SUSTAINABILITY RELATED DISCLOSURES
COMGEST GROWTH EUROPE OPPORTUNITIES
LEI: 635400MA8NHPUJPAJD89
ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

A. SUMMARY

The Fund promotes environmental and/or social characteristics within the meaning of Article 8 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector (“SFDR”).

Environmental and Social Characteristics

The Fund promotes environmental or social characteristics by targeting companies with positive overall ESG quality, being companies which:

(i) have an ESG score in the top 80% of scores assigned to companies reviewed by the Investment Manager using its proprietary ESG scoring tool; and

(ii) are not engaged in activities which the Investment Manager considers as having material adverse impacts on the environment, people or society.

The Investment Manager applies exclusion lists to the Fund to achieve the above characteristics.
A benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund. Further detail of the ESG scoring and specific exclusions applied are available below.

Sustainable Investments

While the Fund does not have sustainable investment as its objective, it will invest 10% of its assets in sustainable investments which contribute to environmental and/or social objectives.

To qualify as a sustainable investment, an investee company must contribute to one or more of the following environmental and/or social objectives, must not significantly harm any of the following environmental and/or social objectives and must operate good governance practices:

Environmental objectives include (i) climate change mitigation; (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control; and (vi) the protection and restoration of biodiversity and ecosystems.

Social objectives include (i) the provision of decent working conditions (including for value chain workers) (ii) the promotion of adequate living standards and wellbeing for end users; and (iii) inclusive and sustainable communities and societies.

The Investment Manager will use proprietary analysis and rely on internal and external sources to identify companies which contribute to one or more of these environmental and/or social objectives.

Consideration of principal adverse impacts on sustainability factors

The Fund considers principal adverse impacts on sustainability factors. This is done by assessing and monitoring the 14 mandatory principal adverse impact indicators referenced in Annex 1 of the SFDR Delegated Regulation (EU 2022/1288). The Investment Manager looks to mitigate adverse impacts through exclusion policies, engagement with investee companies, voting and advocacy as relevant. Further detail on principal adverse impacts on sustainability factors will be available in the financial statements.

Investment Strategy and ongoing monitoring

The Investment Manager incorporates ESG considerations in the selection of investments by applying exclusion lists on a pre-investment and ongoing basis. The Fund applies an exclusion policy to exclude investment in companies with negative social and environmental characteristics and invests in companies that have an ESG score in the top 80% of scores assigned to companies reviewed by the Investment Manager using its proprietary ESG scoring tool.

Following the initial investment, the environmental or social characteristics continue to be monitored by the Investment Manager in order to update the initial ESG assessment, identify alerts and controversies and to carry out engagement with the company on ESG areas identified for improvement.

Policy to assess good governance practices of investee companies

The Investment Manager looks at different governance indicators (e.g. tax compliance, board structure, staff remuneration, executive remuneration, board diversity, governance-related controversies, etc.) to determine if investee companies follow good governance practices. This includes data and ratings from external sources as well as internal research on the companies' governance practices in the context of local norms.

Data/Limitations to methodologies and data

In assessing ESG characteristics and controversies, the Investment Manager relies on company disclosures, on external information provided by ESG research providers (e.g. MSCI ESG Research, RepRisk, ISS and Sustainalytics), its internal research and engagement with companies. Comgest may also draw on other sources such as brokers and the generalist and specialist media.

The Investment Manager may face challenges with regards to availability of data, data quality and coverage especially in emerging markets and for small/mid-capitalisation companies. Where data is not available on a company or such data is deemed to be unreliable/inaccurate by the ESG or company analysts, the Investment Manager may rely on its knowledge of the company and internal research (including, for example, information received through company engagement, company news, cooperation with external experts) to draw a reasonable conclusion concerning the ESG characteristics and controversies of an investee company. This internal assessment may therefore differ from assessments made by third parties.

Due Diligence

An oversight function is provided by the Compliance, Internal Control and Risk Departments as well as the Risk Committees. Responsible investment processes are included as part of the Internal Control plans and constraints linked to our responsible investment policies (e.g. exclusions) are monitored by the Risk Department. Responsible investment processes are included within the Investment Manager’s internal audit programs.

