

COMGEST GROUP ACTIVE OWNERSHIP POLICY

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I. INTRODUCTION

The Comgest Group¹ (the “Group”) is an independent equity-focused asset manager with a unique partnership structure and a Quality Growth investment philosophy that has guided our portfolios consistently for over three decades. We believe that:

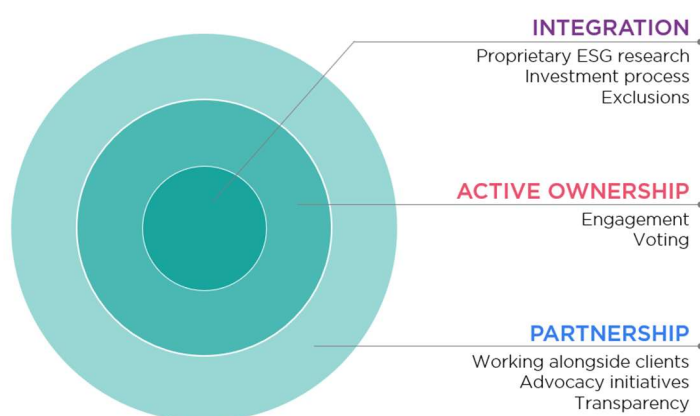
- Markets may fail to correctly value businesses with strong and sustainable competitive advantage and persistent above-average earnings growth;
- The integration of environmental, social, and governance (“ESG”) factors enables a better assessment of quality; and
- Sustainable value creation is enhanced when companies deliver social utility, integrity and differentiation.

At Comgest, we are long-term investors managing high conviction, concentrated portfolios with an average holding period of 3 to 5+ years. Our Investment team conducts in-depth research over many years, building deep knowledge of investee companies’ businesses and the ecosystems in which they operate. We aim to develop strong relationships with our companies and maintaining an active dialogue with them is a key element of our investment process.

Active ownership can be an effective catalyst for driving improvements to a company’s operations, helping them sustain their competitive advantage and earnings growth. In light of our investment approach, we believe we are well-positioned to benefit from companies improving their sustainability practices. However, achieving results takes time, often years. The relevance and effectiveness of any initiative or engagement therefore depends on an investor’s time horizon. This is why we are committed to active ownership as a core part of our strategy for delivering long-term performance to our investors.

We have defined three pillars in our Responsible Investment Strategy (“RI Strategy”), which are intrinsically linked to each other and are reflected throughout this Active Ownership Policy (the “Policy”):

Figure 1. Comgest three-pronged RI Strategy



¹ Comgest Global Investors, S.A.S. is the holding company for the Comgest Group which includes four regulated entities: Comgest, S.A. (Paris), Comgest Asset Management International Ltd (CAMIL) (Dublin), Comgest Asset Management Japan Ltd (Tokyo), and Comgest US LLC (Boston). Comgest also has the following service locations: Comgest Deutschland GmbH (Düsseldorf), Comgest Benelux B.V. (Amsterdam), as well as offices of CAMIL in London, Milan, Brussels and Vienna.

II. SCOPE

This Policy sets out how Comgest uses voting and engagement as key components of our quality growth investment approach, in accordance with the requirements set out in the European Union Shareholder Rights Directive II² (“SRD II” or the “Directive”), and the international codes and standards to which Comgest adheres.

This Policy applies to all of our equity investments for which we have full discretion to apply our own engagement and voting principles.

Comgest’s objective is to vote systematically at all shareholder meetings when possible. The Comgest voting policy applies to our public pooled funds, dedicated funds and segregated accounts managed for clients who have delegated the exercise of voting rights to Comgest. It does not apply to segregated accounts for clients who have not delegated the exercise of voting rights to Comgest. For such accounts, we may apply the client’s bespoke voting policy or may not be implicated in the voting process at all, as requested by the client.

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](#) (“RI Policy”). A more detailed description of Comgest’s voting rules in relation to specific regions and countries is available upon request.

III. STRATEGY

A. ENGAGEMENT WITH COMPANIES

Maintaining an active relationship with investee companies is an important element of Comgest’s investment process. We believe that engagement can be an effective catalyst for driving improvements with a company, helping us deliver long-term performance to our investors.

i. Engagement activities

We define engagement according to two primary activities:

- 1) **Information-exchange:** Ongoing, interactive communication focused on discussing ESG-related topics with investee companies. These exchanges enhance our assessment of sustainability risks and opportunities, enable the sharing of industry best practices, strengthen long-term relationships with investee companies, and help sustain awareness on key ESG themes.
- 2) **Objective-driven engagement:** Purposeful and targeted communication with the goal of encouraging change on material issues within investee companies. These exchanges support the better management of sustainability risks and opportunities at both company and portfolio level. We monitor the evolution of these engagements by specifying engagement objectives and reporting on the status and eventual outcomes, as described in *section III.A.ii.*

² Directive (EU) 2017/828.

