COMGEST

The Quality Growth Investor

COMGEST PLUS EXCLUSION POLICY

May 2025

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I. INTRODUCTION

The Comgest Group[1] (the "Group") is an independent equity-focused asset manager. As a quality growth investor, we invest and partner with companies that we believe can sustain investment returns over the long term. Environmental, social and governance ("ESG") factors are important drivers of investment returns from both an opportunity and a risk mitigation perspective. We believe value creation is enhanced when companies deliver social utility while limiting their negative impacts on the environment and society. These investment beliefs lead us to integrate ESG considerations throughout our investment process and carry out active ownership activities with investee companies on material sustainability topics. The Comgest Plus Strategies adopt the same long-term quality growth investment philosophy as our flagship strategies, while adhering to the requirements of a selection of leading ESG labels. ESG labels provide external assurance to investors who seek industry-recognised accreditation of ESG approaches and require the application of targeted exclusion criteria as well as the incorporation of specific ESG practices. Additionally, Comgest Plus Strategies that include "ESG" in their names (hereinafter referred to as "Comgest ESG Plus Strategies") comply with the ESMA fund naming guidelines[2] and apply additional exclusions. A detailed list of all exclusions and their scope of application is provided in Appendix I.

II. SCOPE

This Comgest Plus Exclusion Policy ("Policy") applies to all the Comgest Plus Strategies including the Comgest ESG Plus Strategies. Additional exclusion requirements outlined below apply to the Comgest ESG Plus Strategies.

III. STRATEGY

As described in the **Comgest Group Responsible Investment Policy** ("RI Policy"), Comgest implements a three-pronged Responsible Investment Strategy ("RI Strategy"): integration, active ownership and partnership. The RI Strategy fully applies to all the Comgest Plus Strategies.

A. INTEGRATE

i. Comgest group level responsible investment integration process

The overall responsible investment integration process described in the RI Policy applies to all the Comgest Plus Strategies, notably regarding the integration of sustainability risks and consideration of Principal Adverse Impacts ("PAIs").

ii. Further details on key ESG issues applicable to all the Comgest Plus Strategies.

a. Nature

As mentioned in the RI Policy and its appendix relating to nature and deforestation (Appendix III: Comgest's Policy on Nature and Deforestation), we assess nature-related risks and impacts of our investments. Where nature-related risks are identified as material to the companies in which we invest, it is further explored as part of our ESG assessment. Companies that have been identified as having higher nature risks and impacts may be prioritised for engagement.

[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, Brussels and Vienna.
[2] ESMA Guidelines on funds' names using ESG or sustainability-related terms

Deforestation and ecosystem conversion are proven drivers of global warming, biodiversity loss and severe human rights violations of indigenous peoples and local communities. With Comgest's long-term investment horizon, environmental and human rights issues related to deforestation and natural ecosystem conversion may have material impacts on the companies in which we invest. Further details regarding our approach to deforestation can be found in our **Policy on Nature and Deforestation**.

In addition to deforestation, we also take into account issues such as overfishing and land grabbing in sectors such as mining, agriculture, forestry, and fishing, as far as relevant to the companies we invest in through our Plus Strategies.

b. Water use

Water is one of the most precious resources on our planet. Lack of water and poor water quality can present material risks to our investee companies. We assess a company's water strategy when the business has highly intensive water needs. Where relevant, this analysis focuses on water usage and water quality, particularly where related to material aspects of a company's own operations or supply chain activities. Metrics such as a company's water consumption or emissions to water may be used to assess water practices.

When water is identified as a material risk for a given company, we look for measures to be in place to reduce water consumption, recycle and/or re-use water. We expect these companies to set water consumption reduction targets and engage suppliers regarding water use. When companies have been identified as needing to improve on these expectations, they may be prioritised for engagement.

c. Pollution and waste

For companies operating in highly polluting and waste generating sectors, metrics such as recycling rates or environmental footprints may be used to assess companies' pollution and waste management practices.

For companies operating in such sectors, we expect them to have established waste and pollution reduction targets, notably regarding single-used plastics, as well as recycling strategies. When companies have been identified as needing to improve on these expectations, they may be prioritised for engagement.

d. Diversity, equity and inclusion

The culture of a company and its board of directors can play a key role in the success or failure of the company. A poorly diversified workforce can create a herd mentality where a lack of variety among employees contributes to a corporate culture that does not represent their environment and which, ultimately, does a disservice to the company's business strategy. A diverse board composition assists in identifying risk, enriching debate, enhancing decision making on complex topics and building collective knowledge. Comgest does not restrict the concept of board diversity to gender diversity. We believe that a board should strive to be composed of directors with different backgrounds, skills, nationalities, ethnicities, ages, tenure, etc., as relevant to the company's business strategy and objectives.

