COMGEST

The Quality Growth Investor

COMGEST GROUP VOTING & ENGAGEMENT POLICY

October 2022

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I. STATEMENT ON ACTIVE OWNERSHIP AT COMGEST

Comgest is an equity-only asset manager with a unique partnership structure and a quality growth investment philosophy that has guided our portfolios consistently for over three decades. Fully owned by our founders and employees, our mission is "to provide consistent, quality growth investment across global equity markets and to promote a long-term, responsible and independent mindset, within our culture of enduring partnership".

Stewardship has therefore always been an integral part of our investment approach. We believe that asset management has a responsibility to society not simply to act as a transmission belt for savings to power companies, but to create and foster trust between the financial, business and "everyday" worlds. We aim to live up to this responsibility through our research, our portfolios, our relationships with our stakeholders and our day-to-day operations.

We believe that being a responsible investor means looking for companies that can deliver sustainable long-term investment returns as well as facilitating positive impacts for civil society and the environment by supporting companies whose activities lead to positive outcomes. It means integrating ESG analysis into all our investment decisions. It means encouraging the companies that we invest in to enhance their ESG practices and disclosure, through our own engagement activities, as part of individual and collaborative efforts and through voting activity. Above all, it means thinking and acting as a long-term owner and fiduciary. Comgest's employee partnership model enables and encourages every member of our staff to become a part-owner of the company, so that we all have a direct stake in the successful and responsible allocation of our clients' assets.

We manage high conviction equity portfolios that invest in a limited number of companies. Our investment team researches these companies intensely over many years, building deep knowledge of their businesses and the ecosystems in which they operate, which we believe they must nurture carefully in order to sustain their growth over the long term. This focused approach to investing in global markets over the past 35 years has given us the experience and the platform to accompany a transition towards a long term and sustainable world. We believe active ownership, combining voting and engagement, is essential for asset managers to drive positive changes within the sustainability practices of their portfolio companies.

This Voting and Engagement Policy ("the Policy") sets out how the Comgest Group[1] uses voting and engagement as key components of its quality growth investment approach, in accordance with the requirements set out in the European Union Shareholder Rights Directive II ("SRD II" or the "Directive"),[2] French regulations, and the international codes and standards to which Comgest adheres.

This Policy forms part of our overall approach to Responsible Investment, the full details of which can be found within the Comgest Group [Responsible Investment Policy] publication on our website. A more detailed description of Comgest's Voting Guidelines (see Section IV.2 herein) in relation to specific regions and countries is available upon request.

This Policy is reviewed and approved annually or more frequently as needed and is publicly available on Comgest's website.

II. RESPONSIBLE INVESTING

We have applied our quality growth investment approach consistently since the launch of our first strategy in 1989. Our [Responsible Investment Policy] is available on our website.

Our philosophy is based on a very clear set of investment beliefs:

- Over the long term, fundamentals prevail and share price growth converges towards earnings per share (EPS) growth
- Markets may fail to correctly value businesses with strong and sustainable competitive advantage and persistent above-average earnings growth

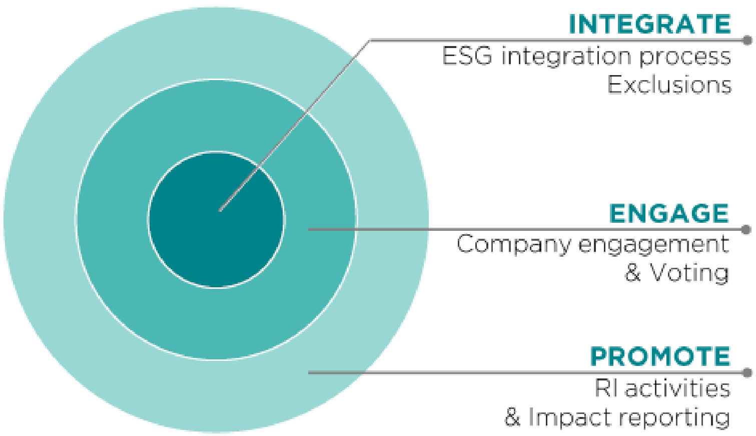
[1] Comgest Global Investors, S.A.S. is the holding company for the Comgest Group which includes six asset management companies: Comgest, S.A. (Paris), Comgest Far East Ltd (Hong Kong), Comgest Asset Management International Ltd (CAMIL) (Dublin), Comgest Asset Management Japan Ltd (Tokyo), Comgest Singapore 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] Directive (EU) 2017/828

- By investing patiently and having a long-term time horizon – we will benefit from the compounding effect of EPS growth
- Environmental, social and governance (ESG) factors can impact a business over the long term

This philosophy is fully reflected in our portfolio decisions. We build concentrated portfolios of typically 25 to 50 stocks, with a high active share and without reference to a benchmark (which by extension means that we consider risk in terms of absolute loss of capital rather than underperforming an index). We identify quality growth companies through years of fundamental research and engagement with the management, gaining deep insight into their business models, their culture and the social utility they generate. The relationships we build with investee companies in this way are further consolidated by the fact that we are long-term shareholders.

We believe that it is impossible to decouple financial returns for shareholders from stakeholder returns. As fundamental analysts, we want to understand a company's ability to deliver shareholder returns over the many years that lie ahead. As fiduciaries and stewards of our clients' assets, we pay close attention to whether our investee companies are also good corporate citizens, committed to nurturing stakeholder relationships in order to protect their ecosystem. We assess their ability to generate positive stakeholder outcomes, and whether the social and environmental impacts of their operations will eventually strengthen or weaken their ability to generate shareholder value over the long term.

The three pillars of our responsible investment policy are intrinsically linked to each other and are reflected throughout this Voting and Engagement Policy:



III. HOW WE ENGAGE

Maintaining an active relationship with investee companies is a key element of our investment process. We believe that active engagement can result in tangible improvements to companies' operations and earnings sustainability and thus be key to delivering long-term performance to our investors.

