

ANNUAL VOTING REPORT 2017-2018

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1. INTRODUCTION

Comgest has developed an investment philosophy based on long-term “quality growth”, focusing on companies with sound business and financial practices which can deliver sustainable earnings growth.

In 2010, Comgest committed to responsible investment when it signed up to the United Nations Principles for Responsible Investment¹ (UN PRI). Comgest incorporates environmental, social and governance (ESG) factors into its investment process and takes ESG issues into account as a shareholder. It has developed a responsible investment policy covering in particular the exercise of voting rights. Comgest’s independence allows, in most cases, to exercise voting rights without any considerations other than the best interest of investors.

Comgest supports the ICGN² (International Corporate Governance Network), an international association which promotes good governance practices. The company also supports the seven principles of the UK Stewardship Code³ and Japan’s Stewardship Code (revised version in 2017)⁴ and the six principles of the US Stewardship Code⁵, which notably call for transparency in the exercise of voting rights and appropriate reporting. Comgest participates in the Corporate Governance Committee of the French Asset Management Association (Association Française de la Gestion Financière), which makes recommendations on corporate governance related to French listed companies’ general meetings and boards of directors.

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

In order to facilitate the exercise of its voting rights, Comgest has chosen Institutional Shareholder Services (ISS) as its proxy voting service provider. As a responsible investor, Comgest systematically applies responsible investment principles when voting. Comgest established its own voting policy, including specific provisions for each region of investment. The Comgest voting policy is updated on an annual basis and is publicly available⁶.

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

The purpose of this annual voting report is to provide an aggregate view of all the votes cast by the company during fiscal year 2017-2018.

2. PROCEDURES FOR EXERCISING VOTING RIGHTS

2.1 Voting scope at portfolio level

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

2.2 Voting scope in terms of investment vehicles

In this report, the scope covers all the open-ended and dedicated funds, as well as all management mandates which have delegated the exercise of voting rights to Comgest S.A.

¹ UN PRI : <http://www.unpri.org/>

² ICGN : <https://www.icgn.org/>

³ UK Stewardship Code :

<http://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Stewardship-Code.aspx>

⁴ Japan’s Stewardship Code : <http://www.fsa.go.jp/en/refer/councils/stewardship/20170529/01.pdf>

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

⁶ Comgest Voting Policy :

http://www.comgest.com/export/sites/default/data/shared_data/document_fonds/Comgest_Voting_Policy_and_Principles_EN.pdf

2.3 Period covered by the report

The period covered by this report is from the 1st October 2017 to the 30th September 2018.

3. VOTING REPORT

3.1 General statistics

During fiscal year 2017-2018, Comgest voted at 225 general meetings, representing over 96% of all the general meetings held by investee companies, or around 99% excluding meetings at which Comgest declined to vote to avoid conflicts of interest (see section 4).

Comgest did not vote at 3 general meetings, held by 3 companies, either for technical reasons or because voting was not considered to be in the best interest of investors.

Overall, Comgest voted on 2,644 resolutions concerning 186 companies in 32 countries.

Comgest voted against, or abstained from voting on, at least one resolution at 167 general meetings.

3.2 Statistics on general meetings

TABLE 1: General meetings by country

MARKET	GENERAL MEETINGS	GENERAL MEETINGS VOTED AT	%
AFRIQUE DU SUD	4	4	100.00
ALLEMAGNE	4	4	100.00
AUSTRALIE	1	1	100.00
BERMUDES	2	2	100.00
BRESIL	16	16	100.00
CHILI	2	2	100.00
CHINE	15	15	100.00
COREE DU SUD	6	6	100.00
DANEMARK	4	4	100.00
ESPAGNE	2	2	100.00
ETATS-UNIS	25	23	100.00
FRANCE	9	9	100.00
HONG KONG	4	4	25.00
ILES CAÏMANS	4	4	100.00
ILES VIERGES BRITANNIQUES	2	2	100.00
INDE	14	14	100.00
INDONESIE	1	1	100.00
IRLANDE (CF. PARTIE 4)	9	3	33.33
JAPON	39	39	100.00
JERSEY	1	1	100.00
LUXEMBOURG	6	6	100.00
MALAISIE	3	3	100.00

MEXIQUE	6	6	100.00
PAYS-BAS	2	2	100.00
PHILIPPINES	2	2	100.00
POTUGAL	1	1	100.00
ROYAUME-UNI	6	6	100.00
RUSSIE	1	1	100.00
SUEDE	2	2	100.00
SUISSE	8	8	100.00
TAÏWAN	3	3	100.00
VIETNAM	30	29	96.67
TOTAL	234	225	96.15

3.3 Statistics on resolutions

Comgest exercised its voting rights on 2,644 resolutions out of a total of 2,685 resolutions, representing 98.47%.

Comgest voted on 70 shareholder resolutions.

TABLE 2: breakdown of votes

EXERCISE OF VOTING RIGHTS	%	VOTES 2017-2018
VOTES "FOR"	79.5%	
VOTES "AGAINST"	18.2%	
ABSTENTIONS OR WITHHOLDINGS	2.3%	
VOTES IN LINE WITH MANAGEMENT	80.5%	■ Votes in line with management ■ Votes against management
VOTES AGAINST MANAGEMENT	19.5%	

4. CONFLICTS OF INTEREST

During the period, Comgest encountered 6 situations deemed to represent potential conflicts of interest with respect to the exercise of its voting rights. Where Comgest's open-ended public funds were invested in other funds which are part of Comgest's range, the company was entitled to vote at the general meetings of its own funds registered in Ireland (funds in the Comgest Growth Plc umbrella).

In order to avoid a conflict of interests, Comgest decided not to exercise its voting rights at general meetings relating to these funds.