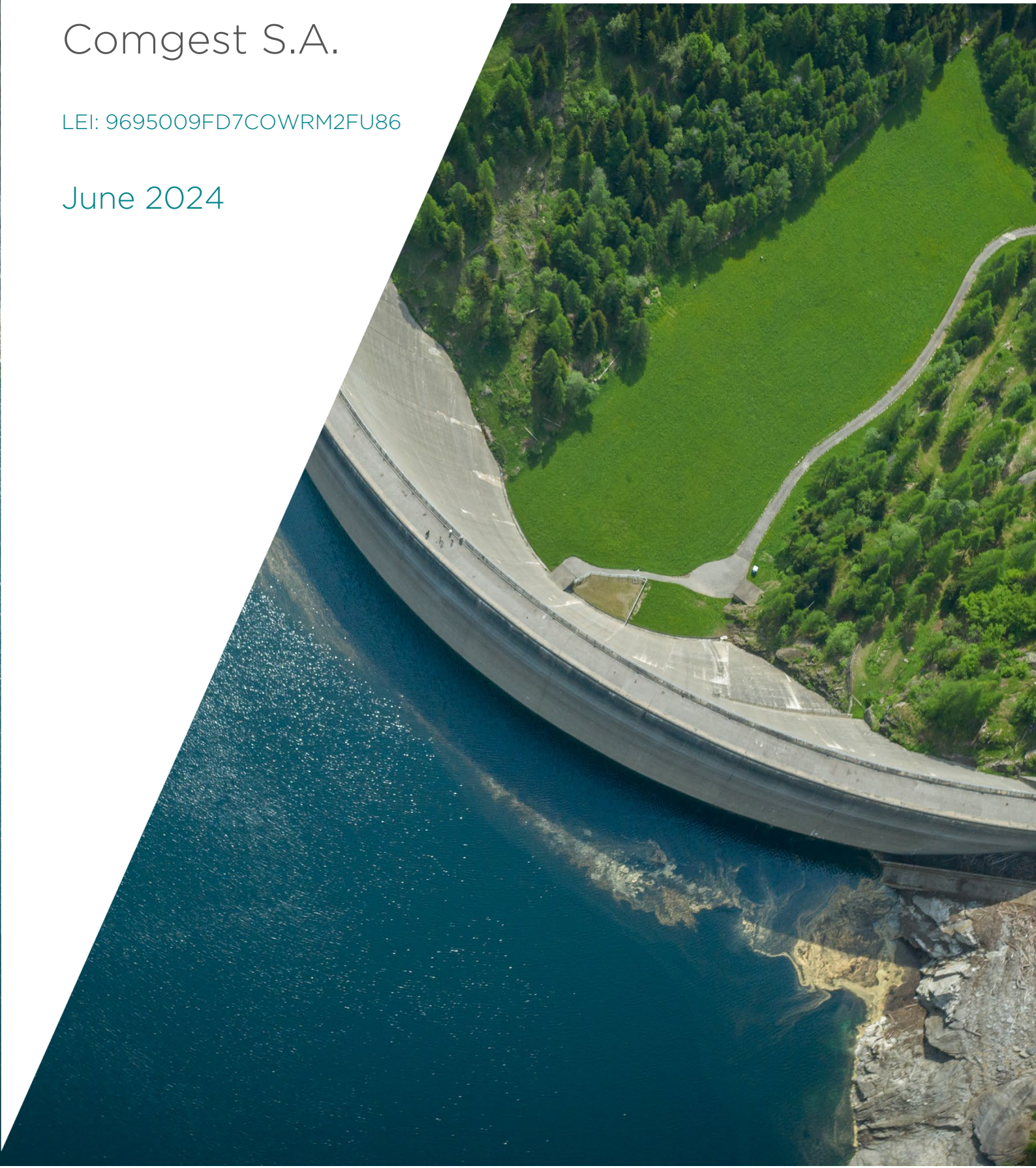


# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Comgest S.A.

LEI: 9695009FD7COWRM2FU86

June 2024



## Summary

The Comgest Group<sup>1</sup> (“Comgest”), through its European subsidiaries Comgest S.A.<sup>2</sup> (“CSA”) and Comgest Asset Management International Ltd.<sup>3</sup> (“CAMIL”), factors in the principal adverse impacts of its investment decisions on sustainability factors.