1. Definition

We define engagement as proactive, targeted dialogue with companies or other industry stakeholders (e.g. policymakers, industry bodies) in order to make known our areas of concern and to incite tangible, positive change to improve outcomes for stakeholders.

Our engagement work is two-fold:

- Interacting individually and/or collaboratively, with companies to discuss areas we have identified as a potential or tangible ESG risk; encouraging them to improve sustainability practices with specific, targeted objectives and milestones
- Contributing to advancing responsible investment within the industry through our participation in market initiatives, regulatory consultations and sharing of thought leadership

Methods of engagement include:

- Written communication (emails, formal letters) with companies and other relevant stakeholders
- Meetings, both virtual and physical, with (including, but not limited to): stakeholders such as investor relations, senior management, board members, sustainability teams, human resources, and former employees
- Site visits to company premises, operational locations, suppliers and customers
- Interaction with collaborative partners (other shareholders, industry groups) which may be written communication, meetings or interaction via a collaboration platform

2. Comgest's Engagement Approach

COMMENCE OUR ENGAGEMENT DIALOGUE PRIOR TO INVESTMENT

With our concentrated and long-term approach to investing, we hope to remain invested in a company for many years to come and therefore prior to investing, we perform in-depth fundamental research. During this intense research phase, we will test a company's response to key sustainability risks as this can help us to decide whether we are willing to enter into a partnership with them for the long term.

Our dialogue covers a broad range of topics, it is not based solely on information from data providers, one-off events, or controversial news flow. Our investment team engages with companies in a constructive and purposeful dialogue throughout the research process, allowing us to refine the quality of our financial and non-financial research and to challenge our assumptions, as well as those of the broader market. Where we have identified ESG-related concerns, engagement prior to investment allows us to understand better how the business might evolve over time, which is key to a long-term investment strategy. We can consider investing in quality-growth stocks with a weaker ESG credentials if we are able to identify a realistic path to improvement, and we will do all we can to help the company change its practices.

ENGAGE WITH ALL TYPES OF STAKEHOLDERS

As well as engagement with investee companies, we also engage in dialogue with a wide variety of stakeholders across their value chains including customers, suppliers, competitors and former employees. We also engage with financial industry players, policymakers, industry bodies, NGOs and wider civil society.

ENGAGE OVER LONG PERIODS OF TIME

Engagement is clearly not a one-off event. A company's commitment to sustainability requires a process of constant improvement and an ability to adapt to new challenges. As long-term investors, we are able to engage with companies over multi-year horizons and work with them in partnership as they try to adapt to a complex and changing sustainability landscape. Our topics and priorities of engagement will evolve over time, in-line with the issues we identify as material to the long-term success of the company.

At all times our engagement is forward-looking, long-term and performance oriented.

ENGAGE AHEAD OF AGMS

We often engage ahead of general shareholder meetings to discuss and sometimes influence proposed resolutions, to ensure that they are aligned with the interests of minority shareholders and compliant with our ESG philosophy.

SELECTIVE ABOUT OUR TOPICS OF ENGAGEMENT

Materiality matters. We are proactive when engaging on important matters even when we know our opinion might not be well received. We target our engagement activity on:

- Material sustainability risk exposure that we have identified as part of our proprietary ESG Assessment, and where we believe the company should and could progress.
- Building a company's awareness of mounting investors' concerns – repeatedly raising issues can change practices over the long-term.

Our engagement is tailored to each company. Rather than approaching company meetings with a standardised checklist, we design our own set of questions corresponding to our assessment of the most material topics impacting the business at hand. In turn, we expect to receive more informative, bespoke responses rather than standardised answers. When we engage on classic ESG themes, such as remuneration, diversity, corporate governance, climate, biodiversity or human rights, we tailor our questions and our recommendations to the circumstances of the company. We look to commend companies on achieving ESG milestones throughout our engagement process in order to encourage further advances.

The issues we prioritise for engagement will vary between geographic regions, industry sectors and between individual companies, and will be informed by our own research.

The examples provided below illustrate our approach:

- For businesses whose operations are highly dependent on access to natural resources (such as those in the food, beverage or textile sectors) or businesses whose products cause high emissions (such as the automotive and aviation industries), our engagement activity is likely to focus on managing environmental risk and mitigating environmental impacts within their ecosystem
- For businesses whose operations may pose high health and safety hazards to workers or have significant socioeconomic impacts on local communities, such as the construction and chemical industries, our engagement activities will likely focus on managing social risk exposures and mitigating social impacts within their ecosystem
- For certain regions and industries, issues such as corruption or taxation policies for example, may be a more common risk.

ENGAGE WITH ALL COMPANIES, WHETHER THEY ARE AN ESG LEADER OR AN ESG LAGGARD

As part of our proprietary ESG Assessment process for each company which assigns a ESG Quality Level[3] of 1-4 (1 being a leader, 4 being a company that requires improvement), we identify sustainability strengths and weaknesses. We believe all companies can improve: even an ESG Quality Level 1 company has sustainability challenges to address. We therefore identify topics to engage upon right across our range of companies. Our ESG Quality Level 4 companies often require more attention: they are categorised as such because they require improvement. Our analysts will typically increase engagement efforts with these companies and closely monitor their progress against our ESG milestones.

3. Responsibilities

The ESG team, with the approval of the Sustainability Committee, establishes the overall guidelines for engagement and works with the investment team analysts to set appropriate objectives for the individual companies in our investment universe. This team is also responsible for ensuring that Comgest remains aligned with its commitment to internationally recognised standards, our Paris Alignment goals,[4] and the UN Sustainable Development Goals[5] (UN SDGs) as well as any systemic risks identified.

As those closest to the companies themselves, our investment team analysts are responsible for carrying out individual engagement activity. Often, they will seek the advice of an ESG team member or indeed work alongside them in carrying out certain engagement activity. The analysts track and report progress on the issues raised and ensure that this information is shared across the investment team so that engagement outcomes can be systematically integrated into the investment decision-making process.

