

Emerging Markets Equity Team

Emerging Markets Leaders ESG Report

As long term investors in emerging markets, we look for companies and countries that can sustain balanced growth in this turbulent world—and we believe environmental, social, and governance (ESG) factors are integral to that search.

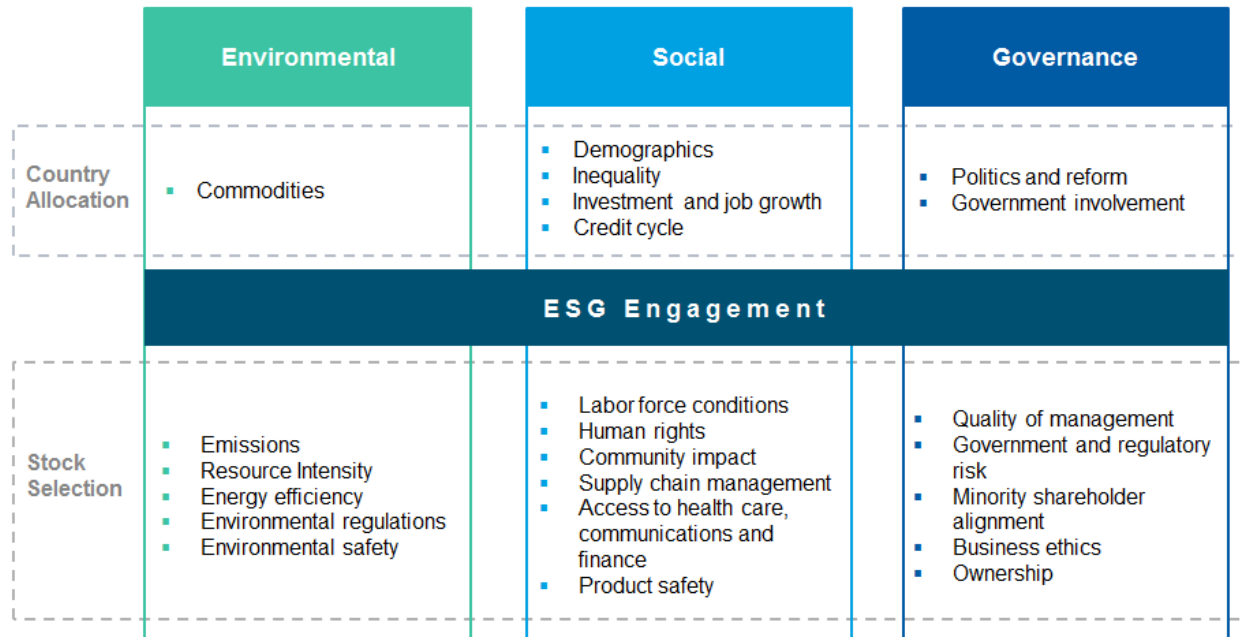
ESG Integration Process

As fundamental investors we seek out areas of growth and opportunity which we believe will last for the next 3 to 5 years and sustainable, well-run businesses which can capitalize on these trends. Our research process considers environmental, social and governance issues that confront policy-makers and company management, because they matter for sustainable growth. Information we gather about the environmental, social and governance issues faced by both country policymakers and company management teams helps us build a more complete picture of these investment opportunities and the potential risks involved. ESG is integrated throughout our investment process at both the company engagement level as well as in our top-down country analysis.

From a bottom-up perspective, we take an integrated approach to ESG, focusing on engaging company management on key issues. We engage companies in one-on-one meetings with management, asking them about their corporate governance practices and what we deem to be materially important environmental and/or social issues facing their company or industry. We also support good corporate governance through proxy voting and will vote against board recommendations we do not perceive to be in the best interests of shareholders.

In our top-down country analysis, ESG factors are deeply embedded in Our Rules of the Road framework for identifying economies with a promising growth trajectory. The rules assist in measuring balance across the cycles—from politics to credit, investment and market sentiment—that shape economic growth. ESG factors can and do play an important role in tipping these balances.

Our Top Down and Bottom Up Approach to ESG Integration



This represents how the portfolio management team generally implements its investment process under normal market conditions.

