

COMGEST STATEMENT ON THE JAPAN STEWARDSHIP CODE¹

July 2020

Comgest endorses these principles, which have characterised our investments in Japanese equities throughout our history, and welcomes the encouragement of shareholder-oriented governance across Japanese companies.

Principle 1: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

Comgest manages its clients' assets with the objective of generating returns consistent with its investment philosophy which is Quality Growth in the Long Term. It is therefore central to our investment process to consider each company's ability to create, sustain and protect value. The incorporation of ESG factors in our investment analysis is a key component of our investment process.

Comgest engages and votes on any issue affecting the long-term sustainable value of a company in which it is invested. Issues may include, but are not limited to, business strategy, performance, financing and capital allocation, management, acquisitions and disposals, operations, internal controls, risk management, the membership and composition of governing bodies/boards and committees, sustainability, remuneration, environmental and social responsibility.

Click to view Comgest's [Responsible Investment Policy](#).

Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Comgest recognizes its duty to act in the best interests of its clients when fulfilling its stewardship responsibilities.

In this regard, Comgest has implemented comprehensive conflicts of interest and proxy voting policies with the objective of identifying potential conflicts of interest and mitigating or managing them should they arise. These policies are available upon request.

If Comgest determines that it is unable to manage a material conflict of interest when voting, it will decline to vote on behalf of its clients.

Principle 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

Comgest visits investee companies as often as possible before investing and monitors them continuously. Comgest sources of information mainly come from interactions with management teams, their clients, suppliers and competitors. The integration of ESG analysis provides Comgest with complimentary and valuable insight about the quality of companies.

Principle 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Comgest perceives the investee companies as investments for the long term. These relationships are supported by knowledge, transparency and accountability. This is what Comgest seeks to identify in

¹ <https://www.fsa.go.jp/en/refer/councils/stewardship/20170529.html>

the companies invested on behalf of its clients and this is what these clients should expect from Comgest.

As part of the investment process, Comgest regularly engages with investee companies on material issues, either on its own or collectively with other investors.

Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

As an active investor and a member of the UN PRI, Comgest's objective is to vote systematically at all shareholder meetings held by all companies it invests in when this is technically possible and deemed to be in the interest of its clients.

To make the voting activity highly efficient Comgest uses the services of ISS (Institutional Shareholders Services), the leading proxy-voting service provider.

Comgest has an Environmental, Social and Governance (ESG) team which is in charge of the voting policy and reviews voting rules once a year. The ESG team is also in charge of overseeing and coordinating the voting activity to ensure that the voting process is implemented properly.

Click to view Comgest's [Responsible Voting Policy](#).

Information on voting decisions is available on Comgest's website on an individual agenda item basis, [here](#).

Principle 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

The ESG team reports on Comgest's voting activity and other responsible investment activities (engagement) every quarter in Comgest's quarterly responsible investment reports and annually in Comgest's annual voting report. These reports are available for clients upon request.

Principle 7: To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment strategies.

As a long-term investor employing a Quality Growth in the Long Term strategy, Comgest has always considered the notions of durability and sustainability to be of fundamental importance, as well as all factors liable to consolidate or weaken a company's positioning in the future.

The application of Comgest's Responsible Investment strategy, including its stewardship activities, is reviewed on an annual basis.

Principle 8: Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.

Comgest is committed to engaging with ESG service providers to help them enhance the products and services that allow us to fulfill our duties as responsible investors.