This CSA statement<sup>4</sup> of principal adverse impacts (“PAI”) on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

Comgest is committed to factoring in and mitigating, where possible, the adverse impacts of its investments on sustainability factors. To that end, Comgest will ensure that its investment teams, including its dedicated team of ESG analysts, have, to the extent possible, access to a wide range of data, research and analysis on adverse impacts. In addition, the Comgest Group has adopted an Active Ownership Policy and currently supports various international standards aimed at improving adverse environmental and societal impacts.<sup>5</sup>

Comgest believes that all investments may have impacts on society and the environment. Comgest must therefore monitor the impact of our investee companies to assess whether they support the conditions for sustainable growth. In doing so, it seeks to protect the long-term interests of its clients by investing in companies whose financial returns, it believes, are sustainable well into the future.

ESG research is integrated into Comgest’s investment process in the belief that this enables a better assessment of the “quality” of a company. Undertaken by both ESG and company analysts, ESG-related research is used to complement the fundamental analysis which is otherwise undertaken and to increase the analysts’ knowledge of the companies they follow, both in terms of the key material risks but also opportunities that may impact a business. As part of their ESG integration process, Comgest’s investment teams assess the principal adverse sustainability impacts caused by companies in which they invest by monitoring the 14 mandatory indicators referred to in Annex 1 to Delegated Regulation (EU) 2022/1288 as well as two optional indicators selected by Comgest.

Adverse impact mitigation efforts include the application of targeted exclusion policies for certain activities, as outlined in section I of the full statement (Description of the principal adverse impacts on sustainability factors), where sustainability risks and adverse impacts tend to be more significant.

Mitigation efforts also include stewardship activities with investee companies through voting at annual general meetings and initiating a dialogue with the relevant company on specific ESG issues as well as continuing to support industry-initiatives that guide Comgest’s assessment of principal adverse impacts, as outlined in sections II, III and IV of the full statement (Description of the principal adverse impacts on sustainability factors).

Key learnings from this assessment period include:

- **Data coverage and metric development:** Companies do not yet report consistently on several PAIs, leading to low data coverage and challenges in interpreting results and planning for effective mitigation actions. Comgest will continue to expect investee companies to further disclose on material ESG indicators. It will also continue to monitor progress of data providers’ methodologies to estimate companies’ impacts, notably via proxies, that best align with regulatory requirements.
- **Main data usage:** Pending improvements in reporting standardisation and data coverage, Comgest has mainly been using PAI data to identify lowest performing companies on material topics to feed internal ESG research and to prioritise engagement. It has also looked to map PAI data with

<sup>1</sup> 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, Vienna and Brussels.

<sup>2</sup> LEI: 9695009FD7COWRM2FU86

<sup>3</sup> LEI: 635400IFPTXRPJVEVJ24

<sup>4</sup> The CSA statement is available on the Comgest website.

<sup>5</sup> <https://www.comgest.com/en/our-business/esg/our-commitments>



Comgest's own targets or commitments, notably on climate and biodiversity. This mapping allows Comgest to plan for PAI mitigation actions that align with its overall responsible investment strategy.

- **Implementation of the Active Ownership Policy:** This assessment period demonstrates an effective implementation of Comgest's Active Ownership Policy. For example, in line with our Responsible Investment Policy we actively engage with the highest emitting investee companies that represent the most significant proportion of our financed emissions or investee companies that may be involved in severe violations of the UN Global Compact.
- **Historical comparison:** A historical comparison of the period reported (2023) versus the previous year (2022) shows that there has been a reduction of principal adverse impacts for several PAI indicators, notably with a lower amount across several emissions categories except for GHG intensity and GHG emissions for scopes 1 & 2. However, it is important to note that the results obtained are highly dependent on the composition of the portfolios we manage. For example, a change in a portfolio's GHG emissions is not necessarily linked solely to lower emissions of companies held in the portfolio but may also be linked to a change in the composition of the portfolio (entry and exit of securities, change in the weighting of companies held, etc.).

These key learnings are further detailed in section I of the full statement (Description of the principal adverse impacts on sustainability factors), including Figure 1 covering the 14 mandatory PAIs and Figure 4 covering the two optional PAIs selected.