAI relating to “Investment in companies without carbon emission reduction initiatives”).

INITIATIVE	DETAILS
Net Zero Asset Managers Initiative (NZAMI)	Comgest joined the Net Zero Asset Manager Initiative in February 2022 to support the goal of net zero greenhouse gas emissions by 2050.
Task Force on Climate-related Financial Disclosures (TCFD)	Comgest has supported the TCFD since 2017 and encourages all portfolio companies to align disclosures to the TCFD recommendations.
Climate Action 100+	Comgest has been a signatory to Climate Action 100+ since 2017, an investor-led initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change.
CDP	Comgest has supported the Carbon Disclosure Project (CDP) since 2012. Comgest has participated in the CDP Non-Disclosure Campaign since 2018. Comgest has participated to the CDP- SBTi campaign since its starts in 2021.
FIR – Say on Climate	Comgest signed the FIR statement on Say on Climate in March 2022.

By providing capital to its investee companies, Comgest has a significant role to play in contributing to driving down emissions in the real economy to a level consistent with the Paris Agreement goals. This has led Comgest to become a signatory to the Net Zero Asset Managers (NZAM) initiative in February 2022 and guides the way it considers principal adverse impacts related to GHG emissions.

In early 2023, Comgest published its net zero targets which include a portfolio coverage target and an engagement threshold, to align with the Net Zero Investment Framework. Comgest has classified its investee companies as aligned/aligning/committed to align/not aligned. Comgest acknowledges that it cannot engage efficiently with all companies it invests in and have therefore established the following criteria to prioritise its engagement targets:

- Percentage of financed emissions: it prioritises engagement with companies representing the most significant percentage of Comgest’s financed emissions.
- Classification category: it prioritises engagement with companies classified as ‘not aligned’, ‘committed to aligning’ and ‘aligning’.

In terms of metrics, Comgest is already tracking key climate indicators and using various climate scenarios to better understand companies’ and portfolios’ exposure to climate-related risk and overall climate practices.

- Climate indicators and metrics:
 - Implied Temperature Rise (ITR): is a forward-looking metric developed by MSCI designed to show the temperature alignment of companies and portfolios with global temperature goals.
 - SBTi Portfolio Coverage: is a forward-looking metric that tracks the percentage of companies that have decarbonization targets approved by the Science Based Targets initiative (SBTi).

- Carbon footprint: While the ITR and SBTi Portfolio Coverage are forward-looking metrics that consider companies' projected emissions, the carbon footprint allows us to track the Portfolio's past emissions and identify the highest emitting companies.
- Climate-related risks: Comgest uses the MSCI Climate Value-at-Risk (Climate VaR) methodology to measure climate related risks and opportunities of companies and portfolios. The Climate VaR is a forward-looking and return-based methodology based on the TCFD recommendations. It covers both transition and physical risks/opportunities assessments. It can be negative (cost) or positive (gain) and the horizon is the next 15 years. Transition risks/opportunities assessment includes both policy risks and technology opportunities.

B) Standards and Initiatives for Other Environment Related Indicators

Comgest collaborates with different stakeholders related to biodiversity matters including deforestation, water and waste and has chosen to adhere to or support, as appropriate, the following standards and/or initiatives which correspond to other environment related adverse impact indicators (Figure 1. PAI 7)

INITIATIVE	DETAILS
Deforestation Free Finance	Comgest joined this initiative in 2021 and is one of the signatories to the Financial Sector Commitment Letter on Eliminating Commodity-driven Deforestation, which is endorsed by 33 financial institutions representing \$8.7 trillion in assets under management. The signatories recognise the vital role of financial institutions in tackling deforestation and commit to adopt the roadmap proposed by the Deforestation-free Finance Project by 2025, aligned with a Paris Agreement-compliant 1.5°C pathway.
FAIRR Initiative	Comgest has supported the FAIRR Initiative since 2020 which is a collaborative investor network that raises awareness on ESG risks and opportunities brought by intensive livestock production.
Investor letter to FAO	In November 2022, Comgest signed the investor letter to the UN Food and Agriculture Organisation (FAO), calling on the FAO to deliver a clear roadmap for the Agriculture, Forestry and Other Land Use (AFOLU) sector to a sustainable global food system by 2050.