Engagement

Engagement is a key element of the Investment Manager’s active ownership approach. The Investment Manager may engage with companies on specific ESG issues or to encourage companies to improve their general ESG-related practices or disclosures.

The Investment Manager believes that active engagement can result in tangible improvements to a company’s operations and earnings sustainability. The investment team engages with companies in a constructive and purposeful dialogue throughout the research and monitoring process.

B. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment. It will however invest 10% of its assets in sustainable investments which contribute to environmental and/or social objectives.

To qualify as a sustainable investment, an investee company must contribute to one or more of the following environmental and/or social objectives, must not significantly harm any of those objectives and must operate good governance practices:

Environmental objectives include (i) climate change mitigation; (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control; and (vi) the protection and restoration of biodiversity and ecosystems.

Social objectives include (i) the provision of decent working conditions (including for value chain workers) (ii) the promotion of adequate living standards and wellbeing for end users; and (iii) inclusive and sustainable communities and societies.

The Investment Manager will use proprietary analysis and rely on internal and external sources to identify companies which contribute to one or more of these environmental and/or social objectives.

An investee company is classified as a sustainable investment if the Investment Manager considers it fulfils one of the criteria listed below:

For the social objectives:

- at least 25% of the investee company's revenue is generated from business activities which contribute to one or more of the United Nations' Sustainable Development Goals (SDGs number 2, 3, 4, 6, 7, 8, 9, 11 and 12)[1];

  The SDGs can be linked to the social objectives defined above as follows:

The three social objectives are		**Related SDGs**
1.	Providing decent work (including value chain workers)	8
2.	Adequate living standards and wellbeing for end users	1, 2, 3, 6, 7, 12
3.	Inclusive and sustainable communities and societies	4, 9, 11

For the environmental objectives:

- at least 5% of the investee company's revenue is reported to be from Taxonomy-aligned activities ('Taxonomy-aligned Revenue') or is estimated, using the Taxonomy's substantial

[1] SDG 2 – Zero Hunger, SDG 3 – Good Health and Well-being, SDG 4 – Quality Education, SDG 6 – Clean Water and Sanitation, SDG 7 – Affordable and Clean Energy, SDG 8 – Decent Work and Economic Growth, SDG 9 – Industry, Innovation and Infrastructure, SDG 11 – Sustainable Cities and Communities, SDG 12 – Responsible Consumption and Production and SDG 16 – Peace Justice and Strong Institutions.

contribution criteria, to be from activities which substantially contribute to an environmental objective under the Taxonomy ('Substantial Contribution Revenue'); or

- at least 10% of the investee company's CapEx is reported to be in Taxonomy-aligned activities or is estimated, using the Taxonomy's substantial contribution criteria, to be in activities which substantially contribute to an environmental objective under the Taxonomy ('Substantial Contribution CapEx'); or
- the percentage of Taxonomy-aligned CapEx divided by the percentage of Taxonomy-aligned Revenue, or Substantial Contribution CapEx divided by the percentage of Substantial Contribution Revenue, is greater than 1; or
- the investee company has its near-term climate targets approved by the Science Based Targets initiative (SBTi).

Do No Significant Harm Assessment

An assessment is performed to ensure that investments identified as contributing to one or more of the above environmental and/or social objectives do not significantly harm any of those objectives.

To ensure the Fund's sustainable investments do not cause significant harm to any environmental or social objectives, the Investment Manager assesses and monitors the 14 mandatory principal adverse impact indicators ("PAIs") and relevant optional indicators referenced in the Annex 1 of the SFDR Delegated Regulation (EU 2022/1288). The Investment Manager uses external data where available and may also rely on a qualitative assessment using information directly from the company or its own research and knowledge of potential significant impacts of the relevant industry or sector. The Investment Manager regularly updates information on the indicators to monitor for any changes to its initial assessment.

The DNSH assessment performed by the Investment Manager will focus on those PAIs which are material, depending on the sector in which the investee company operates. For investee companies that operate in sectors that have a limited impact on one or several PAI indicators, there will be no need for a detailed assessment against those indicators. In such case a brief conclusion is provided, to explain that there is no significant harm against those indicators given the sector the company operates in.