Key Issues by Sector and Industry

CONSUMER

Beverages	Product safety & quality
Consumer Durables & Apparel	Labor management
Consumer Services	Product safety & quality
Food & Staples Retailing	Product safety & quality
Food Products	Product safety & quality
Household & Personal Products	Product safety & quality
Media & Broadcasting	Labor management
Retail & Department Stores	Labor management

FINANCIALS

Banks	Privacy, data security & access to financial products
Diversified Financials	Access to financial products
Insurance	Access to financial products

HEALTH CARE

Pharmaceuticals	Product safety, quality & access
Providers & Services	Product safety, quality & access

INDUSTRIALS & INFORMATION TECHNOLOGY

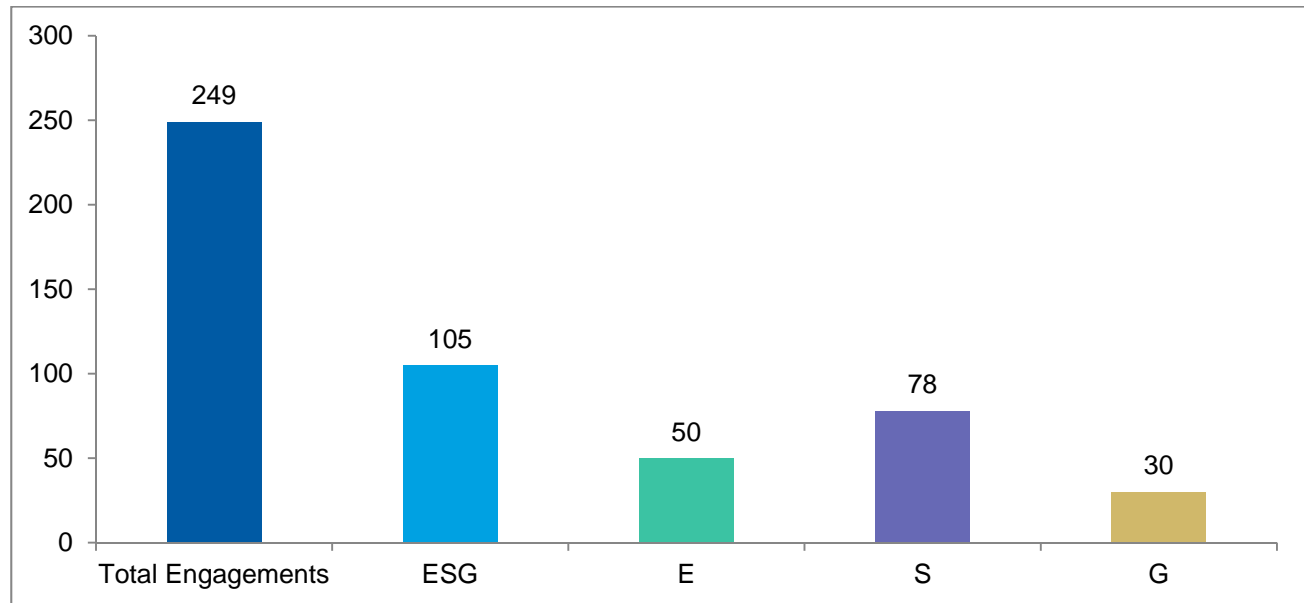
Capital Goods	Health and safety
Commercial & Professional Services	Product safety & quality
Internet Software & Services	Privacy & data security

This represents how the portfolio management team generally implements its investment process under normal market conditions.

Engagement Statistics (January 1, 2017 – December 31, 2017)

Of the total 592 meetings documented during this time period, the Emerging Markets Equity team engaged with companies on ESG issues in 249 meetings. This represents 42% of the total.

Engagement Breakdown (January 1, 2017 – December 31, 2017)*



*There were 249 engagements. In 14 of those meetings, both E and S issues were discussed as key issues the company faced.

Proxy Voting

During the time period September 30, 2016 – September 30, 2017 we voted against management on 29 agenda items, representing 5% of the total 560 agenda items, in our Emerging Markets Leaders portfolio.

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