These important issues of diversity, equity and inclusion are considered as part of our ESG integration process. They may be identified as a material engagement topic with investee companies.

Diversity metrics, notably gender diversity metrics are monitored. On a best effort basis, the Plus Strategies expect a higher rate of board gender diversity than their respective comparative performance index or at least 33% of women on boards[3]. This diversity metric is measured ex-post and may lead to prioritisation of active ownership activities.

[3] Weighted average of percentage of women on boards across companies held in the portfolio.

e. Taxation

The effective tax rate of a company may be a useful metric (when compared with the statutory tax rate) to gauge the contribution of the company to society. Indeed, when companies pay their fair share to society (i.e., when they do not adopt irresponsible aggressive tax optimisation strategies), they positively contribute to the financing of pensions and health insurance systems, to public transportation infrastructure, etc. This responsible behaviour allows companies to sustainably keep their social license to operate. This is why, with regard to tax information, we expect transparency from companies to allow us to form our own view of their tax strategy. We believe country-by-country reporting is a best-practice and we expect companies to report on tax-related risks.

To analyse investee companies' tax practices, we assess the difference between their effective tax rate and the weighted average of statutory rates or "tax gap". We assess our investee companies' disclosure on how they address tax-related risks, including information on overarching policies and governance of the issue. We also take into consideration publicly reported cases of inappropriate tax practices within our portfolio companies.

f. Oppressive regimes, the death penalty and higher risk jurisdictions

The Comgest Plus Strategies may invest in companies registered in countries that can be considered as oppressive regimes and where the death penalty may be used. Throughout our ESG analysis, we assess the geographical exposure of companies and strive to identify any associated ESG risks.

In addition, Comgest maintains a list of controversial jurisdictions. Further details are available in our Group Exclusion Policy (Appendix V of our RI Policy).

Furthermore, the Comgest Plus Strategies exclude investment in sovereign bonds from issuers in the following jurisdictions:

- Countries that are not bound to the Paris Agreement and the UN Convention on Biological Diversity;
- Countries that have a lower score than 35 on the Corruption Perception Index by Transparency International;
- Countries classified as "not free" by the Freedom House Index; and
- Countries that haven't joined the Nuclear Non-Proliferation Treaty.

g. Forward contracts on agricultural commodities

Comgest does not invest in commodities and does not make use of financial instruments related to agricultural commodities.

iii. Sector-based exclusions

This Policy details the exclusion criteria applied to the Comgest Plus Strategies. Exclusions regarding controversial weapons and tobacco, as set out in the Comgest Group Exclusion Policy (Appendix V of our RI Policy), are applicable to the Comgest Plus Strategies.

a. Conventional Weapons

Comgest defines conventional weapons as weapons other than controversial weapons as defined in the in the Comgest Group Exclusion Policy (Appendix V of our RI Policy).

The Comgest Plus Strategies avoid investments in companies that generate more than 5% of their revenues from activities linked to manufacturing and/or distributing of conventional weapons and their tailor-made components, including support systems and services.

For Comgest Plus Strategies that don't include "ESG" in their names the following additional exclusion will apply:

In the sole case of civilian firearms, Comgest does not apply any revenue threshold (i.e., the revenue threshold is 0%). All companies involved in the manufacturing or in the retail of civilian firearms are excluded.

b. Thermal coal

The Comgest Plus Strategies avoid investments in:

– **Coal mining**
Companies operating thermal coal mines. This includes companies developing new coal mines or extending existing coal mines.

– **Coal-base power generation**
Companies which derive any of their revenue from coal-based power generation or have any installed thermal coal capacity. This includes companies developing new coal-fired power plants[4].

– **Coal processing, distribution and servicing**
Revenue-based criteria

The Comgest Plus Strategies avoid investments in companies which generate more than 10% of their revenues from activities linked to coal processing, distribution and servicing (including transportation, logistics, equipment manufacturing, etc.).

In addition, the Comgest ESG Plus Strategies avoid investment in companies which generate more than 1% of their revenues from activities linked to coal processing, distribution and servicing (including transportation, logistics, equipment manufacturing, etc.).

