

Socially Responsible Investment Guidelines

Carmignac Emergents

Sustainability is inherent to our investment process

Our commitment to investors

Generating attractive returns with a low turnover...

By selecting the right

- ▶ **Countries** with healthy macro-economic fundamentals and sound balance of payments
- ▶ **Underpenetrated sectors** that stand to benefit from long-term growth themes
- ▶ **Capital-light companies** offering attractive and sustainable cash generation capable of self-financing their growth

... while contributing to sustainable development

- ▶ **Systematic integration of ESG issues into our decision making process and company analysis**
- ▶ **Implementation of an exclusion list, and identification of controversial sectors based on the EM team's own convictions, that may vary from third party ESG research providers**

Underpenetration goes hand in hand with sustainability



ESG research is embedded into our decision making process and financial analysis



Step 1 – Idea Generation

All companies eligible to our investment universe must meet both our country, sector and company criteria as well as our **ESG standards guidelines and exclusion policy**.



Step 2 – ESG analysis

The team carries out a detailed ESG evaluation. Companies are screened for controversies using the **MSCI ESG Business Involvement Screener** and stock selection is made through a **long-term, sustainable approach**, which includes a consultation of independent ESG reports and ratings.



Step 3 – Company visits

We complete our analysis with very **regular on site visits, one on one meetings** with company management in order to understand the companies' strategy as well as their long term engagements

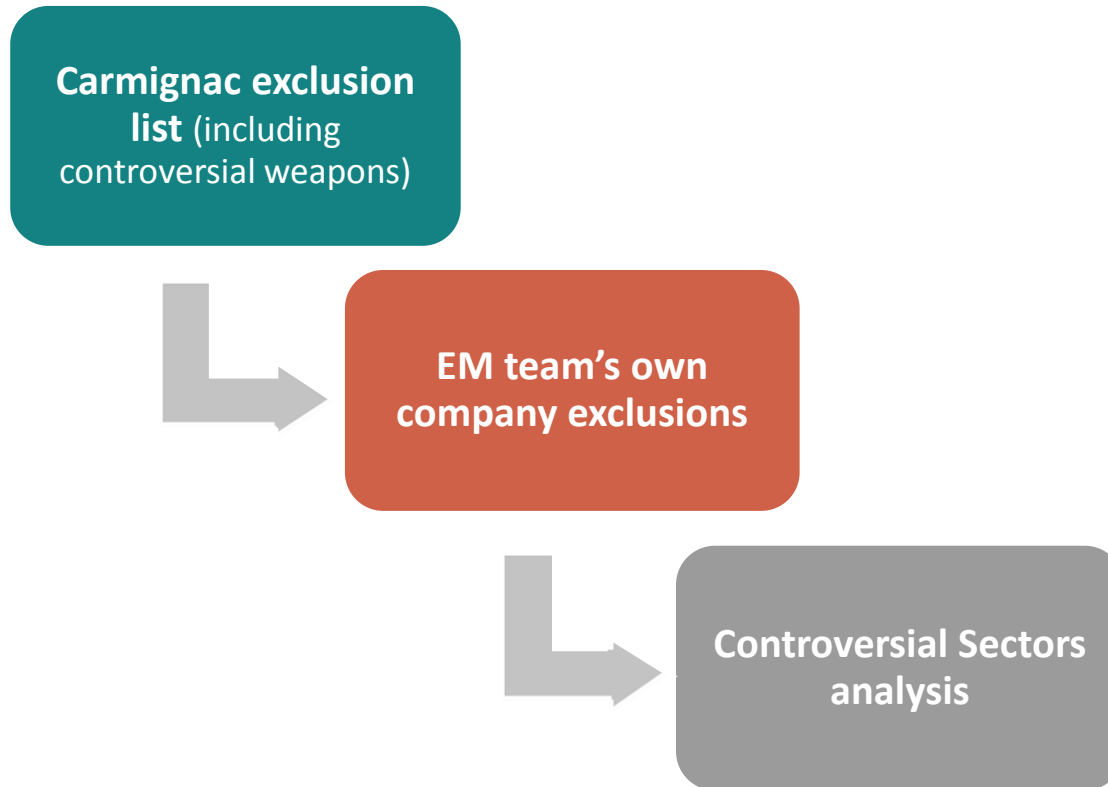


Step 4 – Monitoring

Consideration of ESG issues does not end when the investment decision is made. The whole EM team discusses **on an on-going basis** the investment case of companies they invest in, including a **review of different sustainability aspects**.