For PAIs that are material to the sector the investee company operates in, a detailed assessment is performed to determine if the company does significant harm. This assessment includes quantitative metrics (thresholds that apply to certain PAIs) and qualitative metrics (assessment of the existence of policies/procedures and measures taken by the relevant company to ensure avoidance of significant harm).

In the absence of specific data on the relevant PAI, other factors can be used to assess significant harm (e.g. in the absence of data on hazardous waste, the Investment Manager will assess if a company operates in a biodiversity sensitive area and if it is linked to a controversy).

Where an investee company is assessed as having a significant adverse impact, it will not be considered a sustainable investment.

The Investment Manager also assesses companies' alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights ('Guidelines and Principles') through regular monitoring which looks for any reported violations of global norms (this assessment is covered by PAI 10) and whether the investee companies have put in place processes and compliance mechanisms to help meet the Guidelines and Principles (this assessment is covered by PAI 11).

Where an investee company does not align with these Guidelines and Principles it will not be considered a sustainable investment.

Overall company controversies and violations of international norms are also reviewed and monitored before classifying an investee company as a sustainable investment.

C. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes environmental or social characteristics by targeting companies with positive overall ESG quality, being companies which:

(i) have an ESG score in the top 80% of scores assigned to companies reviewed by the Investment Manager using its proprietary ESG scoring tool; and

(ii) are not engaged in activities which the Investment Manager considers as having material adverse impacts on the environment, people or society.

The Investment Manager applies exclusion lists to the Fund to achieve the above characteristics.
A benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

Sustainability Indicators

The Fund uses the following sustainability indicators to measure attainment of the environmental and social characteristics:

(i) at least 90% of the Fund's investee companies have an ESG score in the top 80% of companies rated by the Investment Manager;

(ii) none of the Fund's investments are engaged in excluded activities; and

(iii) at least 10% of assets qualify, in the opinion of the Investment Manager, as sustainable investments.

D. INVESTMENT STRATEGY

The Investment Manager incorporates ESG considerations in the selection of investments by applying exclusion lists on a pre-investment and ongoing basis.

The Fund applies an exclusion policy to exclude investment in companies with negative social and environmental characteristics and invests in companies that have an ESG score in the top 80% of scores assigned to companies reviewed by the Investment Manager using its proprietary ESG scoring tool.

To assist in selecting companies with positive ESG characteristics, the Investment Manager performs an ESG review of the market to identify and exclude companies with the poorest ESG credentials from the Fund's investable market. The ESG review will apply to at least 90% of the Fund’s investee companies.

For the purposes of the ESG review, the market is defined as the constituents of the Performance Comparator index for the Fund, with the addition of companies not listed in the relevant index and which the Investment Manager has identified as potentially eligible for investment by the Fund.

The Investment Manager scores the companies with a proprietary tool using external E, S and G ratings which are adjusted based on sector and sub-industry and aggregated to calculate an internal ESG score for companies in the investable market. Where no external ratings are available, the company is either assessed internally or, where an internal assessment is not available, is not included in the review or, by consequence, in the investable market. The bottom 20% of companies are no longer eligible for investment by the Fund.

In addition, the Fund applies an exclusion policy to exclude investment in: (i) companies with negative social characteristics including companies (a) involved in anti-personnel mines, cluster bombs, biological/chemical weapons, depleted uranium, nuclear weapons or tailor-made components of nuclear weapons, incendiary weapons, non-detectable fragments and blinding lasers (>0% of revenue), (b) producing and/or distributing conventional weapons (>10% of revenue), (c) directly manufacturing tobacco products (>0% of revenue), (d) distributing tobacco products and/or manufacturing and supplying key products necessary for the production of tobacco products (>5% of revenue), and (e) with severe violations of international standards, including the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the ILO Standards and the UN Guiding Principles, without prospect for improvement; and (ii) companies with negative environmental characteristics including operators of thermal coal mines (>0% of revenue) and electricity producers with an energy mix exposed to coal exceeding defined relative or absolute thresholds (production or revenue based on coal equal to or exceeding 10% or electricity producers with installed capacity based on coal equal to or exceeding 5 GW), without a coal exit strategy.

Following the initial investment, the environmental or social characteristics continue to be monitored by the Investment Manager in order to update the initial ESG assessment, identify alerts and controversies and to carry out engagement with the company on ESG areas identified for improvement.