Collaborative engagements are typically carried out by the ESG team's responsible development members, who will work with investment team analysts covering companies impacted by the topic at hand. This specialist team is also responsible for defining, evolving and implementing Comgest's thematic engagement strategy as well as leading Comgest's advocacy activities.

ESG engagement notes are recorded in a central database by the company analysts and the ESG team for use by the different teams within Comgest.

To ensure a consistent approach to establishing and measuring non-financial objectives for engagement and to monitoring progress, the ESG team provides pre-engagement training for the regional investment teams and the same tools are used across the company and shared on a proprietary platform.

[3] The ESG Quality Level is an in-house developed ESG scoring methodology. It is assigned by the ESG analyst and the company analyst on a scale of 1 (ESG leader) to 4 (Improvement expected). More information on Comgest's ESG Quality Levels can be found in our Responsible Investment Policy.
[4] Comgest has been a signatory to the Net Zero Asset Manager Initiative since February 2022 and believes engagement on science-based targets for decarbonization is central to achieving its net zero goal.
[5] https://sdgs.un.org/

4. Thematic Engagement

We identify engagement themes through common issues rising from our bottom-up engagement with companies as well as through the top-down priorities we have established as a responsible investor. Our areas of focus will also take into account the results of our principal adverse impacts assessment.

Comgest has identified the following three themes as being material to all portfolios and companies, in relation to primary ESG risks and principal adverse impact mitigation. These are Climate, Biodiversity and Human Rights.

These themes are inextricably interlinked. Climate change and biodiversity loss spin in a vicious circle and already have irreversible impacts across environmental and human systems. For example, the destruction of mangroves, peatlands and tropical forests for agriculture and other uses contribute to 13% of total human CO2 emissions. While in addition, a global temperature increase of 2°C will threaten one in 20 species with extinction.[6]

Climate, biodiversity, and human risks 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.

CLIMATE

The science is unequivocal. Climate is warming at unprecedented rates and our human activities are responsible for it.[7] Rising temperatures have already led to irreversible impacts across ecosystems (i.e., terrestrial, freshwater, ocean) and human systems (i.e., water scarcity and food production, health and well-being, cities, settlements and infrastructure) worldwide.[8] As every additional increment of global warming will increase the frequency and intensity of weather events[9] and any overshoot will translate in additional severe risks for people and nature,[10] we must all act to avoid new tons of carbon entering the atmosphere. By providing capital and guidance to its investee companies, Comgest, along with its asset management peers, has a significant role to play in driving down emissions in the real economy to a level consistent with the Paris Agreement goals.

Comgest is combining multiple levers to act on climate. In addition to applying an exclusion policy which addresses companies conducting activities with severe contribution to global warming such as coal mining,[11] Comgest engages with its portfolio companies specifically on climate and has laid out a set of key requirements. Our company and ESG analysts expect all companies to:

- Disclose their carbon footprint and on climate-related risks and opportunities;
- Align their disclosures to international standards such as the TCFD;
- Set and publish science-based targets for decarbonisation (SBTs); and
- Report progress on these SBTs.

Companies that do not yet comply with these expectations will be engaged with, both individually and collectively, and milestones will be set to track progress on their climate actions. As an extension of our climate engagement, Comgest will vote to support resolutions requesting companies to disclose climate-related information and set SBTs.[12]

We assess carbon metrics (including footprints, Climate VAR, ITR) and are able to thus identify: (i) which companies emit most GHGs in absolute terms; (ii) whether portfolio companies emit more or less GHGs than others in the same sector; and (iii) which companies fail to provide data on GHG emissions. These companies can then be prioritised for engagement.

BIODIVERSITY

The Intergovernmental Panel on Climate Change warns that widespread destruction of natural ecosystems and climate change are pushing the earth towards an irreversible change in the biosphere, a planetary tipping point that without adequate preparation and mitigation would have destructive consequences. The risks to biodiversity pose a serious financial risk to investors and

[6] WEF, Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy, January 2020.
[7] IPCC, Sixth Assessment Report, Working Group I, October 2021.
[8] IPCC, Sixth Assessment Report, Working Group II, February 2022.
[9] IPCC, Sixth Assessment Report, Working Group I, October 2021.
[10] IPCC, Sixth Assessment Report, Working Group II, February 2022.
[11] See Comgest's Responsible Investment Policy for more details on coal exclusions.
[12] More details are available in Section IV ("How We Vote") of this policy.

governments. According to the World Economic Forum, more than half of the world's GDP - US$44 trillion - is moderately or heavily dependent on nature and its benefits or services, and therefore exposed to the risks of nature loss. An important milestone was the creation of the Post-2020 Global Biodiversity Framework in October in 2021, which sets out a vision for global consensus and action to protect nature.

Not all sectors and geographical areas are affected in the same way. We have therefore identified the following priority sectors: agriculture, food production, textile production, energy, manufacturing, mining and tourism. The most important geographical areas are those whose biodiversity is the richest, such as forests and coastal waters, and those that are most dependent natural processes, such as habitats where water and organic resources are scarce.

Comgest is implementing an ambitious engagement policy, and biodiversity is a priority topic for collaborative engagement. We specifically engage with stakeholders who are most strongly affected by the loss of biodiversity.

For companies with material biodiversity exposure, our analysis includes: the extent of the company's impact on biodiversity; the measures being taken by the company to mitigate this impact (preservation, restoration, education of suppliers, procurement guidelines, etc.); and the targets and timeline that the company has set to reduce the adverse impact.

Our company and ESG analysts expect all companies to:

- Assess nature-related risks;
- Disclose nature-related risks (in the future, in line with recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD));
- Set and publish targets for reducing and mitigating biodiversity risk exposure; and
- Report on progress.

Companies that do not yet comply with these expectations will be targets for our engagement program.

HUMAN RIGHTS

Human rights are the basic rights and freedoms that belong to every person in the world, from birth until death. They apply regardless of the origins, the beliefs or way of choosing to live one's life. They can never be taken away, although they can sometimes be restricted. These basic rights are based on shared values such as dignity, fairness, equality, respect and independence.

