HEALTH
EQUALITY
FOCUS ON **CLIMATE**
EDUCATION
ENERGY
ETHICS

SUSTAINABILITY REPORT 2021

ABOUT **THIS REPORT**

Welcome to the Ashmore Group 2021 Sustainability Report.

The aim of this report is to provide a comprehensive overview of Ashmore's approach to sustainability across Ashmore's business activities. The report is intended for all Ashmore stakeholders but will be of particular interest to clients.

This report should be read in conjunction with Ashmore's Annual Report which is available on the Ashmore Group website at www.ashmoregroup.com

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FOREWORD

From Ashmore Group plc CEO, Mark Coombs

As an Emerging Markets focused investment manager, Ashmore's success is inextricably linked with the achievement of sustainability goals in the markets in which it operates and invests.

The last year has seen an acceleration in our work across the different pillars that encompass sustainability. For example, Ashmore recognises the effects of climate change and accepts that it is likely to be felt more immediately by developing countries.

To address the clear challenges posed by climate change, and support the ambitions envisaged by the Paris Agreement, a responsible investor should help developing economies transition over the longer term to more sustainable, and ultimately carbon-neutral activities through ongoing and supportive investment, and we at Ashmore look forward to contributing to this objective.

Our investment management professionals have continued our integration of ESG factors within the investment process with the scoring of sovereign and corporate issuers extended across all offices and investment themes. We have further strengthened our stewardship processes and I am pleased to report an increase in engagement activities this year compared with the prior 12 month period. The Group also updated its exclusion policy and we have further codified the firmwide exclusion of issuers involved in pornography.

At the corporate level, Ashmore has continued its implementation of the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations, including carbon intensity metrics for public equities and corporate debt portfolios. Notwithstanding our progress, TCFD remains an important and significant focus for the firm. For example, in relation to Net Zero, Ashmore joined the Net Zero Asset Managers Initiative ('NZAMI') and recognises the challenges faced by emerging economies and the Social and other Environmental trade-offs which can have a greater effect on emerging economies compared to developed economies. Ashmore has also established a carbon offsetting initiative in collaboration via The Ashmore Foundation and in June 2021 the Board approved an annual charitable contribution equivalent to 0.5% of the Group’s profit before tax excluding unrealised seed capital gains. This means that in respect of FY2020/21, the Group will make a payment of approximately £1.0 million to The Ashmore Foundation for use in the carbon offsetting programme as well as other charitable activities.

In addition, Ashmore is proud to be a signatory to the United Nations Global Compact (UNGC) and I am again pleased to confirm that Ashmore reaffirms its commitment to the 10 principles of the UNGC in the areas of human rights, labour, the environment and anti-corruption. Our communication of progress is outlined in this report.

Ashmore's societal sustainability has continued through The Ashmore Foundation with grants to organisations in Emerging Markets where Ashmore operates, as well as Covid-19 related grants to a number of organisations.

More generally, Ashmore is proud of its progress on sustainability initiatives during the year and we remain committed to advancing our sustainability efforts.

Mark Coombs
Chief Executive Officer

September 2021

ABOUT ASHMORE GROUP

Ashmore's business

As a specialist Emerging Markets manager, Ashmore has been dedicated to Emerging Markets investing for more than 25 years. During this time, it has established a diversified range of eight headline investment themes with focused strategies under each theme.

External debt

Invests in debt instruments issued by sovereigns and quasi-sovereigns and denominated in foreign currencies.

Local currency

Invests in local currencies and local currency-denominated instruments issued by sovereigns, quasi-sovereigns and companies.

Corporate debt

Invests in debt instruments issued by public and private sector companies.

Blended debt

Asset allocation across the external debt, local currency and corporate debt investment themes, measured against tailor-made blended indices.

Equities

Invests in equity and equity-related instruments including global, regional, country, small cap and frontier opportunities.

Alternatives

Invests in private equity, healthcare, infrastructure, special situations, distressed debt and real estate opportunities.

Multi-asset

Asset allocation across the full debt and equity investment universe.

Overlay/liquidity

Manages liquidity and/or currency risk of an underlying asset class.