Exclusion policy

On top of the company's exclusion list, the EM team has extended its exclusion list taking into account the team's specific convictions



The Emerging Market team's extended exclusion list

We do not invest in:



Tobacco companies that derive any turnover from the production of tobacco products



Companies that have more than 5% of their revenues derived from the extraction of **thermal coal**



Oil sands companies that derive more than 1% of total production from oil sands



Adult entertainment companies that derive any turnover from the production of pornographic materials



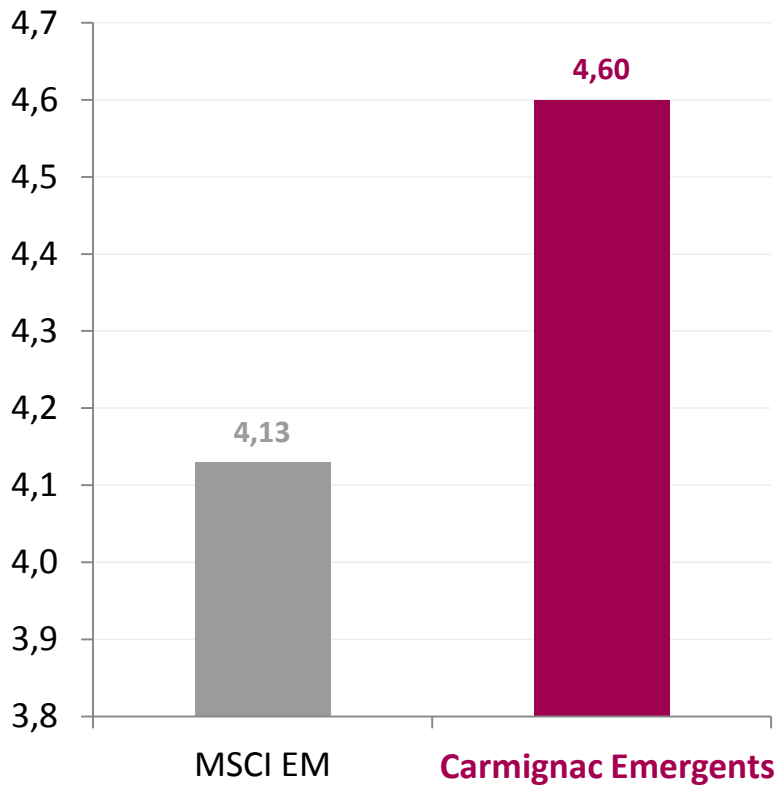
Meat processing companies that derive any turnover from the production of cattle, pork, lamb or poultry



Companies in the PETA (People for Ethical Treatment of Animals) exclusion list

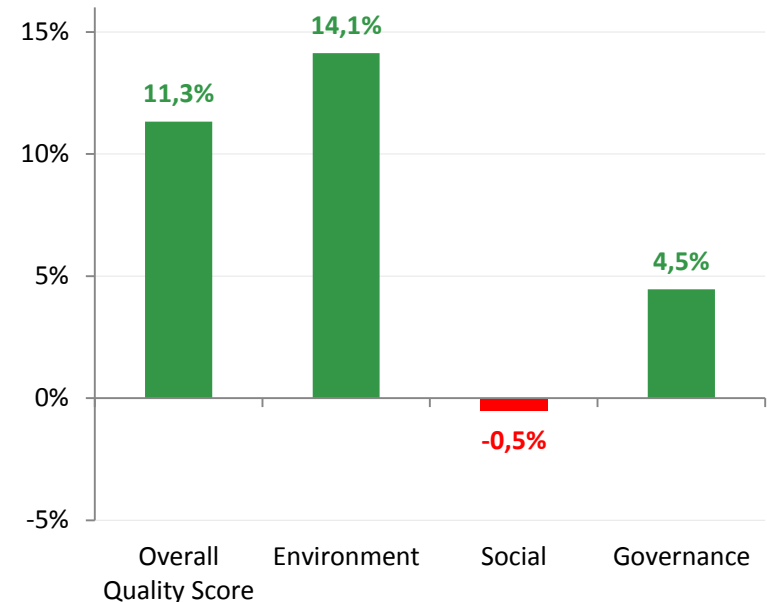
Carmignac Emergents offers an attractive ESG rating

Overall ESG score* for 2016 - Carmignac Emergents vs its reference indicator



- ▶ Due to its rigorous investment process, Carmignac Emergents has a **higher** MSCI ESG rating than its reference indicator, the MSCI EM Index ...