Engagement activities are categorised by ESG pillar and topic, as follows:

- **Environment:** climate change and biodiversity (including ecosystem services and nature dependency, governance and disclosure, invasive species, land and sea use change, pollution, protected and sensitive areas, resource use);
- **Social:** human rights, diversity, equity and inclusion (“DEI”), human capital management, health & safety, data security, product safety, artificial intelligence;
- **Governance:** conduct, culture & ethics, ownership, control or shareholders’ rights, remuneration, board effectiveness (including DEI and independence or oversight), management related.

Engagements are performed via either individual or collaborative means, as follows:

- **Individual engagement:** Most of our engagement activity is through direct, individual interaction with companies. Comgest applies its engagement principles outlined in section III.A.iii. to individual engagement activities. Typically, these engagements are carried out by an ESG Analyst and the relevant Company Analyst.³ Analysts may also draw on the expertise of ESG Specialists where relevant.

Our engagements are 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. This ensures that we have adapted our questions and recommendations to the circumstances of each company. In our experience, this can encourage companies to provide more informative responses and contributes to the quality of our long-term relationships with companies. We believe it is important to commend companies on achieving ESG milestones throughout our engagement process.

- **Collaborative engagement:** In certain scenarios, teaming up with like-minded investors and other stakeholders can be a more effective means of achieving our objectives. Collaborative initiatives are typically led by our team of ESG Specialists.

Comgest is selective about the collaborative engagements that we undertake. Our focus is on achieving results that may improve outcomes for our portfolio companies over our long-term investment horizon.

Our interaction with companies and their relevant stakeholders (investor relations, senior management, board members, sustainability teams, human resources and experts) can take several forms, including:

- Written communication (emails, formal letters),
- Meetings (both virtual and in-person),
- Site visits (for example to company premises, operational locations, suppliers), and
- The use of collaboration platforms.

³ Please refer to section IV. Governance and resources, B ESG Resources in [Comgest’s Responsible Investment Policy](#) for more information.

ii. Objectives and monitoring

a. Setting objectives

For each objective-driven engagement, we set clearly defined targets. This could be, for example: “improve disclosure by reporting via the CDP Water Questionnaire” or “enhance governance structure by improving board gender diversity to have at least 30% female representation”.

b. Monitoring progress and outcomes

We monitor the achievement of milestones and improvements that indicate progress towards our objectives. We recognise that engagements can remain ongoing for several years, but if there is a lack of reactivity on the part of a company and/or no improvement, we may decide to escalate (more information on the escalation process in *section III.E*).

There are three potential stages identified within our engagement monitoring:

- 1) **Ongoing:** Engagement has been initiated, the company has acknowledged our concerns and we are awaiting evidence of progress;
- 2) **Escalation:** Further engagement activities have been initiated in reaction to an insufficient response to our concerns (refer to *section III.E*);
- 3) **Outcome:** Assessment of the engagement activity as either:
 - **Success:** The company has implemented measures to address our concerns, and the engagement is complete; or
 - **Failure:** Unsatisfactory action was taken within the target engagement time horizon (maximum five years), which may lead to divestment depending on the materiality of the topic.

At all times, our engagement work will inform our ongoing ESG research and views held for each company. We seek to learn from our engagement experiences with the objective of continually improving our engagement techniques.

In the case of a **successful engagement**, the team members involved may share their experience and findings internally, across the Investment team. This knowledge-sharing of engagement techniques ensures that future engagements may benefit from the team’s collective experience.

In the case of an **unsuccessful engagement** where the topic is considered material in nature, we may deploy escalation techniques, as described in *section III.E*. An unsuccessful escalation can significantly impact the conviction level the Investment team had on a company and may result in divestment. If we decide to continue holding the company, the knowledge gained from our engagement activity will be incorporated in our ESG Assessment of the company and may influence the ESG Quality Level assigned⁴. Engagement activities can thus directly feed into the portfolio construction process because ESG Quality Levels impact the discount rate used in our valuation models.