The Group's products are available in a wide range of fund structures covering the full liquidity spectrum from daily-dealing pooled funds through to multi-year locked up structures. Ashmore provides investors with access to new investment strategies as Emerging Markets continue to evolve.

Ashmore's eight headline investment themes capture the broad range of investable and scalable investment opportunities available across the diverse Emerging Markets universe.

Three factors will drive longer-term growth in the Group's assets under management:

1. The Emerging Markets will continue to develop and evolve, with broader, deeper and more accessible capital markets contributing to the range and scale of investment opportunities;
2. Investor allocations to Emerging Markets will increase from very underweight levels currently;
3. Ashmore will continue to innovate in order to provide access to new investment strategies.

AuM classified by mandate 2021 (%)

External debt	19
Local currency	21
Corporate debt	12
Blended debt	25
Equities	8
Alternatives	1
Multi-asset	1
Overlay/liquidity	13

AuM as invested 2021 (%)

External debt	32
Local currency	26
Corporate debt	19
Equities	8
Alternatives	1
Overlay/liquidity	14

AuM by investor type 2021 (%)

Central banks	11
Sovereign wealth funds	21
Governments	7
Pension plans	26
Corporates/financial institutions	22
Funds/sub-advisers	4
Intermediary retail	8
Foundations/endowments	1

AuM by investor geography 2021 (%)

Americas	20
Europe ex UK	28
UK	7
Middle East and Africa	17
Asia Pacific	28

SUSTAINABILITY **CRITICAL TO SUCCESS**

As an Emerging Markets focused investment manager, Ashmore's success has always been dependent on understanding sustainability in the markets in which it operates and invests.

Ashmore recognises the role it plays in the deployment of its clients' capital and the impact this can have on sustainability of the environment and broader society. As such, the Group has integrated sustainability and the understanding and consideration of environmental, social and governance (ESG) factors across its operations.

Ashmore recognises the role it plays in the deployment of its clients' capital and the impact this can have on sustainability of the environment and broader society. As such, the Group has integrated sustainability and the understanding and consideration of environmental, social and governance (ESG) factors across its operations, with oversight by the Head of Sustainability and ESG Integration and Board accountability ensured through the Group's specialised ESG Committee which has overall responsibility for Ashmore's sustainability and responsible investing framework across its operational and investment activities.

Ashmore's responsibility to ensuring sustainability extends to all its stakeholders and includes managing its operations in ways that effectively ensure the health and wellbeing of its employees and its distinctive culture means that Ashmore ensures that its employees work in a constructive environment, enabling personal and professional development.

Understanding and achieving sustainability can take many forms, but in the context of the United Nations' Sustainable Development Goals (SDGs) described below, arguably the greatest impact and change can be achieved in the Emerging Markets. Two areas are particularly relevant to emerging countries:

- Environmental challenges, and specifically the effects of climate change, can be acutely felt by companies and communities in which Ashmore operates and invests. Ashmore's investment processes consider environmental factors in portfolio construction, and the Group is a supporter of global and industry-specific initiatives such as the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and alignment with the Paris Agreement, including net zero initiatives. Ashmore has joined the NZAMI and recognises the challenges faced by emerging economies and the social and other environmental trade-offs which can have a greater effect on emerging economies compared with developed economies.
- Inequality and wealth disparity can present significant challenges, and the social investments made by The Ashmore Foundation[1] empower communities at the extreme end of these disparities.

Ashmore's broad and encompassing approach to sustainability is centred on three pillars, shown below, covering the breadth of its corporate operations, investment activities, and the social impact investing by The Ashmore Foundation.[1] These pillars are not mutually exclusive and they provide a framework to enable Ashmore to define and pursue its sustainability objectives. This report describes in more detail some of the factors relevant to each pillar.

Ashmore's commitment to ensuring sustainability in its activities extends to support for and membership of global and industry-specific initiatives, such as the UN Principles for Responsible Investment, the UN Global Compact, the TCFD recommendations, Climate Action 100+ and NZAMI. Ashmore will continue to develop its approach to sustainability in line with regulatory requirements and in so doing contribute to the evolution of industry practice.