Expansion-based criteria

The Comgest Plus Strategies also avoid investments in companies involved in the development or expansion of coal transportation assets or other coal-related infrastructure such as coal-to-gas facilities.

c. Oil & Gas

– **Oil & Gas extraction, expansion, and servicing**

The Comgest Plus Strategies avoid investments in:

- Companies which derive any of their revenue from conventional and unconventional oil & gas extraction and/or production, including equipment and services.
- Companies which derive any of their revenue from oil & gas refining, trading, and/or transport (including pipelines); and.
- Companies involved in exploration and/or the development of new conventional and unconventional oil & gas fields[5].

Unconventional extraction methods include fracking (shale gas, shale oil), artic drilling, deepwater drilling, coalbed methane, oil shale (kerogen-rich deposits), and oil sands.

– **Oil & Gas distribution, and retailing**

In addition, the Comgest ESG Plus Strategies avoid investments in:

- Companies which generate more than 10% of their revenues from the distribution and/or retailing of oil.
- Companies which derive more than 50% of their revenue from the distribution and/or retailing of gas.

[4] Development criteria used are those defined in Urgewald's Global Coal Exit List.
[5] Exploration and development criteria used are those defined in Urgewald's Global Oil & Gas Exit List.

– **Oil & gas-based power generation**
The Comgest Plus Strategies avoid investments in companies which derive any of their revenue from oil & gas-based power generation.

d. Nuclear and Uranium mining

The Comgest Plus Strategies avoid investments in companies involved in nuclear energy and/or in nuclear mining, including:

– **Uranium mining**
Companies which derive more than 5% of their revenues from uranium mining.

– **Nuclear-based power generation**
Companies:
- That derive more than 5% of their revenues from the ownership or the operation of nuclear power plants and/or from nuclear-based power generation;
- With installed capacity for nuclear power exceeding 5% of total power generation and/or generating more than 5% of power from nuclear power.

This exclusion extends to companies which derive more than 5% of their revenues from supplying nuclear-specific products or services to the nuclear power industry.

e. Power generation[6]

The Comgest ESG Plus Strategies avoid investments in companies that derive more than 50% of their revenues from electricity emitting more than 100 g CO2 e/kWh.

f. Ethical exclusions

The Comgest ESG Plus Strategies avoid investments in:

- Companies that derive more than 5% of their revenues from adult entertainment.
- Companies that derive more than 5% of their revenues from gambling.

iv. Norm-based exclusions & screening

a. UN Global Compact and further international norms

Comgest uses the following international standards to identify and assess the responsible conduct of businesses and potential human rights violations:
- United Nations Global Compact (UNGC) Principles
- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- International Labour Organization (ILO) standards
- United Nations Guiding Principles (UNGPs)

To identify severe violation of these norms, the Comgest Plus Strategies use the MSCI ESG Controversies and Global Norms methodology. Companies with “very severe” and “direct” controversies, which are “ongoing” or “partially concluded”, in areas covered by these norms will be added to the Comgest Plus Strategies exclusion list.

[6] For power generation other than those mentioned in previous sections.

b. Controversy screening

Investee companies are monitored on an ongoing basis from an ESG perspective, notably to identify ESG events (including controversies) which could affect companies' ESG profiles. Further details on this ongoing monitoring, including controversy screening is described in our RI Policy.

Specific details on management of controversies linked to Human Rights are included in our Human Rights Policy (Appendix IV of our RI Policy).

v. Implementation of exclusions

Companies on the exclusion lists are blocked by our trading system and, therefore, cannot be purchased. If a company in which Comgest is already invested is added to an exclusion list, further purchases will be immediately blocked, and the existing position will be sold out of diligently in the best interest of our clients. These exclusions lists are updated on a quarterly basis.

To help implement our exclusion criteria, Comgest primarily uses data provided by MSCI ESG Research, and where applicable data included in Urgewald's Global Coal Exit List (regarding exclusions on Coal) Global Oil and Gas Exit List (regarding exclusions on Conventional Oil & Gas and Unconventional Oil & Gas). Comgest may supplement this with data from other external providers and with its own research on companies and their activities, for example, where Comgest finds that data used by an external service provider is not up to date or where Comgest does not agree with the assessment provided by the external data provider.

Any exemptions to the exclusion list are reviewed and approved on a semi-annual basis by the Sustainability Committee.