Our company and ESG analysts encourage companies to:

- Implement the United Nations Guiding Principles on Business and Human Rights (UNGPs)[13]
- Carry-out responsible political engagement where possible
- Meet our specific expectations on human rights issues and/or value chains they are exposed to, which will be dependent on the nature of their business and the frequency and severity of such issues

We expect all companies to:

- 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[14]

Companies that do not yet comply with these expectations will be targets for our engagement program.

5. Different Forms of Engagement

A. Individual engagement

Comgest applies its engagement approach outlined in section 2 to all individual engagements. These proactive, direct interactions with companies (and other stakeholders) are typically focused on ESG topics

[13] https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
[14] We exclude companies severely breaching the UNGC principles. For more information, please refer to our Responsible Investment Policy.

that have been identified as material to the business. Typically, this is carried out by the investment team analysts as part of their ongoing company coverage responsibilities. They may also involve or seek advice from the ESG team specialists.

B. Collaborative engagement

Comgest focuses most of its collaborative engagement initiatives on the three themes cited above: climate, biodiversity and human rights. This activity is led by the ESG team's responsible development specialists. Portfolios are regularly screened to identify companies who fall short of our expectations and/or need to improve their practices on these sustainability themes.

Comgest also participates in selective collaborative initiatives involving a number of asset managers and asset owners to address issues specific to a company or an industry.

C. Advocacy activities

Comgest seeks to advance sustainable finance as well as promote a responsible and long-term mindset throughout the ecosystem in which we operate. Our advocacy work targets listed companies, regulators, and financial industry stakeholders (our peers, industry bodies, asset owners, consultants, etc.).

Comgest has been a signatory to the Principles for Responsible Investment (PRI) since 2010, our latest report can be accessed here. Through our advocacy activities, we look to put into practice PRI Principle 4 (promote acceptance and implementation of the Principles within the investment industry).

In delivering our highly active, quality-growth investment approach, we seek to identify market-wide and systemic risks affecting the commercial and financial landscape in which issuers operate. We do this through our own research and engagement and through our support for industry-wide initiatives. Whilst many sources of systemic risk are largely out of our direct control, such as the respect for the rule of law in various countries, human rights and government policy, we engage actively with companies and industry participants in an effort to collectively seek to reduce these risks over time and to encourage better-functioning financial markets.

In addition to acting on the findings of our own research, we support a number of industry-wide initiatives that help us to deepen our understanding of market-wide and systemic risks and add our weight to efforts to respond to them. They also provide us with an external lens through which we can analyse our effectiveness in responding to such risks.

We are committed to encouraging best practices internationally, demonstrated for example by our support for Stewardship Codes in the UK, Japan and the US. As part of our advocacy activities, we may also sign investor statements and participate in various public and private working groups. The full list of our advocacy activities is available in our Annual Voting and Engagement Report.

IV. HOW WE VOTE

1. Comgest's Voting Principles

REFLECTIVE OF OUR PHILOSOPHY AND FUNDAMENTAL INVESTMENT BELIEFS

We exercise our 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 the firm's international experience.

In today's global economy, diversity in understanding and approach to corporate governance, disclosure and transparency continue to prevail. In this context, some professional investors maintain that checks and double-checks can be counter-productive and that no governance system works better than "a seamless web of deserved trust".[15] While Comgest agrees that a one-size-fits-all model of governance can limit a company's options and opportunities, we believe that a number of fundamental principles nonetheless apply to all organisations that aim to be successful quality growth companies.

[15] Available at www.icgn.org, "Policy" page, "Global Governance Principles" section.

SYSTEMATICALLY VOTE WHENEVER IT IS POSSIBLE

As an active investor and signatory to the UN Principles for Responsible Investment, Comgest's objective is to vote systematically at all shareholder meetings when it is technically possible to do so.

PROMOTE SPECIFIC GOVERNANCE CHARACTERISTICS

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 through 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 of 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 realization of the company's business purpose.

Our voting policy aims to encourage and reinforce the inherent values contained within these four principles. In making our investment decisions, we look for companies that are led by executive directors and guided by non-executive directors who embody, demonstrate and perpetuate these values.

"ONE SHARE, ONE VOTE"

We consider the principle of "one share, one vote" to be fundamentally sound and therefore we are not generally in favour of multiple share classes with various voting rights that allow some categories of shareholders to have more voting power than others.

ADAPT OUR VOTES TO COMPANY SPECIFICITIES, DEPENDING ON STAGE OF DEVELOPMENT, GEOGRAPHY AND SECTOR

We acknowledge that there are instances in a company's development that require a certain degree of freedom to be granted to accountable and ambitious entrepreneurs. In terms of its voting rights and responsibilities, Comgest regards these situations as exceptions that should arise only in limited circumstances; and when they do, there should be open dialogue and full disclosure from the company concerned in relation to capital allocations, operational results, business ethics and financial performance.

Voting decisions are very carefully considered for each General Meeting. We recognise that the companies in which we invest operate at varied stages of development, in sectors with differing dynamics and in geographies with specific business cultures and practices. It may therefore not always be appropriate to apply our Voting Rules rigidly and we may diverge from them in exceptional circumstances. If so, we look to ensure that our decision remains in line with Comgest's overriding Voting Principles and document the reason for our divergence.

VOTES AGAINST COMPANY MANAGEMENT RECOMMENDATIONS

Comgest may vote against company management recommendations when it feels that this is in the company's and the shareholders' best interests. In such cases, Comgest will typically explain to the company concerned its reasons for doing so, ahead of the AGM and, in an ongoing dialogue, seek to guide management where necessary while encouraging compliance with international standards of governance and corporate best practice. Under certain circumstances, we may decide to abstain from voting on a resolution where the proposal or disclosure is deemed to be not good enough to justify its support, nor bad enough to justify a vote against it. This may occur when Comgest was not given sufficient opportunity to address questions in relation to the matter with the company. Where this is the case, Comgest will typically follow up with the company to subsequently address the point.