1 The Ashmore Foundation is a company limited by guarantee, registered in England (6444943) and is a registered charity in England and Wales (1122351). The Ashmore Foundation is a separate and distinct legal entity from Ashmore Group plc.

Sustainability governs our approach to investments, communities and the environment

Corporate	Investment	Societal
Incorporating transparency, fairness, accountability and integrity into operations	**Enabling clients to deploy capital in line with responsible investing considerations**	**Social and impact-first investing locally in Emerging Markets communities**

• Affiliations and membership
  ◦ UNPRI (2013)
  ◦ UN Global Compact (2019)
• Policies and processes disclosed
  ◦ ESG
  ◦ Proxy voting
  ◦ Engagement
  ◦ Climate change position paper
• Environmental impact/climate change
  ◦ Carbon offsetting initiative
  ◦ Recycling and waste management
  ◦ Continued energy efficiencies
  ◦ TCFD recommendations
  ◦ Managing climate-related risks
• Constituent of FTSE4Good Index Series
• Equal opportunities and diversity
• Employee wellbeing and health and safety
• Corporate governance
	• ESG factor analysis
	  ◦ Assessment criteria and scoring process
	  ◦ ESG training for investment teams
	  ◦ External research/third-party data
	• ESG within the investment process
	  ◦ Integrated approach
	  ◦ Consistency across investment themes
	• Stewardship/collaborations
	  ◦ Proxy voting and engagement
	  ◦ Climate Action 100+
	• Climate change
	  ◦ Net Zero Asset Managers Initiative (2021)
	  ◦ TCFD recommendations
	  ◦ Managing climate-related risks
	• Firmwide negative screening/exclusions
	  ◦ Controversial weapons
	  ◦ Pornography
	• Additional ESG funds specific screens: fossil fuels; tobacco, defence; gambling
	• ESG governance
		• Adherence to UK Modern Slavery Act
		• Alignment/contribution to UN (SDGs)
		• Local social initiatives
		  ◦ London Crisis at Christmas
		• Employee volunteering
		  ◦ One paid volunteering day
		• The Ashmore Foundation
		  ◦ Emerging Markets philanthropy
		  ◦ Impact-first investing – concessionary loans
		  ◦ Impact investments

The Group's ESG Committee has continued to develop and refine its approach in relation to sustainability and responsible investing and over the past year, Ashmore has made significant progress on a number of key initiatives at the operational and investment levels.

FINANCIAL YEAR 2020/21 HIGHLIGHTS

Below are notable achievements over the past year in relation to sustainability and responsible investing:

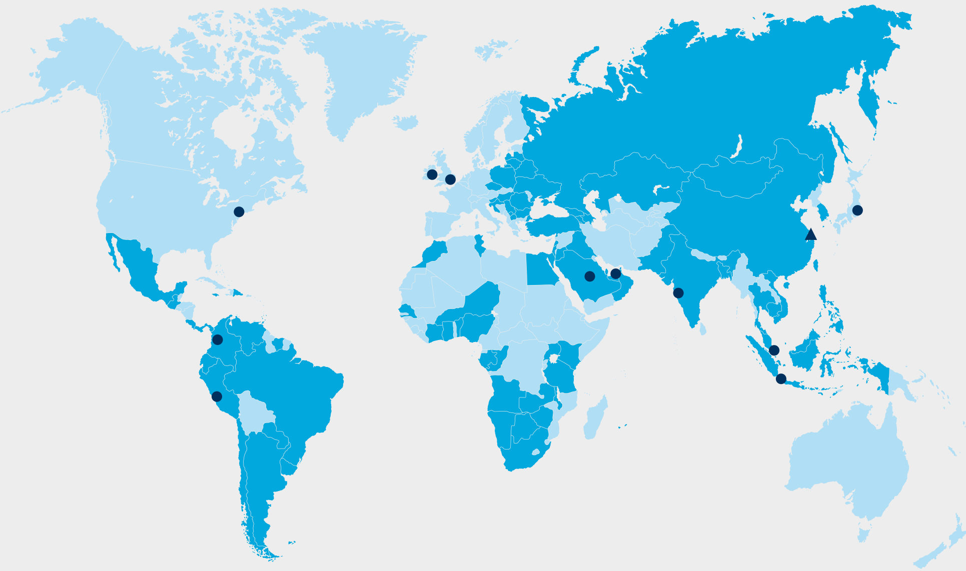
- Launched two dedicated ESG strategies in external debt and corporate debt, to sit alongside the existing equity and blended debt strategies. Ashmore Indonesia also launched an equity ESG segregated mandate
- Ashmore expanded its Sustainalytics subscription to include carbon intensity metrics for selected portfolios and asset classes
- Ashmore updated its Engagement Policy to include sovereign engagements
- Ashmore increased the number of stewardship engagements with issuers
- The common ESG scoring framework for sovereign and corporate issuers was rolled out across all local offices and investment themes
- Ashmore has again made progress in relation to the TCFD recommendations
- Implementation of the Sustainable Financial Development Regulation ('SFDR')
- Ashmore published its *'Seven policy proposals to meet the Paris Agreement objectives'* paper which explicitly considers the differences between emerging and developed economies
- Ashmore refined its carbon offsetting programme regarding the offset of operational emissions
- Ashmore signed up to the Net Zero Asset Managers Initiative