Good governance policy
To assess whether investee companies follow good governance practices, the Investment Manager looks at different governance indicators (e.g., ownership profile, board structure, board independence, executive remuneration, board diversity, ESG-related controversies – notably related to labour rights, human rights, staff remuneration, employee relations, tax compliance, etc.). The assessment uses data and ratings from external sources as well as internal research on the companies' governance practices in the context of local norms.

Further information on Comgest's Good Governance Policy may be found in the Investment Manager's Responsible Investment Policy available in the ESG section of the Comgest website www.comgest.com.

E. PROPORTION OF INVESTMENTS

Minimum 66% of the assets of the financial product are used to meet the environmental and social characteristics promoted. This includes minimum 10% of sustainable investments that may be socially or environmentally sustainable investments.

The Fund is primarily invested in direct holdings of listed equities. Minimum 90% of the investments in listed equities are aligned with the environmental and/or social characteristics.

Up to 33% of assets may not be aligned with the environmental or social characteristics. The Fund may hold cash and cash equivalents or money market instruments for the purpose of meeting short-term cash commitments. The Fund may also invest in companies or other funds, including for diversification purposes, where the Investment Manager has not classified the investment as promoting E/S characteristics. However, the Investment Manager ensures that all companies it invests in (including those not considered as promoting E/S characteristics) are not exposed to severe violations of the UN Global Compact without prospect for improvement.

The Investment Manager does not currently commit to a minimum proportion of investments of the Fund that are Taxonomy aligned.

F. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The E/S characteristics and the sustainability indicators are monitored on a regular basis as part of the investment process.

Following the initial investment, the E/S characteristics continue to be monitored by the investment teams in order to update the initial ESG assessment, identify alerts and controversies and to carry out engagement with the company on ESG areas identified for improvement.

Adherence to the exclusion policies and ESG Review is monitored through pre- and post-trade controls and exclusion lists are updated quarterly. Sustainability indicators are reviewed by the ESG team annually in order to assess the Fund's performance in relation to the indicators.

G. METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Please see the section "Investment Strategy" above for a description of the methodologies used by the Investment Manager to attain the E/S characteristics promoted by the Fund.

H. DATA SOURCES AND PROCESSING

In assessing ESG characteristics and controversies, in addition to its internal research, the Investment Manager relies on company disclosures, on external information provided by specialised ESG research providers (e.g. MSCI ESG Research, RepRisk, ISS and Sustainalytics) and engagement with companies. Comgest may also draw on other sources such as brokers and the generalist and specialist media.

External providers are selected for the quality of their information and their geographical coverage. The ESG team meets regularly with Comgest's service providers to give them feedback on their services, with clear indications of where they have met Comgest's expectations and what needs to be improved.

I. LIMITATIONS TO METHODOLOGIES AND DATA

The Investment Manager may face challenges with regards to availability of data, data quality and coverage especially in emerging markets and for small/mid-capitalisation companies. Where data is not available on a company or such data is deemed to be unreliable/inaccurate by the ESG or company analysts, the Investment Manager may rely on its knowledge of the company and internal research (including, for example, information received through company engagement, company news, cooperation with external experts), on its research and knowledge of the relevant industry or sector to draw a reasonable conclusion concerning the ESG characteristics of an investee company. In the absence of data it may also rely on controversies and violations of international norms such as the UN Global Compact, the OECD Guidelines and the UN Guiding Principles on Business and Human Rights.

J. DUE DILIGENCE

The Investment Manager assesses the E/S characteristics at the pre-investment stage and on an ongoing basis as follows:

Initial assessment

ESG factors are incorporated into the investment decision-making process with the objective of improving the long-term financial outcome of the Sub-Fund, consistent with its objectives. This approach looks to assess the ESG factors that may present opportunities as well as identify sustainability risks which could have a negative impact on returns.

When adding a company to a portfolio, the results of the ESG integration and sustainability risk assessments are used in determining the weight of a holding in the following manner:

Valuation: The assessment results in the assignment of an ESG Quality Level 1-4 (1-ESG leader; 2-good quality; 3–basic quality; 4-improvement expected) which may impact the valuation model. For companies with a Quality Level 3 or 4, the discount rate in the valuation model is increased.