⁴ See [Comgest’s Responsible Investment Policy](#) for more information on ESG Quality Levels, our proprietary ESG scoring system

iii. **Engagement principles**

a. **Partnership approach to engagement**

At Comgest, we consider our relationships with investee companies, clients and employees as a partnership. As a long-term shareholder, we aim to develop a deep and nuanced understanding of the companies in which we invest. We seek to maintain open, transparent dialogue. When engaging on areas for improvement, we generally prioritise direct, constructive discussions as a first step, rather than resorting to collective or public forms of pressure. Based on our experience, this partnership-oriented approach to engagement fosters trust and increases the likelihood of constructive outcomes and responsiveness from investee companies.

b. **Prioritisation of engagement activities**

We prioritise engagement with investee companies and other industry participants according to the following:

1) **Materiality**

Materiality guides our engagement with companies. We want to ensure that our conversations with companies are focused on ESG issues relevant to their business today and in the future. To identify these issues, fundamental stock-level research is key. Nevertheless, an in-depth stock analysis is not sufficient. We widen our view to consider how a company may be influenced by macro-level transitions, for instance driven by sector, geography or market trends. Therefore, to identify the material ESG engagement issues, our fundamental research is combined with an analysis of how companies are exposed to thematic areas of risk and insights gained through industry initiatives in which we participate.

– **Materiality through fundamental research**

As part of our proprietary ESG analysis and ESG Assessment of each portfolio company, the Investment team identifies material ESG risks and opportunities facing the business. While top-down analysis such as sector and geographic sensitivities can be a useful starting point to identify ESG risks and opportunities, our conclusions are primarily informed by our bottom-up research.

Engagement activities are prioritised by the materiality of our findings. We also take the results of principal adverse impact (“PAI”) assessments into account. Issues that we prioritise for engagement vary between geographic regions, industry sectors and individual companies. We adapt our engagement focus to the strategy, product or company under analysis.

When there is an ESG matter that is material to a company’s business case, and we believe that an engagement could tangibly help address the ESG risk or opportunity, stewardship activity with this company will be prioritised over other portfolio companies. The size of our holdings is also a factor we consider when prioritising portfolio companies for an engagement activity.

Comgest’s ESG Quality Level 4 companies are companies that, though investible within our quality growth portfolios, require improvement regarding their ESG profile. When relevant, we prioritise seeking improvement in these companies by way of individual and/or collaborative engagement, exercising voting rights and participating in industry initiatives.

– Materiality through thematic areas of risk exposure

Comgest closely monitors three thematic risk areas: climate, biodiversity and human rights. We have developed individual policies for these topics, as outlined in our [RI Policy](#) (see *Appendices II, III and IV*, respectively). Companies with material exposure to these three thematic ESG risks may be identified for individual engagement or coordinated actions such as collaborative engagements and advocacy initiatives.

– Materiality through industry initiatives

Comgest is signatory to a number of industry initiatives and collaborative activities, some of which have led us to make formal commitments to contribute to advancing sustainability outcomes. Our participation in these initiatives informs our stewardship activity with certain companies, where material. For example, as a signatory to the Net Zero Asset Managers initiative we have set group level engagement targets and in this context we prioritise engagement on climate with the top contributing companies to the Group's financed emissions.

2) Client priorities

Within our segregated client mandate accounts, some of our clients have requested that we implement bespoke engagement priorities, which we enact on their behalf. We monitor and report on our engagement progress via our client reporting which provides detailed summaries of our interactions with a given company as well as the objective(s) and status of each engagement.

c. Engaging over long periods of time

Achieving results from an engagement can take time. Addressing structural issues or seeking change in a large company's operational practices is often a long process. In other cases, it is the repetitive raising of issues, consistently over several years, that may eventually lead to real change.

As committed shareholders, we are able to engage with companies over multi-year time horizons and work with them in partnership as they try to adapt to a complex and changing sustainability landscape. Our engagement dialogue is forward-looking and long-term. 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 a company. We engage on matters we deem important to a company's sustainability even when we know our opinion might not be well received.

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

d. Engaging ahead of annual general meetings (“AGM”)

As part of our open dialogue with companies, we may engage ahead of general shareholder meetings to discuss, and sometimes influence, their proposed resolutions.