CORPORATE **SUSTAINABILITY**

Ashmore's approach to corporate sustainability recognises the role it plays in wider society and is underpinned by values of transparency, fairness, accountability and integrity across the Group's worldwide operations.

Ashmore Group worldwide

- ● Ashmore office
- ▲ Ashmore presence
- ■ Emerging Markets invested



310
Employees

11
Offices worldwide

81
Emerging Markets countries represented in portfolios

Stakeholder interests

The Board had previously identified the following as the Company's main stakeholder groups. For more information on how the board engaged and the outcome of those engagements, please refer to the Annual Report.

Stakeholders	Key Factors
Clients	Delivering investment performance for a diversified client base is critical to Ashmore's success as a specialist Emerging Markets asset manager
Shareholders	The support of Ashmore's shareholders, with an appropriately long-term investment horizon, is important to enable Ashmore to fulfil its strategic growth ambitions
Employees	Ashmore's 310 employees are a critical asset, and the Group's priority is to attract, develop, manage and retain employees to deliver the Group's potential
Society	Ashmore recognises the impact its activities may have on wider society, and takes this responsibility seriously
Regulators	Ashmore's business comprises global operating hubs and independent local asset management platforms, operating under a number of different regulatory jurisdictions
Third-party service providers	The efficiency and scalability of Ashmore's operating platform relies in part on high-quality third-party service providers

The nature of Ashmore's business as an investment manager and its consistent single operating platform means that corporate sustainability can be considered and understood in a relatively small number of areas, listed below and explained in more detail on the following pages. In recognition of its approach to corporate sustainability, Ashmore is a constituent of the FTSE4Good equity index and has a 'AA' ESG rating from MSCI.

Human resources	In a business such as asset management, employees are a critical asset. Ashmore's responsibilities to its employees are well understood and reflected in its commitments to diversity, career development, health and safety, including workplace benefits, and a remuneration policy that delivers a long-term alignment of interests between employees, clients and shareholders.
Governance	Ashmore's Board of Directors maintains a distinctive culture across the firm, with a strong 'tone from the top' that outlines clear expectations, standards and the importance of accountability to employees. In addition to the governance arrangements described in the Corporate governance section and the Section 172 statement of the Annual Report, corporate sustainability is also underpinned by the following factors: A commitment to upholding high ethical standards across the Group's operations, and to minimising the risks associated with financial crime. The Board has ultimate responsibility for risk management and control. This encompasses a wide range of principal and emerging risks, as described in the Annual Report, and importantly in the prevailing remote working environment it includes the Group's assessment, monitoring and control of cyber security-related risks. Ashmore has operations in multiple regulatory and tax jurisdictions and manages its business in a responsible and transparent manner.
Environment	Ashmore's business is based primarily on intellectual capital so its direct impact on the environment is limited. However, the Group manages the environmental risks it faces responsibly, and described below are specific developments in the areas of GHG emissions, recycling and carbon offsetting.