SOME VOTES CONSIDERED SIGNIFICANT

Comgest provides a rationale for voting decisions it considers significant such as votes against management, votes on shareholder resolutions, votes withheld, votes that are not in line with our voting policy and votes that represent a significant shareholding. At all times, Comgest seeks to act responsibly, in line with our role as a global investor committed to long-term, sustainable performance and focused on quality growth.

2. Comgest's Voting Guidelines

A. Board of Directors

i. Role of the Board of Directors

Comgest considers that the role of a company's board of directors should encompass the following elements:

- Defining and communicating business strategy
- Reviewing on a regular basis the execution of strategy
- Guiding and questioning company management with regard to the planning of financial and non-financial resources and capital allocations
- Taking responsibility for the appointment, departure, and if necessary dismissal, of executive directors and board members, through appropriate succession plans and effective nomination and appointment processes
- Ensuring that compensation of executive managers is consistent with their achievements and the company's long-term strategic objectives
- Overseeing the accuracy and effectiveness of company accounting, risk and management systems
- Ensuring the integrity of the company's practices, the quality of its corporate culture and the strength and value of its brand(s).

Given the essential nature of their mission, we look for non-executive board members who exhibit vision, high levels of competence, independence, the ability to engage and guide management, integrity, availability and commitment to serving the long-term interests of the company's shareholders. For Comgest, the importance of these qualities and attributes cannot be overstated as the directors are the shareholders' principal means of influencing the conduct of the company.

ii. Board size

Comgest typically favours boards composed of 6 to 12 members. A smaller board size reduces the opportunities for exchange of differing opinions and points of view and reduces the levels of collective experience and expertise available to develop strategy and guide and oversee the company's operations. Larger boards may result in some members not making an optimal contribution to discussion and decision making.

iii. Independent Board Members

We consider that at least one-third of the board members of non-controlled companies (in terms of voting rights) should be independent, with more than half being an optimal proportion. With regards to controlled companies (in terms of voting rights), the proportion of board independence should, at a minimum, be in line with the free float. In general, Comgest does not consider the following types of board members to be independent:

- Current or former executives or employees of the company
- Executive's parents or other immediate family members
- Shareholders, or shareholders' representatives, who hold more than 5% of total outstanding shares
- Customers, suppliers, service providers, or advisors, including investment bankers, lawyers and former auditors

- Board members who have been on the board for more than 12 years.

Where employee representatives (also including employee shareholder representatives) sit on the board, we typically exclude them from the count of members in terms of determining board independence.

iv. Director competence

The notion of competence is broadly defined as: business experience in fields relevant to the strategy of the company (specific know-how or sectorial background), subject matter expertise in specific domains (for instance, science or technology), or a specific area or areas of expertise that help the company achieve its business objectives.

v. Board nominations

In general, Comgest supports management-proposed nominees for election to the board in instances where:

- The company has provided adequate disclosure regarding its nominees
- There are no known problems with the company's finances or financial statements
- Based on the knowledge in its possession, Comgest is confident there are no conflicts of interest or other issues that may cast doubt on the nomination
- The nominees have not missed more than 25% of the board’s scheduled meetings, unless an adequate excuse has been provided.

We may raise objections with regard to an entire board, a committee, or individual nominees, in instances where the nominee(s) are seen as being:

- Responsible for a material failure of governance or business ethics
- Involved in or responsible for proven environmental and/or social malpractice
- Responsible for failing to replace management when appropriate
- Responsible for egregious actions on another board that call into question his or her ability to serve shareholders’ best interests
- Where a known conflict of interest could damage the company’s reputation or otherwise adversely affect the company.

It should be noted that Comgest is not in favour of staggered boards, cumulative voting or bundled elections.

vi. Chair of the Board

The chair of the board has specific responsibilities as leader must demonstrate accountability for the effective functioning of the board. We believe that a propensity to encourage and support a culture of openness and constructive debate is one of the most important personal qualities for a board chair, as it allows a wide range of views to be expressed to assist the process of forming opinions and making sound decisions. The chair’s role also requires the ability to motivate all board members in a manner that is clear and consequential.

The chair should be fully independent to ensure objectivity and enable high quality discussion and debate to take place within the board. In addition, Comgest is of the view that the positions of chair and CEO should be separated. If this is not the case, a lead independent director should be designated and accessible to shareholders. The lead independent director should have full authority to set the board agenda along with the board chair and to call a board meeting if they consider it necessary.

vii. Number of directorships held

Comgest usually votes against the election of non-executive directors serving on more than 5 boards (including the one under consideration), and against the election of executive directors serving on more than 2 boards (including the one under consideration). This rule does not, however, necessarily apply in the case of boards of companies within the same group or corporate structure.

viii. Board diversity

A company’s culture and its board of directors can play a key role in its success or failure. As a general rule, Comgest is in favour of a diverse board composition as cognitive diversity assists in identifying risk, enriching debate, decision making on complex topics and building collective knowledge. Indeed, the dangers inherent in 'Groupthink'[16] are reduced via cognitive, social and cultural diversity.

Comgest does not restrict the concept of board diversity to gender diversity. We believe that a board should be composed of directors with different backgrounds, skills, nationalities, ages, tenure etc. as demanded by the company's business strategy and objectives. In regard to 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.

In the US and the UK, the lack of ethnic diversity on the board can also be a criterion used to decide if Comgest should support or not the re-election of a nomination committee chair.

ix. Board committees

Board committees make the work of the board more efficient on topics requiring specific expertise and/or greater independence. Generally speaking, Comgest favours boards that have committees in charge of audit, remuneration and nomination matters. Depending on their core activities, some companies may benefit from having additional board committees, for example in relation to risk, strategy, Corporate Social Responsibility and innovation.

B. Audit committee

Given the importance and complex nature of the audit process and the degree of expert interpretation required in applying different accounting standards and concepts, oversight of the financial reporting process needs to be carried out by a committee with sufficient technical expertise, critical thinking and no conflicts of interest.