This practice provides transparency which can help support our ongoing relationship with companies. For example, if we decide to vote against certain resolutions, we may inform the

company of our voting decision and rationale ahead of time. In certain scenarios, such as escalation, we may decide to pre-declare our voting intentions publicly. See section III.C on voting for more information.

e. Engaging all companies, even if they are an ESG leader

We believe all companies can improve. Each business will have its own specific, and often evolving, sustainability challenges to address and potential ESG-related opportunities to leverage. We aim to identify these issues and opportunities through our research and to ensure that we understand each company's sustainability strategy. Any material areas for improvement are highlighted within our ESG Assessments.

While companies with lower ESG Quality Levels⁴ may be prioritised for engagement activity, we identify topics for engagement across our range of companies, including among our ESG leaders.

f. Our active ownership strategy with companies may involve engaging with other stakeholders

We may communicate with other stakeholders where we believe it could advance a certain engagement with our portfolio companies. This may include engagement with industry bodies, regulators, governments and policymakers. For further information on our advocacy strategy please refer to *section III.B*.

g. Shareholding disclosure

To support constructive engagement with investee companies, we may, upon request by an investee company, disclose the aggregate number of shares for which we have investment discretion or voting rights. All disclosures will be made in compliance with applicable laws and regulations.

iv. Engagement responsibilities

The ESG team, with the approval of the Sustainability Committee, establishes the overall approach for engagement and works with the Investment team to set appropriate objectives for individual companies. The Sustainability Committee maintains oversight of all material engagements.

As those closest to the companies themselves, our Company and ESG Analysts are responsible for carrying out individual engagement activities. 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 Specialists⁵, alongside the Company and ESG Analysts covering companies impacted by the topic at hand.

⁵ Further details on the roles and responsibilities of ESG Analysts and ESG Specialists are available in [Comgest's Responsible Investment Policy](#).

ESG engagement notes are recorded in a central database by the Company Analysts and the ESG team. This database facilitates the monitoring of progress and information sharing across teams within Comgest.

B. ADVOCACY

i. Approach to advocacy

We regard our independent ownership structure as a key advantage to implementing an unbiased and successful advocacy strategy.

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, engagement activities and support for industry-wide initiatives.

While 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 – our policy is to actively engage with industry participants in an effort to collectively address these risks and encourage better functioning financial markets, where possible. These initiatives help us 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 and any implications for our portfolio companies.

ii. Interacting with other stakeholders

Our advocacy work targets a broad range of stakeholders including regulators, policy makers, governments, peers and clients. We carry out advocacy activities either directly or by joining industry and/or collaborative initiatives.

Activities include signing investor statements, participating in public and private working groups and responding to industry consultations, for example. We demonstrate our support by adhering to a number of industry Stewardship Codes (i.e. UK, US and Japan Stewardship Codes), among other industry standards and initiatives.

C. VOTING

Voting is an important element of Comgest's active ownership strategy, as we believe that exercising our right to vote on behalf of our investors is an important element of our role as stewards of capital. In this section, we outline the voting principles and guidelines that inform our voting activity, as well as information regarding the voting process.

i. Voting principles

a. Reflective of our values

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 Comgest's international experience. Our

proprietary voting principles have been developed – and are expected to evolve – with our general engagement priorities in mind.

Comgest believes that a one-size-fits-all model of governance is not realistic, yet we also believe that a number of fundamental principles apply to all organisations that aim to be successful quality growth companies. Thus, we have designed our voting guidelines to be aligned with our quality growth investment style and corporate governance principles.

b. Vote whenever possible

Comgest's objective is to vote systematically at all shareholder meetings when technically possible. As mentioned above, we believe that exercising our right to vote on behalf of our investors is an important element of our role as stewards and of our active ownership strategy. Voting can be a driver of change.

c. Promote specific corporate governance principles

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

- **Long-term performance orientation:** Companies should think big and plan for the long term. 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 performance and can encourage 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 accountable for the consequences of their actions.
- **Honesty and integrity:** Compromising honesty and integrity can be highly detrimental to a company's performance, image and brand, as well as employee morale. Qualities and competencies that foster honesty and integrity are essential to sustaining a company's cohesion, credibility, and effective operation, both within the organisation and with external stakeholders. 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 and their engagement with company stakeholders (both internal and external) should be conveyed through a clear sense of purpose and meaningful vision. Similarly, each employee should understand how their role contributes to the achievement of the company's business purpose. Fundamentally, a company is a team and in our view it takes a strong team of motivated individuals working together to achieve sustainable long-term performance.