Policy documents

Ashmore has a number of policies and other documents that support its approach to corporate sustainability. These include documents that are for employee use, that are made available to the Group's clients, and that are publicly available on the Group's website, such as those listed below:

- ESG Policy
- Climate change position paper
- Supplier Code of Conduct
- Slavery & human trafficking statement
- Conflicts of interest statement
- Complaints handling procedure
- UK Stewardship Code
- UK tax strategy
- Hampton-Alexander review data

Human resources

The Group's priority is to attract, develop, manage and retain employees in order to achieve its strategic growth objectives and to create value for its stakeholders. The success of Ashmore's approach to human resources and its support to corporate sustainability is reflected in the low levels of unplanned staff turnover (FY2020/21: 6.6%).

Ashmore aims to have employee policies and procedures that reflect best practice within each of the countries where it has a presence, and Ashmore requires employees to act ethically and to uphold the standards expected by the Group's clients. This means having policies and practices that make Ashmore an attractive place to work in respect of the day-to-day operating environment and culture, and also in respect of medium to long-term growth for employees, personally, professionally and financially.

Diversity

Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates.

Diversity of thought is critical to Ashmore's success. This means attracting and developing a diverse team. At Ashmore, diversity is integral to the culture of the Group and encompasses, amongst other things, experience, skills, tenure, age, geographical expertise, professional background, gender, ethnicity, disability and sexual orientation.

Ashmore will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation or any other irrelevant factor, and has built a culture that values meritocracy, openness, fairness, honesty and transparency.

The figure below illustrates Ashmore's diverse workforce through the self-identified lenses of nationality and ethnicity.

Nationality and ethnicity

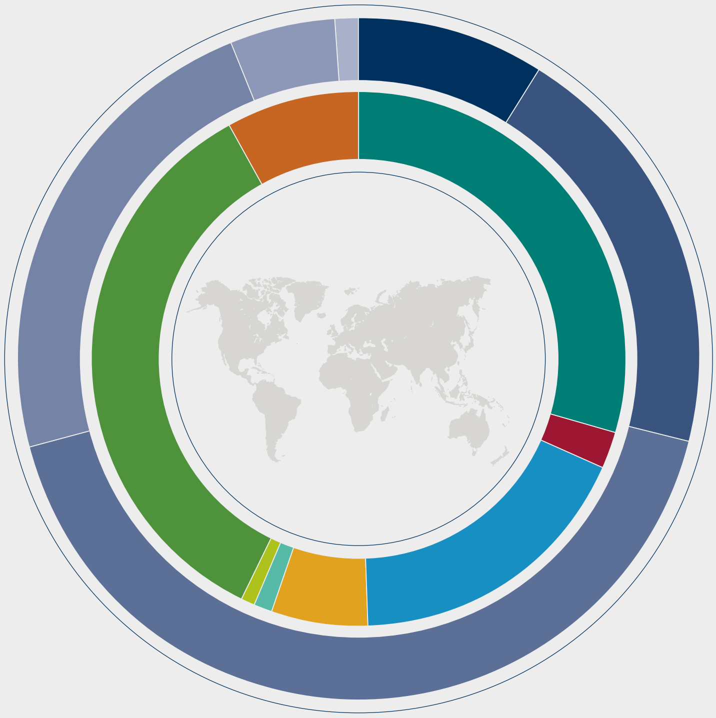
Ashmore is proud to have a diverse workforce with employees from **38 different countries**.

Nationality

North America	9%
South America	20%
Europe	42%
Asia Pacific	23%
Middle East	5%
Africa	1%

Ethnicity

Asian	30%
Black	2%
Hispanic	18%
Middle Eastern/North African	6%
Mixed Race	1%
Other	1%
White	35%
No response	8%



Ashmore provides data to the Hampton-Alexander review. This information can also be found on the Group's website.

Ashmore operates a zero tolerance policy towards harassment and bullying and has a formal policy that documents the organisation's commitment to ensuring employees are treated with respect and dignity while at work.

Recruitment and career development

Ashmore believes that its unique business model and culture lead existing employees to recommend Ashmore as an employer and in so doing enables the Group to attract the most talented candidates.

All employees are provided with a comprehensive induction on joining the business, providing an introduction to the Company's structure, culture, operations and practices. This includes all elements of compliance issues, an understanding of the key business ethics operating within the Ashmore Group, and up-to-date information on relevant regulations.