Score comparison per criteria - Carmignac Emergents vs its reference indicator



*All scores are on a 0-10 scale, with 10 being the best. If ESG coverage is less than 100% holdings are adjusted to 100% for report calculations.
Source: MSCI Portfolio Analytics, December 2016

Carmignac Emergents: A Socially Conscious Fund

A strong recognition of our ESG strengths by Morningstar

Morningstar Sustainability Globes



Morningstar Sustainability Rating™

Out of 457 Global Emerging Market Equity funds as of 30/09/2017.
Based on 78% of AUM.

Carmignac Emergents has **an above average** sustainability rating

'Socially Conscious' Tag



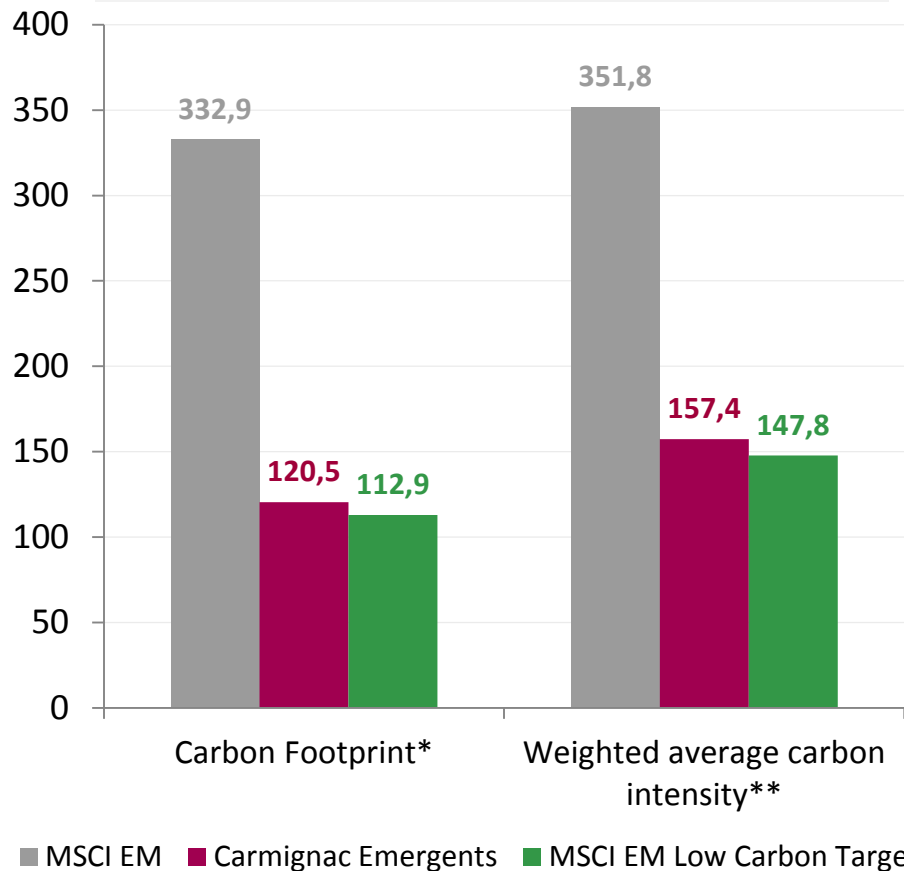
Carmignac Emergents is identified as a **socially conscious Fund** by Morningstar

Morningstar Sustainability Globes rating is a way to evaluate how well the companies in a fund's portfolio are managing the environmental, social, and governance — or ESG — investing factors relevant to their industries.

Sustainability Score as of 31/03/2017. Sustainability Rating as of 30/09/2017.
Sustainalytics provides company-level analysis used in the calculation of Morningstar's Sustainability Score. © Morningstar 2017. All rights reserved. The information contained herein:
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Carmignac Emergents: A Low Carbon Portfolio

Carmignac Emergents Carbon Footprint As of 31/12/2016



Carbon emission investment strategy and reporting

Carmignac Emergents has implemented a **specific carbon risk policy** to its investment approach:

- ▶ Restricting exposure to companies owning fossil fuel reserves
- ▶ Selecting companies that have superior carbon risk management compared to their industry peers
- ▶ Investing in companies that offer clean technology solutions

*Tons CO₂e per million dollars invested

**Tons CO₂e / \$M sales : measurement of carbon emission per dollar of sales generated by companies in the portfolio

Source: MSCI Carbon Portfolio Analytics, Carmignac, 14/03/2017

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