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.

d. 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.

e. Adapt our votes to company specificities

Voting decisions are carefully considered for each general meeting. We recognise that the companies in which we invest operate in sectors with differing dynamics and in geographies with specific business cultures and practices. We also acknowledge that there are instances in a company’s development that may require an evolving governance structure over time. It may therefore not always be appropriate to apply our voting rules rigidly and we may diverge from them depending on company specificities, including but not limited to stage of development, geography and sector. In such instances, we look to ensure that our decision remains in line with Comgest’s overarching voting principles and the reason for our divergence is recorded.

f. Votes to abstain or votes against company management recommendations

Comgest may vote against company management recommendations when we believe that this is in the best interest of the shareholders and the company itself. In the event that Comgest has identified a material risk associated with a proposed resolution, we may inform the company in question of our intention to vote against management ahead of the AGM. Additionally, in our ongoing dialogue with investee companies, we encourage 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 lacking in some way. This may occur if we were not given sufficient opportunity to address questions in relation to the matter with the company. In such cases, we will typically follow up with the company to address the point.

ii. Comgest’s voting guidelines

a. 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 business strategy execution on a regular basis;
- Guiding and challenging company management with regard to financial and non-financial planning and capital allocation;
- 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 the compensation of executive managers is aligned with their achievements and the company’s long-term strategic objectives;

- Overseeing the accuracy and effectiveness of company accounting, risk and management systems; and
- 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, leadership, 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 company conduct.

— Board size

Comgest typically favours boards composed of six to 12 members. A smaller board size limits opportunities for the exchange of differing opinions and points of view, as well as reduces the levels of collective experience and expertise available for developing the company's strategy and guiding and overseeing the company's operations. A larger board size may result in reduced ownership in the decision-making process and reduced involvement of boards members.

— 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 regard 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/ employees of the company
- Executives' 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 with long tenure (typically exceeding 12 years), subject to case-by-case assessment in light of local market practice and specific circumstances

Where employee representatives (including employee shareholder representatives) sit on the board, we typically exclude them from the member count used to determine board independence.

— Director competence

We consider the notion of competence in a broad sense. It includes business experience in fields relevant to the company's strategy (specific know-how or sector background), subject matter expertise (for instance, science or technology), or a specific area or areas of expertise that could help the company achieve its business objectives.

— 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 issues with the company's finances or financial statements
- Our research indicates 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 without adequate excuse
- 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 their 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 or bundled elections.

— Chair of the board

The chair of the board has specific responsibilities as leader and must demonstrate accountability for the effective functioning of the board. The chair's role also requires the ability to motivate all board members in a manner that is clear and consequential.

Our general preference is that the chair be fully independent to ensure objectivity and to facilitate high quality discussion and for 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 deemed necessary.

— Number of directorships held

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

— Board diversity

A company's culture and 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 can assist in identifying risk, enriching debate, decision-making on complex topics and building collective knowledge.

Comgest believes that a board should be composed of directors with different backgrounds, skills, nationalities, ages, tenure, and other relevant criteria in line with the company's business strategy and objectives. While board diversity extends beyond gender, Comgest expects meaningful gender representation on boards. We generally do not support the re-election of a Nomination Committee chair where female representation on boards is considered insufficient. Thresholds may vary depending on the company's country of origin, local practices and governance codes.

— Board committees

Board committees make the work of the board more efficient on topics requiring specific expertise and/ or greater independence. Comgest generally 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 or innovation.

— 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 should be carried out by a committee with sufficient technical expertise, critical thinking and no conflicts of interest.

Audit Committees should be composed predominantly of independent directors, and we generally expect them to be fully independent. The applicable independence threshold may vary depending on applicable regulations and local governance codes. The Chair of the Audit Committee is expected to be independent.

The Committee should include at 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, we will typically vote against the renewal of the audit mandate unless there is a compelling reason not to.

— 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 when 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 organisation via collaboration between the Remuneration Committee and the company's human resources department.

— Nomination Committee

Nomination Committees should be at least two-thirds independent, and its chair should be independent. A company should be able to explain why a nominee has been chosen over equally qualified candidates, clearly outlining how their skills, experience, and personal qualities demonstrate they have the necessary qualifications to fulfil the role's responsibilities.

In particular, a company should disclose its definitions of independence and competence on an annual basis, 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 transparent and detailed in a timely fashion in the company's quarterly and annual reports.

b. Compensation

Comgest recognises that 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 thus contribute to corporate performance.

— 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.

— 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 three-year vesting cycle 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.

— Remuneration of non-executive board members

Board member remuneration should remain fair and reasonable to best ensure independence and adequately compensate directors for their efforts.