Portfolio construction: The ESG assessment can also impact the weight of an investment within a Fund as it assists the Investment Manager in assessing the overall quality of a company (such as management, positioning as against competitors and resilience) and potential growth opportunities related to sustainability themes (such as access to healthcare, health and wellness and renewable energy). These components, together with the valuation, influence the Investment Manager's level of conviction regarding a company during portfolio construction.

Finally, the above process may also identify companies with which the Investment Manager may wish to engage with through voting at annual general meetings and dialogue with on specific ESG issues, this with a view to seeking, for example, an improvement of ESG disclosure or risk mitigation.

Ongoing assessment

Investee companies are then monitored on an ongoing basis from an ESG perspective. The purpose is to identify ESG events (for example, controversies, change in corporate structure, change of board / management) which could affect companies' ESG Quality Level, valuation and/or reputation. This monitoring is conducted using third party tools that provide real time updates on changes in governance and new controversies. The ESG Team provides an update to the relevant investment teams on alerts they have received. Where material events occur, the ESG assessment would be revised accordingly, and the investment case could be re-assessed.

Internal and external controls

The Investment Manager has implemented an industry-standard internal control framework for managing and monitoring organisational performance, using three levels of controls to manage risk and assign responsibility of key controls to the appropriate officeholders.

The investment team is the **first line of defence** in terms of respecting risk limits.

As part of the **second line of defence**, an oversight function is provided by the Compliance department, the Risk department, the Internal Control team and the Risk Committee.

The Compliance and Internal Control team is responsible for ensuring Comgest conducts its business in compliance with applicable laws, industry best practice and internal policies and procedures. In addition, the Internal Control team has integrated responsible investment into their Compliance and Internal Control Plan and carries out specific controls related to ESG integration, engagement, reporting and voting rights.

Investment constraints linked to our responsible investment policies (e.g., exclusions) are monitored by the Risk department. Risk oversight of our portfolios is organised around daily pre- and post-trade controls as well as monthly and quarterly controls.

Daily pre-trade controls are designed to prevent the occurrence of breaches and are performed using our internal portfolio management system. If an alert detects that a trade will cause a breach, the order is blocked and Risk management informed. Post-trade controls are also performed to identify breaches. Each breach is reviewed and assessed by the Risk department. The Risk department also performs a quarterly review of the constraints applicable to Article 8 products. The objective of that review is to determine that all our Article 8 portfolio holdings continue to comply with specific SFDR requirements.

As part of the **third line of defence**, responsible investment processes are included within the three-year internal audit plan.

K. ENGAGEMENT POLICIES

Engagement is a key element of the Investment Manager's active ownership approach. The Investment Manager may engage with companies on specific ESG issues or to encourage companies to improve their general ESG-related practices or disclosures.

The Investment Manager believes that active engagement can result in tangible improvements to a company's operations and earnings sustainability. The investment team engages with companies in a constructive and purposeful dialogue throughout the research and monitoring process.

The Investment team engages with companies where it has identified material ESG risks that can be mitigated and/or ESG opportunities that can be developed. The Investment team targets its engagement activity on:

- Material sustainability risk exposure that it has identified as part of the Investment Manager's proprietary ESG Assessment, and where it believes the company should and could progress.
- Building a company's awareness of mounting investors' concerns – repeatedly raising issues can change practices over the long-term.

The engagement process includes provisions for escalation where an issue is sufficiently material and when the Investment Manager is unable to make progress. As a first step of escalation, the Investment team would typically raise its concerns to the Board, including Independent Board Members. At this stage, the Investment team may also consider a collaboration with other investors which can be a more efficient form to achieve desired outcomes from escalation activities. Where these engagements do not progress in the direction that the Investment Manager believes is in the best interests of its clients and funds under management, other options are considered, including, but not limited to:

- Voting against resolutions at shareholder meetings.
- Filing a shareholders' resolution.
- Selling some or all of the investment, where we see no prospect of the company enacting change and if our concern is material in nature.
- More rarely, inform regulators or the press of the Investment Manager's stance.

More information can be found in the Investment Manager's Active Ownership Policy available in the ESG section of the Comgest website www.comgest.com.

Last updated on: 4 June 2024

Initial version published on March 10th, 2021 with further update on 29 November 2022