All members of the Audit Committee should be fully independent. The committee should include, at the very least, one member with the relevant financial expertise and experience required to oversee:

1. Accounting practices;
2. Internal audit and risk management functions; and
3. Provision of external audit and non-audit services by selected accounting firms.

Comgest expects Audit Committee reporting to provide comprehensive information and insights into the financial health of the company.

We prefer companies to retender for audit services and change their auditors regularly. If billing of non-audit services exceeds 50% of combined audit/non-audit service billing, then we will typically vote against the renewal of the audit mandate unless there is a convincing reason not to.

C. Remuneration committee

In our view, remuneration committees should be at least two thirds independent, and the chair should be independent. While incentives certainly drive behaviours and a company's ability to recruit suitably skilled and talented executives, remuneration should not be the sole source of motivation. The remuneration committee should think strategically about long-term value creation when setting performance targets and selecting and articulating performance criteria.

In the majority of cases, Comgest believes that the company should design and implement a simple and coherent remuneration structure for all levels of management within the organization via collaboration between the remuneration committee and the company's human resources department.

[16] Researched by Irving Janis in the 1970s, Groupthink is a psychological phenomenon that occurs within a group of people, in which the desire for harmony or conformity in the group results in an irrational or dysfunctional decision-making outcome. Group members try to minimize conflict and reach a consensus decision without critical evaluation of alternative points of view, or by actively suppressing dissenting viewpoints, and by isolating themselves from outside influences.

D. Nomination committee

The nomination committee should be at least two-thirds independent, and its chair should be independent. Ideally, the company should be able to explain why a nominee has been chosen over potentially dozens of other legitimate candidates.

In particular, a company should disclose, on an annual basis, its definitions of independence and competence, and explain how relevant executive and non-executive directors meet these criteria and any exceptions that may exist. The formal nomination process, including succession planning, should be completely transparent and detailed in a timely fashion in the company's quarterly and annual reports.

E. Remuneration of non-executive board members

Comgest is generally not in favour of non-executive board members receiving shares in the company and is typically opposed to stock options as compensation due to their potential to encourage risk taking. However, we are generally in favour of non-executive board members acquiring shareholdings in the company through their own means.

In terms of salary, board member remuneration ought to remain fair and reasonable so as to best ensure independence and adequately compensate directors for their efforts.

3. Compensation

Most employees have a sense of fairness when it comes to levels of compensation. Accordingly, compensation below a perceived level of fairness can leave employees feeling dissatisfied, a situation that typically impacts loyalty, engagement and performance. On the other hand, academic research and empirical evidence show that when the employer meets a perceived threshold, or pays above it, the extra compensation does not necessarily translate into stronger performance. Comgest recognizes that remuneration systems that include fixed and variable components and value the realization of outstanding results can be beneficial to a company's overall performance.

Remuneration systems that include elements of fixed and variable pay, and that explicitly value exceptional effort and results, are more likely to create a sense of fairness amongst employees and so contribute to corporate performance.

A. Executive remuneration

Comgest takes into account multiple factors when evaluating a company's executive remuneration practices and will vote on a case-by-case basis on pay proposals.

We generally support remuneration policies that provide shareholders with:

- Comprehensive disclosure
- Appropriate alignment between executive remuneration and company performance that is determined by clear, relevant and challenging performance criteria
- A long-term vision for the company
- Avoidance of arrangements that risk "paying for failure"
- Evidence of an independent and effective remuneration committee

Remuneration policy and the criteria used to determine performance targets should be comprehensively disclosed, however we understand that in some instances specific targets with regard to future performance may have to remain confidential.

Comgest supports remuneration practices based on non-financial factors, such as ESG considerations, where they are detailed and appropriate. Such incentives need to be analysed in the context of opportunities and risks linked to value creation processes.

B. Equity-based compensation

Comgest is in favour of the allocation of free or discounted shares as incentives for employees, provided that the plan covers a majority of employees. The plan does not necessarily need to include performance hurdles.

For executives, we generally vote against stock option plans and performance shares, or amendments to existing plans, in instances where:

- It is not a five-year plan with, for example, a minimum vesting cycle of three years and a lock-up period of two years
- The plan permits options to be issued with an exercise price at a discount to current market price (except in the case of Japanese deep-discount stock options plans which are long-term compensation schemes in which the vesting period lasts until retirement)
- The maximum dilution exceeds established guidelines of 3% of issued capital for a mature company and 5% for a growth company.
- Performance targets for the attribution and/or the vesting of share options are not challenging enough.

C. Other types of compensation

Comgest normally votes against golden parachute provisions or welcome-on-board bonuses. It carefully reviews on a case-by-case basis severance payments and pension schemes.

4. Corporate activity

Certain decisions and transactions are specific to the context of each company, so we vote on a case-by-case basis with regard to:

- Strategic transactions
- Reorganisation and restructuring
- Mergers and acquisitions
- Expansion of business activities
- Annual account approvals

It is our view that the company AGM should ratify any related party transactions that have the potential to raise conflicts of interest.

We are generally opposed to anti-takeover mechanisms unless it is or can be established that they are in the company's long-term best interests. We expect any changes in the company's capital – such as share issuance, repurchase, and reissuance of repurchased shares – to be submitted to a vote at the company's AGM. Comgest looks for high levels of disclosure, ratification and always treats any such instance on a case-by-case basis, taking into consideration local laws and practices. Generally speaking, we are opposed to the dilution of existing shareholder rights and holdings and the creation of any potential imbalances between shareholders categories. Comgest is in favour of maintaining the principle of "one share, one vote, one dividend".

5. Environmental guidelines

As a signatory to the PRI and to the Net Zero Asset Manager Initiative, Comgest considers that exercising its voting rights provides an opportunity to encourage companies to adopt environmental best practices. As a long-term investor, it is our duty to support positive environmental resolutions and to vote against resolutions which would lead to clear negative environmental impacts.