Comgest is generally in favour of non-executive board members receiving fixed cash compensation. Proposals including share-based components are assessed on a case-by-case basis. However, Comgest is typically opposed to stock options or performance-based compensation, as such incentives may encourage excessive risk-taking and could compromise their independence.

— Other types of compensation

Comgest typically votes against golden parachute provisions or welcome-on-board bonuses. We carefully review severance payments and pension schemes on a case-by-case basis.

c. 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, 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”.

d. Environmental guidelines

Comgest considers that exercising voting rights provides an opportunity to encourage companies to adopt environmental best practices. As a long-term quality growth investor, we recognise the importance of understanding our investee companies' environmental-related risks and opportunities. Engaging with companies on material environmental issues through our voting activity strengthens our research and investment process. We support relevant positive environmental resolutions and vote against resolutions we believe would lead to negative environmental impacts.

— Climate

In line with our Climate Change Policy (Appendix II of Comgest's Responsible Investment Policy), 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 AGMs. We typically support these advisory resolutions where we have deemed a company's climate targets and strategy to be aligned with our own climate commitment⁶. Similarly, we may use our voting rights to signal to companies when we believe their targets and strategy are not ambitious enough, exposing them to climate-related risks in the long-term.

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

— Nature

Biodiversity is a critical element of our ecosystem and its preservation may be key to the sustainability of our investee companies' activities. Comgest may invest in companies that have higher exposure to biodiversity related risks, such as deforestation or intensive agricultural production.

In line with our Policy on Nature and Deforestation (Appendix III of Comgest's Responsible Investment Policy), we expect high-risk companies to:

⁶ Comgest is a signatory to the Net Zero Asset Managers initiative. Further details on our climate commitment and targets are available in our [Responsible Investment Policy](#). (see Appendix II, “Climate Change Policy”).

- Assess and disclose nature-related risks
- Set and publish targets for reducing and mitigating biodiversity risk exposure
- Report on progress

We typically support resolutions linked to relevant positive impacts on biodiversity and vote against resolutions which would have detrimental biodiversity consequences. Companies that do not yet comply with these expectations may be prioritised for our active ownership programme, including voting activity.

e. Social guidelines

As a long-term quality growth investor, we recognise the importance of understanding our investee companies' social-related risks and opportunities. Engaging with companies on material social issues through our voting activity strengthens our research and investment process.

Comgest uses the following international standards to assess the responsible conduct of businesses and identify potential human rights violations and related risks: the principles of the United Nations Global Compact (UNGC), the United Nations Guiding Principles (UNGPs), the conventions of

the International Labour Organization (ILO) and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Comgest considers that exercising voting rights provides an opportunity to encourage companies to adopt best practices on social topics. In line with our Human Rights Policy (Appendix IV of [Comgest's Responsible Investment Policy](#)), we seek to identify and assess material human rights risks across our investee companies. We support relevant positive social resolutions and vote against resolutions which would lead to clear negative social impacts.

f. Shareholder proposals

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

g. Virtual/electronic general meetings

Provided that reasonable practicalities are carefully considered to ensure that shareholders can physically attend the meeting, we are comfortable with meetings being convened in a "hybrid" format – where shareholders have the option to attend either in-person or through an online platform.

Typically, Comgest will vote against proposals concerning the convening of virtual-only shareholder meetings, unless proven necessary due to extraordinary circumstances such as in response to the Coronavirus pandemic.

h. Political donations and lobbying

A company's board of directors should monitor material charitable and political contributions and membership of trade associations to ensure that these align with the long-term interests of the company and its shareholders.

We believe that the board should disclose material ESG-related activities and monitor trade association lobbying activities, ensuring that any such activity aligns with the company's commitments on ESG issues. A company should be willing to relinquish its membership in case of misalignment.

iii. Responsibilities and exercise of voting rights

a. Role of the dedicated ESG Resources

Comgest's ESG team is responsible for overseeing the implementation of the Group's voting principles and guidelines and annually reviews its derived voting rules 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 Company Analysts in reviewing and commenting on the resolutions subject to vote.

b. Role of the Company Analysts

Comgest assigns responsibility for analysing resolutions to the lead Company Analyst for each stock concerned. We believe that this is the most efficient means of ensuring that we have all the information necessary before we vote on what are often complex topics and diverse themes. Comgest's analysts may physically attend general meetings for important issues.