Ashmore supports professional development or qualifications that will assist employees in maintaining and developing their levels of competence. As part of this, Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. The performance management cycle comprises setting objectives and an annual performance appraisal against those agreed objectives. Output from this performance process is used to assist with decisions on remuneration, career development and progression.

Ashmore is committed to internal progression of its employees whenever this is possible, to ensure that it retains the most talented people. The diverse and global nature of its business allows the Group to consider placing talented individuals into different business and career opportunities within its worldwide office network, in order to foster their development and to benefit clients.

Ashmore believes that its unique business model and culture lead existing employees to recommend Ashmore as an employer and in so doing enables the Group to attract the most talented candidates.

Health and safety

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy that highlights the Group's commitment to ensuring employees are provided with a safe and healthy working environment. For example, in London, Ashmore carries out regular risk assessments of premises and provides staff with safety training including the provision of training to fire wardens and first aid representatives. Ashmore also engages external consultants to carry out regular health and safety and fire assessments. Similar arrangements are also made in other Ashmore offices.

There were no reportable accidents in the financial year in the UK or overseas premises.

Workplace benefits

Ashmore recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives, and believes that achieving an effective balance in these areas is beneficial to both Ashmore and the individual. Employee health and wellbeing is vital to their sustained performance at work, and Ashmore therefore operates a range of schemes to support employees' physical wellbeing. In London, Ashmore operates a mental health wellbeing scheme, and has a designated Mental Health First Aider.

In the UK, Ashmore also operates an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees. Similar healthcare arrangements are also offered by Ashmore's international offices.

Remuneration

Ashmore's distinctive remuneration philosophy, described in detail in the Remuneration report, is a critical factor in delivering corporate sustainability. It underpins the Group's culture and achieves a long-term alignment between employee remuneration and the interests of clients, shareholders and other stakeholders.

Ashmore recognises that individuals have different personal requirements dependent on the stage of their life or career. In response to this, it provides employees with a range of benefits, both non-financial and financial, in addition to basic salaries.

Governance

Ashmore's Board of Directors maintains a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the Company's activities, compliance with both the letter and the spirit of relevant regulations and standards of good market practice in all jurisdictions where the Group's business is carried out.

Ethical standards

The Board's aim is to ensure that the Group is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients and protect Ashmore's reputation.

While there have been no whistleblowing reports this year. Ashmore considers it important that there is a clear and accessible process through which staff can raise such concerns. Therefore it has procedures in place to enable employees to raise concerns confidentially regarding behaviour or decisions that are perceived to be unethical. This includes use of a third-party agency to provide staff with an independent whistleblowing channel and the Senior Independent Director acts as the nominated Board Director for whistleblowing.

Financial crime risks

Ashmore is committed to minimising the risk that the firm is used for the purposes of financial crime, including money laundering, bribery and corruption, fraud and market abuse.

To achieve this aim, Ashmore has adopted a number of risk-based policies and procedures for each area of financial crime, as described in the Risk management section of the Annual Report. Training is provided to all employees in relation to anti-money laundering and countering terrorist financing, including customer due diligence requirements, identifying money laundering, suspicious activity and financial crime.

Ashmore is also committed to ensuring that the identity of its customers is verified before a business relationship commences and is ongoing throughout the course of the relationship.

Information security and data protection

Ashmore's client base comprises institutions, such as pension funds and central banks, and intermediaries that provide access to retail investors. Consequently, the firm does not handle substantial quantities of sensitive personal data, and that data which is gathered and held relates primarily to its employees.

The Group has comprehensive and, necessarily, confidential Information Security and Data Protection policies that are reviewed at least annually and apply to all employees and offices. These policies also apply to all third parties that process Ashmore Group plc's personal data.

The Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Principal and emerging risks, and associated controls and mitigants relating to information security and data protection are considered within this framework.

The following sections provide a summary of the principles and processes in place to manage data protection and information security.

Data protection

Ashmore processes (i.e. collects, uses and destroys) personal data in accordance with applicable privacy laws, including the General Data Protection Regulations (GDPR) in the United Kingdom and the European Union.