On climate, we encourage companies to implement a "say on climate" and put forward advisory resolutions on their climate action plans, decarbonisation targets and progress on emissions reduction at their annual general meetings. Our aim is to support these advisory resolutions when we consider the company's climate targets and strategy are aligned with our own net zero commitment. Similarly, we aim to use our voting rights to signal to companies when we believe their targets and strategy are not ambitious enough.

Additionally, we will generally vote in favour of resolutions requesting companies to disclose climate-related information and set science-based targets.

On biodiversity, we encourage companies to reduce their negative impact and to increase their level of disclosure on biodiversity. We also support resolutions linked to positive impacts on biodiversity and vote against resolutions which would have detrimental biodiversity consequences.

6. Social guidelines

We focus on four main topics:
- Human rights and labour rights
- Human capital
- Employee health and safety
- Diversity & inclusion

We support positive resolutions linked to social topics and vote against resolutions which would have detrimental social consequences.

7. Shareholder proposals

Comgest usually supports shareholder proposals that are deemed to be in the long-term interest of all shareholders. For instance, Comgest is generally in favour of shareholder proposals that require greater transparency on topics such as political donations or fair treatment of employees.

Comgest may also co-operate with like-minded investors to file shareholder resolutions at the AGMs of investee companies.

8. Exercise Of Voting Rights

A. Scope of Comgest's voting policy

The voting process described below applies to Comgest's public pooled funds, dedicated funds as well as segregated accounts that have delegated the exercise of voting rights to Comgest. It does not cover segregated accounts that have not delegated the exercise of voting rights to Comgest as well as those that have instructed Comgest to apply the client's voting policy. Comgest's objective is to vote systematically at all shareholder meetings when possible.

B. Comgest voting rules

Comgest's voting rules (the "Voting Rules") derive directly from Comgest's Voting Principles detailed above. Specific Voting Rules have been defined on a regional or national basis in collaboration with the ISS[17] team dedicated to proxy voting policy customization. Our Voting Rules are fully in line with our approach to responsible investment.

Voting recommendations reflecting the Comgest Voting Rules are produced by ISS for each general meeting. These recommendations in written form comprise the key documentation for the voting process.

C. Role of the ESG Team

Comgest's ESG team is responsible for overseeing implementation of the Group's Voting Principles and reviews its Voting Rules every year on a region-by-region basis.

The team is also in charge of overseeing and coordinating voting activity across Comgest's regional investment teams to ensure the voting process is implemented correctly. This includes supporting each regional investment team and assisting lead analysts in reviewing and commenting on the resolutions subject to vote.

D. Role of the Lead Analysts

Voting recommendations are reviewed by the lead analyst within the Comgest Group for the stock concerned. Each lead analyst is responsible for following the general meetings (ordinary/special) of the companies that they follow and for assisting the Comgest investment manager in executing Comgest's Voting Policy.

Comgest analysts may physically attend general meetings for important issues.

[17] Institutional Shareholders Services Europe S.A. (ISS) is a leading proxy voting service provider.

E. Proxy voting platform

To make voting as efficient as possible, Comgest uses the ISS web-based proxy voting platform which notifies Comgest of upcoming general meetings for its investee companies.

As soon as a general meeting is scheduled to take place, Comgest's centralised Proxy Voting team (supported by Comgest's Middle Office in Dublin) is informed of the agenda by the ISS platform where voting recommendations, developed in accordance with the Comgest Voting Principles, can be downloaded. Where data is received directly from custodians, the platform also informs Comgest as to how many shares it is able to vote on in each account that it manages.

The platform allows Comgest to vote electronically at almost every general meeting in every country where it invests. Any exceptions are dealt with by the Proxy Voting team on a case-by-case basis.

F. Operational voting procedures

At Comgest, the centralised Proxy Voting team in Dublin is responsible for identifying general meetings in advance and ensuring that votes are cast in a proper and timely manner.

Below are the main steps of Comgest's voting process:

- **Step 1**: Identification of the general meeting on the ISS proxy voting platform: cut-off date, record date, whether share blocking or stock registration is required.
- **Step 2**: The lead analyst is informed of the agenda for the general meeting and ISS voting recommendations in accordance with Comgest Voting Rules.
- **Step 3:** The lead analyst provides their voting recommendation to the Proxy Voting and ESG teams.

  Where the lead analyst's recommendation is in line with Comgest's Voting Rules, the vote is automatically processed. Where the lead analyst recommends a deviation from Comgest's Voting Rules, they send information supporting this assessment to the Proxy Voting and ESG teams. The Proxy Voting team liaises with the ESG team or relevant portfolio managers, as necessary, for a decision prior to submitting the vote. In cases where the voting decisions are not in line with voting recommendations based on Comgest's Voting Rules, the reason for the divergence is documented.

- **Step 4**: Votes are cast on the ISS proxy voting platform.

G. Legal and technical procedures

i. Power of attorney (PoA)

In some jurisdictions, if a PoA is not in place, the exercise of voting rights is not allowed. The ongoing validity of PoAs is checked on a regular basis and, in the event that a POA is going to expire, clients are requested to renew the PoA.

ii. Share blocking

When share blocking is required to exercise voting rights, the sale of some or all of the shares held may be blocked until after the meeting date. The Proxy Voting team liaises with the relevant portfolio manager as necessary to determine whether it is acceptable to block shares. The level of share blocking is adapted, where possible, to permit sell orders that will be executed before the record date.

iii. Stock registration

For segregated accounts, when stock registration is required to exercise voting rights, the client must approve the registration. If Comgest does not receive the client's approval, votes are not cast.

iv. Securities lending

Comgest does not engage in securities lending in its portfolios.

V. DIALOGUE AND ESCALATION

Our approach to escalation does not differ across funds or geographies apart from where local laws and practices require, for example with respect to filing shareholder resolutions. All of our portfolios adopt our singular, quality growth investment style and an active approach to ownership.