Voting recommendations are reviewed by the lead Company Analyst. Each lead Company Analyst is responsible for following the general meetings (ordinary/special) of their companies and for assisting each Comgest investment management entity in executing Comgest's voting policy.

c. Role of the Proxy Voting team

Comgest's centralised Proxy Voting team is responsible for identifying general meetings in advance and ensuring that votes are cast in a proper and timely manner. Any exceptions are dealt with by the Proxy Voting team on a case-by-case basis.

iv. Proxy Voting platform

We apply our own voting policy and do not delegate or outsource votes. Comgest's voting rules derive directly from our voting principles and guidelines detailed above. These voting

rules have been defined on a regional or country basis in collaboration with the ISS⁷ team dedicated to proxy voting policy customisation.

To make the voting process as efficient as possible, Comgest uses the services of ISS which analyses resolutions and makes voting recommendations in accordance with our voting policy.

The lead Company Analyst is informed of the agenda for a general meeting and ISS voting recommendations in accordance with Comgest's voting rules. They will then provide their voting recommendation to the Proxy Voting and ESG team. When this recommendation is a deviation from Comgest's voting rules, a rationale must be provided. The Proxy Voting team liaises with the ESG team or relevant Portfolio Managers for a decision prior to submitting the vote, as necessary. The Proxy Voting team submits votes through the ISS Proxy Exchange platform which allows Comgest to vote electronically at almost every general meeting in every country where we invest.

v. Pre-declaration of voting intention

Comgest may consider pre-declaring our voting intention as a form of engagement and/or escalation. Such instances are likely to occur when direct communication with a company is limited or has not been successful in driving the desired improvement.

Comgest discloses pre-declaration of voting intention on our [website](#) and may also make such information available on industry platforms such as the PRI Resolution Database.

vi. Monitoring of voting outcomes

Comgest uses external data providers to collect data on voting outcomes. The ESG team will pay particular attention to the outcomes of significant votes and relay such information to the appropriate Investment team members as required.

vii. Significant votes

Comgest identifies significant votes by reviewing votes in the following categories:

- Votes against management
- Votes on shareholder resolutions
- Votes withheld
- Votes not in line with our voting policy
- Votes that represent a significant shareholding/ influence/ free float
- Votes connected to an escalation strategy

The ESG Analysts are responsible for reviewing votes in these categories and determining those deemed to be significant.

Significant votes are disclosed in our [Annual Stewardship Report](#). These reports include the rationale for voting decisions we consider significant.

⁷ Institutional Shareholders Services Europe S.A. (ISS) is a leading proxy voting service provider.

viii. Legal and technical procedures

a. Power of attourney

In some jurisdictions, if a power of attorney (“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.

b. 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 lead Company Analyst for the company in question along with the relevant Portfolio Manager(s) 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.

c. 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.

d. Securities lending

Comgest does not engage in stock lending for any of our portfolios. For segregated accounts where clients engage in stock lending, we will monitor the votes where stock lending is in place and ensure that if the stock is recalled before the voting cut off that the available shares for voting have been updated on the proxy voting platform.

D. HOW OUR ENGAGEMENT AND VOTING ACTIVITIES INTERACT

Active ownership involves using multiple levers to drive value creation for our clients. Voting activity may form an important element of a company engagement strategy and may be used in conjunction with direct company interactions. Our initiatives across both voting and engagement activities must be aligned. In order to ensure this coordination of efforts, the ESG team is involved throughout the voting and engagement process for each company.

E. ESCALATION

i. Escalation approach

Our approach to escalation does not differ across funds or geographies except when required by local laws and practices, for example with respect to filing shareholder resolutions.

We believe working in partnership with our investee companies and maintaining transparent dialogue on engagement issues is an efficient way to achieve improvements. 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 multiple company representatives.

ii. Methods of escalation

When faced with a lack of responsiveness on the part of companies in response to an engagement action, next steps taken may include the following:

- Raising our concerns to the board, including independent board members. We also 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;
- Pre-declaring our voting intentions;
- Collaborating with other investors, because creating a united front can add weight to our requests which can be a more efficient way to achieve desired outcomes;
- Sending formal letters to the company or board to emphasise the gravity and formality of our position (either individually or collaboratively);
- Though rare, we may consider informing regulators or the press of our stance, or we might file a shareholder resolution in cases where we believe the company repeatedly ignored the interests of minority shareholders; and
- Divestment (see section III.E.iii).

iii. Time horizon and conditions that could lead us to divest

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 its conclusion.