C) Standards and Initiatives for Social and Human Rights

Comgest has chosen to adhere to or support, as appropriate, the following standards and/or initiatives which correspond to social and human rights adverse impact indicators (Figure 1. PAI 10 and PAI 11)

INITIATIVE	DETAILS
International Corporate Governance Network (ICGN)	Comgest has been a member of the ICGN to raise standards of corporate governance worldwide since 2011.
Access to Medicine Foundation	Comgest has supported the Access to Medicine Foundation since 2019, an independent non-profit organisation, which analyses how the world's largest pharmaceutical companies are addressing access to medicine.
PRI Advance Platform	Comgest has been an endorser of the newly created PRI Advance platform, dealing with human rights, since July 2022
Investor Alliance for Human Rights	Comgest has been a signatory of the Investor Alliance for Human Rights, since June 2022. Comgest participates to the Uyghurs and ICT working groups.
French Club 30	Comgest joined the French Club 30 in September 2022. The aim is to engage with SBF 120 companies, asking for at least 30% of women in boards.

To identify and assess the responsible conduct of businesses and potential human rights violations, Comgest uses the [UN Global Compact](#), [OECD Guidelines for Multinational Enterprises](#), [ILO Standards/Conventions](#), and the [Universal Declaration of Human Rights](#) to identify and assess the responsible conduct of businesses and potential human rights violations.

The 10 Principles of the UN Global Compact provide a good framework for companies to commit to and for investors to measure progress. Comgest expects and encourages companies to disclose an explicit policy to observe human rights for their own operations as well as for their supply chains, particularly if they are in a country or sector with higher exposure to these risks.

D) Standards and Initiatives for Governance and Anti-Bribery/Corruption

Comgest has chosen to adhere to or support, as appropriate, the following standards and/or initiatives which correspond to governance, anti-bribery and anti-corruption adverse impact indicators (Figure 1. PAI 12 and PAI 13 & Figure 4. PAI relating to "Lack of anti-corruption and anti-bribery policies").

INITIATIVE	DETAILS
Principles for Responsible Investment (PRI)	Comgest has been a signatory since March 2010.
Association Française de Gestion (AFG) <i>AFG is the French asset management industry association.</i>	Comgest is a member of AFG's: – Responsible Investment Plenary: contributes to the development of responsible investing within the French asset management industry. – Corporate Governance Committee: contributes to the development of the Corporate Governance Code for the French asset management industry.
Institut Français des Administrateurs (IFA)	Topics include responsible investment regulations, ESG standards, sharing of best practices, governance codes, collaboration on response to French and European regulators' consultation papers, advocacy as an industry association. Comgest is a member of the IFA's Prospective & Research working group which aims to identify and analyse emerging governance topics. The first round of topics and workshops focused on how to build a Board "compass" and debated the legitimacy of shareholders as the ultimate stakeholder.
International Corporate Governance Network (ICGN)	Comgest has been a member of the ICGN to raise standards of corporate governance worldwide since 2011.
French Club 30	Comgest joined the French Club 30 in September 2022. The aim is to engage with SBF 120 companies that are required to ensure they have at least 30% of women in boards.

The different initiatives assist Comgest's ESG and investment teams in their assessment of investee companies' governance practices, corporate culture, and values. Comgest exercise its right to vote at shareholder meetings in accordance with corporate governance values and voting principles that have been determined with reference to regulations, industry standards, best practice, and Comgest's international experience.

Regardless of the strategy, Comgest's investment process systematically considers governance criteria for all stocks in its portfolios. Comgest believes that several fundamental principles need to apply to all investee companies that aim to be successful quality growth companies. For example, combating corruption is a key component of corporate responsibility. Careful consideration of individual company values and practices informs its investment decision-making processes.