Our goal when voting and engaging with companies is to maintain a transparent dialogue with companies in order to achieve improvement. We like to work in partnership with our investee companies on engagement issues. It is therefore only if none of our engagement methods have yielded success, and it becomes clear that we will not achieve our engagement objectives through active dialogue, that we may be compelled to escalate our concerns. This occurs when we are not satisfied with responses from multiple interactions with the company, typically involving also multiple representatives of the company.

As a first step in escalation, we will typically raise our concerns with the Board, including independent board members. At this stage, we will also consider collaboration with other investors which can be a more efficient form of achieving outcomes from escalation activity. We use our voting rights at AGMs and may convey our voting intentions to Boards and Executive Committees ahead of AGMs in order to highlight our stance on a particular matter of disagreement.

More rarely, we may inform regulators or the press of our stance or file a shareholders' resolution.

As long-term investors, we have always been comfortable knowing that engagement can yield results gradually, sometimes over many years, before we would consider that our activity has reached a conclusion.

Where we see no prospect of the company enacting change and if our concern is material in nature, we may sell our position. Once an engagement that has been identified to be of material concern commences, we define a maximum horizon of 5 years for our efforts to incite change before exiting, in the best interest of shareholders.

VI. CONFLICTS OF INTEREST

1. Our Policy

As an independent asset manager owned by its employees and founders, the Comgest Group has no relationships or affiliations with any brokers, counterparties or custodians. The Comgest Group entities do not trade for their own account. With the exception of Comgest funds, employees do not sit on boards or hold other positions in the companies in which we invest. This independence assists Comgest in avoiding conflicts of interest and in carrying out its activities with a long-term objective and in the best interests of its clients.

Comgest aims to be transparent with clients as to its investment management style from the outset and in doing so we look to partner with clients who share similar investment beliefs and our long-term investment horizon. This alignment between Comgest and its clients typically results in shared views on stewardship. When views differ, we endeavour to respect client specific needs where possible (e.g., the application of client voting policies).

Despite the foregoing, Comgest operates in an environment where it will face actual, potential or apparent conflicts of interest. We recognise that a policy for the identification, prevention or management of conflicts of interest in the best interests of clients is essential and that failure to identify and manage conflicts may lead to reputational and regulatory risk for the business. The Compliance department is responsible for our Conflicts of Interest Policy, which is provided to our clients and is available on request. Comgest Group's policies and procedures have been designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest.

CONFLICTS-OF-INTEREST MAPPING

As part of the conflicts of interest framework, a Conflicts Mapping is undertaken by the Compliance departments. This sets out all potential conflicts that could impact the Comgest Group, individual entities within the Group and clients. The Conflicts Mapping takes into account any circumstances of which Comgest is or should be aware which may give rise to a conflict of interest as a result of the structure and business activities of other members of the Group. The Conflicts Mapping looks to:

- Identify and describe all potential conflicts;

- Determine how each conflict is managed or mitigated;
- Describe disclosure obligations, where relevant;
- Cite any policies or procedures that have been implemented in order to manage or avoid the conflicts; and
- Identify the parties in conflict, whether internal or external to Comgest.

CONFLICTS-OF-INTEREST LOG

Each Compliance department maintains a Conflicts of Interest Log to document the assessment of, and response to conflicts.

CONFLICTS-OF-INTEREST ASSESSMENT

When a potential conflict of interest is identified, a conflict-of-interest assessment is undertaken. The assessment is conducted by Compliance and the relevant Board of Directors, where required.

CONFLICT RESOLUTION

Comgest makes every effort to prevent conflicts of interest and, should they arise, to resolve them equitably in the interests of its clients. Where arrangements put in place by Comgest cannot prevent, with reasonable confidence, conflicts of interest from adversely affecting the interest of a client, Comgest shall disclose to the client the general nature and/or sources of the conflict of interest and the steps taken to mitigate those risks before undertaking business on behalf of the client.

Notwithstanding the robustness of our policies and processes, we believe that our partnership structure is our most effective tool against conflicts of interest, because it creates strong alignment between our clients' interests and our own.

2. Areas of Potential Conflict of Interest

A. Proxy voting process

Potential conflicts are most likely to arise in relation to the proxy voting process. We have put in place a number of actions to minimise such risks. We consider a number of factors and procedures, including:

- Votes are based on pre-determined Proxy Voting Rules and any deviations have to be justified, thereby limiting discretion of analysts and portfolio managers.
- Comgest is an independent Group, and we only provide asset management services, therefore conflicts do not arise through other activities or through relationships with affiliates carrying out other activities.
- Employees are required to report any positions held in other companies (e.g. directorships). With the exception of Comgest funds, employees do not sit on boards or hold other positions in the companies in which we invest.
- We abstain from voting where a conflict of interest may arise, e.g. on behalf of a client account which is invested in a Comgest fund.

B. Engagement activities

Conflicts may also arise in connection with our engagement activities. We endeavour to respect rules in relation to acting in concert with other shareholders and employees are appropriately trained to avoid risk of market abuse or access to insider information.

VII. REPORTING

1. Annual Voting & Engagement Report

As required by SRD II, we will disclose annually how we have implemented our Voting and Engagement Policy. The Comgest Group Annual Voting and Engagement Report is publicly available on our website and covers:

- The nature and extent of our engagement activities, including how we have selected issues for engagement and the type of engagement we have undertaken. Where possible within the time frame, we will also report on the effectiveness of this engagement.

– A description of our voting behaviour, including an explanation of our most significant votes; the use of proxy advisors and a description of how Comgest cast votes in the general meetings of companies in which it held shares on behalf of clients.

2. Quarterly Responsible Investment Reports

A summary of voting and engagement activities are available in the firm's quarterly responsible investment reports. These reports are available to invested clients upon request.

3. On-Demand Voting & Engagement Reports

For segregated accounts, Comgest can provide specific voting and engagement reports upon request.

COMGEST ESG TEAM MEMBERS

For detailed information on **Comgest's ESG Team**,
please visit "Our ESG Story" on our website.

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