B. ACTIVE OWNERSHIP

The Comgest Group **Active Ownership Policy** sets out the engagement and voting approaches applied to the Comgest Plus Strategies.

C. PARTNERSHIP

Further detail on Comgest's approach to working with clients on ESG topics, joining responsible investment initiatives and communicating transparently on its ESG practices, is available in our RI Policy.

A list of responsible investment initiatives Comgest supports is available on our **website**.

D. CLIMATE TARGETS AND STRATEGY

In addition to implementing Comgest's Climate Change Policy (Appendix II of our RI Policy), the Comgest Plus Strategies expect lower rates of Greenhouse Gas ("GHG") intensity, considering scopes 1, 2, and 3, than the comparative performance index of the relevant portfolio in the strategy. This carbon intensity metric is measured ex-post and may lead to prioritisation of active ownership activities.

The Comgest Plus Strategies target maintenance of a GHG footprint, considering scopes 1 and 2 emissions, which is at least 15% lower than the GHG footprint of the comparative performance index for the relevant portfolio.

IV. OVERSIGHT

The Sustainability Committee oversees the annual review and approval of this Policy. The Policy may be reviewed more frequently as required. The Sustainability Committee also oversees the Policy's implementation which is carried out by the Investment team together with dedicated ESG resources.

V. REPORTING

Reporting on the implementation of this Policy is included in various documents produced by Comgest both at group and strategy levels. Further details regarding reporting on responsible investment activities are included in our RI Policy.

APPENDIX I: OVERVIEW OF EXCLUSIONS

The below summary table details the exclusion criteria applied to the Comgest Plus Strategies with the exception of the controversial weapons and tobacco exclusions which are set out in the Comgest Group Exclusion Policy (Appendix V of our RI Policy).

Summary of exclusion criteria					
				Scope	
	Exclusion Type	Exclusion Measure	Exclusion Criteria	Plus Strategies with ESG in their name	Plus Strategies without ESG in their name
Sector-based exclusions	Conventional weapons	Revenue from production and/or distribution	≥5%	x	x
		Revenue from production and/or distribution of firearms	>0%		x
		Revenue from production and/or distribution of firearms	≥5%	x	
	Ethical exclusion	Revenue from adult entertainment	≥5%	x	
		Revenue from gambling	≥5%	x	
	Thermal coal	Revenue from coal mining	>0% No involvement in developing coal mining	x	x
		Coal-based power generation	>0% from power generation No installed thermal coal capacity No involvement in developing new coal-fired power plants	x	x
		Coal processing, distribution and servicing	≥10% No involvement in developing coal transportation assets or other coal-related infrastructure		x
		Coal processing, distribution and servicing	≥1% No involvement in developing coal transportation assets or other coal-related infrastructure	x	
	Nuclear and Uranium mining	Uranium mining	≥5%	x	x
		Nuclear power generation, including ownership or operation of nuclear power plants	≥5%	x	x

		Installed capacity for nuclear power	exceeding ≥5% of total power generation contributing ≥5% to overall power production	x	x
	Oil & Gas extraction, expansion, and servicing	Revenue from conventional and unconventional oil & gas extraction and/or production, including equipment and services	>0%	x	x
		Exploration and/or the development of new unconventional and conventional oil & gas fields	No involvement	x	x
		Revenue from oil & gas refining, trading, and/or transport (including pipelines)	>0%	x	x
	Oil & Gas distribution, storage, and retailing	Revenue from distribution, storage and/or retailing oil	≥10%	x	
		Revenue from distribution and/or retailing of gas	≥50%	x	
	Oil & gas-based power generation	Revenue from oil & gas based power generation	>0%	x	x
	Power generation (other utilities)		≥50% of their revenues from electricity emitting more than 100 g CO2 e/kWh	x	
Norm-based Exclusions	Controversial behaviour	UNGC, OECD, ILO and UNGP compliance	Severe violations	x	x
Jurisdictional Exclusions	Controversial Jurisdictions	Countries that are not bound to the Paris Agreement and the UN Convention on Biological Diversity	Restrictions on sovereign bond investments	x	x
		Countries that have a lower score than 35 on the Corruption Perception Index by Transparency International	Restrictions on sovereign bond investments	x	x
		Countries classified as “not free” by the Freedom House Index	Restrictions on sovereign bond investments	x	x
		Countries that haven’t joined the Nuclear Non-Proliferation Treaty	Restrictions on sovereign bond investments	x	x