Where we see no prospect of a company implementing 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 set a maximum time horizon of five years for our efforts to enact change before exiting, in the best interest of shareholders.

IV. CONFLICT OF INTEREST

A. OUR CONFLICTS OF INTEREST FRAMEWORK

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

Comgest aims to be transparent with clients as to our investment management style from the outset and in doing so we look to partner with clients who share our investment beliefs and long-term investment horizon. This alignment between Comgest and our clients

typically results in shared views on stewardship. When views differ, we endeavour to respect specific client needs wherever possible (e.g., the application of client voting policies) to the best of our ability.

However, Comgest operates in an environment where it will face actual, potential or apparent conflicts of interest. Comgest recognises that a framework for the identification, prevention or management of conflicts of interest is essential and that failure to identify and manage conflicts may lead to reputational and regulatory risk for the business.

B. CONFLICTS OF INTEREST INVENTORY

As part of the Conflicts of Interest Framework, a Conflicts of Interest Inventory is maintained at Group level. The Conflicts of Interest Inventory is a comprehensive mapping of all potential conflicts that could arise within the wider group, based on its business models, products, services, and organisational structure.

The Group inventory is maintained by Group Compliance and reviewed by the Compliance Departments of the different entities to ensure that all potential conflicts at Group and local level are included in the Inventory.

C. CONFLICTS OF INTEREST MAPPING & LOGS

A Conflicts of Interest Mapping is a central record that identifies and tracks actual, potential, or perceived conflicts of interest at each entity level. Local Compliance Departments maintain and update their Conflicts of Interest Mapping with reference to the Inventory.

The mapping looks to:

- Identify relevant situations that may give rise to actual, potential, or perceived conflicts of interest.
- Document management or mitigation measures applied to avoid or address each conflict.
- Record applicable policies and procedures implemented to prevent or control conflicts.
- Specify the parties involved, whether internal or external to Comgest.

A conflict of interest log is used to capture and track actual conflict of interest cases if they arise in day-to-day business.

D. CONFLICTS OF INTEREST ASSESSMENT AND RESOLUTION

Comgest makes every effort to prevent conflicts of interest and, should they arise, to resolve them equitably in the interests of its clients.

The Compliance Departments are responsible for assessing conflicts and for implementing measures to either limit the occurrence of such potential risk or to resolve it when the conflict cannot be avoided.

Comgest should take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and disclose, on a durable medium, those conflicts of interest before undertaking business in order to prevent the conflicts from adversely affecting the interests of clients.

E. AREAS OF POTENTIAL CONFLICT OF INTEREST

Below are the two main potential areas of conflict of interest identified by our Compliance, Investment and ESG teams in the context of active ownership:

i. Proxy voting process

Potential conflicts may arise in relation to the proxy voting process. We have implemented a number of actions to minimise and prevent such risks as much as possible. We consider a number of factors and procedures, including:

- Votes are based on pre-determined voting rules and any deviations have to be justified, thereby limiting discretion of Company Analysts, Portfolio Managers and ESG Analysts ;
- 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.

ii. 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.

V. OVERSIGHT

The Sustainability Committee reviews this Policy on an annual basis. Further details on the Sustainability Committee can be found in [Comgest's Responsible Investment Policy](#).

VI. REPORTING

Comgest considers the timeliness and quality of client reporting a core component of our portfolio management services. Example of communications include:

- Annual voting and engagement reporting: Annual Stewardship Report

We disclose how we implement our Active Ownership Policy on an annual basis. Information is published within Comgest's Annual Stewardship Report, which is publicly available on our website and details how we have applied the Principles of the UK Stewardship Code; this covers :

- o How we continue to invest in and develop our stewardship activities in line with our mission, investment philosophy and business model;
- o The nature and extent of our engagement activities, including how we select issues for engagement and the type of engagement we have undertaken; and
- o 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 casts votes in the general meetings of companies in which we hold shares on behalf of our clients.

- Quarterly responsible Investment reports

A summary of Comgest's voting and engagement activities is available in our quarterly responsible investment reports, which are shared with all clients and can be made available upon request.

- **Quarterly public fund factsheets**

In certain regions, our public fund factsheets display quarterly statistics on our engagement and voting activity.

- **On-demand voting & engagement reports**

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

- **Proxy Voting dashboard**

A [proxy voting dashboard website](#) summarises Comgest's proxy voting activity for each investee company. This dashboard is updated daily, and voting results are visible with a 90-day lag.