The firm's Data Protection Policy establishes a set of principles, listed below, to govern how the firm uses personal data.

- **Lawfulness, Fairness and Transparency:** Personal data shall be processed lawfully, fairly and in a transparent manner in relation to individuals.
- **Purpose Limitation:** Personal data shall be collected for specified, explicit and legitimate purposes and not further used or otherwise processed in a manner that is incompatible with those purposes.
- **Data Minimisation:** Personal data shall be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed.
- **Accuracy:** Personal data shall be accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay.
- **Storage Limitation:** Personal data shall be kept in a form which permits identification of individuals for no longer than is necessary for the purposes for which the personal data are processed.
- **Respect for Individuals:** Personal data shall be processed in accordance with individuals' legal rights.
- **Integrity and Confidentiality:** Personal data shall be processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using the appropriate technical or organisational measures.
- **Safe Transfer:** Personal data shall not be transferred abroad without adequate safeguards being put in place in accordance with the law.

FTSE4Good

In accordance with relevant laws and regulations Ashmore respects and aims to comply with individuals' rights as they relate to their data. For example, the Data Protection Policy recognises the following rights under GDPR legislation:

- to ask whether the firm holds personal data and/or to receive a copy of that data;
- to restrict or object to processing of personal data;
- to prevent processing for direct marketing purposes;
- to object to decisions being taken by automated means;
- in certain circumstances, to have inaccurate personal data rectified, blocked, erased or destroyed; and
- to claim compensation for damages caused by a breach of the GDPR.

Furthermore, in accordance with GDPR, Ashmore commits to keeping the use of legally-defined special category personal data, such as that relating to an individual's ethnic origin, to a minimum and to restrict its availability only to those people who need to know it.

The firm maintains a register that describes its processing of personal data in accordance with the relevant legal requirements.

Information security and cyber security

Information security (including cyber security) is identified as a key principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. Ashmore assesses, monitors and controls data security risk, and ensures that there is adequate communication between the key stakeholders, which include senior management and IT, human resources, risk management and control, and legal and compliance departments.

Ashmore has a layered security model, within which multiple complementary technologies and processes are employed. Ashmore staff undertake mandatory training in matters of Information Security (including cyber security). Ashmore routinely deploys security updates to its systems and undertakes regular vulnerability testing of its networks and systems using a specialist service provider. The Board's Audit and Risk Committee receives an annual report on the Group's cyber security arrangements, and the Group has a culture of continuous improvement that means that improvements can and do occur throughout the year.

Ashmore undertakes appropriate pre-contract due diligence for new suppliers that includes information security considerations. Ashmore also maintains appropriate oversight of cyber security arrangements for all key partners, ensuring there is additional monitoring and protection regarding their cyber security.

Tax strategy

As a large, multi-national organisation with a diverse geographic footprint, Ashmore seeks to create value for its shareholders and clients by managing its business in a commercial, tax efficient and transparent manner, within the remit of applicable tax rules and bearing in mind the potential impact of its actions on its brand and reputation. Ashmore aims to comply with all relevant tax laws and fiscal obligations, including accurate calculation and punctual settlement of tax liabilities and correct and timely lodging of relevant tax returns and other required documentation with relevant tax authorities.

Sustainability Indices

The FTSE4Good Index series is designed to measure the performance of companies demonstrating strong ESG practices. Ashmore has been a constituent of the FTSE4Good Index since 2014.

Environmental impact

As a company whose business is based fundamentally on intellectual capital and which does not own its business premises, Ashmore's direct impact on the environment is limited and there are few environmental risks associated with the Group's activities. Nevertheless, Ashmore has a responsibility to manage these risks as effectively as possible.

The Group continues to promote energy efficiency and the avoidance of waste throughout its operations. Ashmore's largest occupancy is at its headquarters at 61 Aldwych, London where it has a single floor of approximately 19,000 square feet in a nine storey multi-tenanted building. Electricity usage in London is separately monitored by floor, with energy efficient lighting installed.

Recycling programmes operate for appropriate disposable materials. The Company seeks to minimise the use of paper and wherever possible chooses paper materials that have been sustainably sourced and are Forest Stewardship Council® (FSC) or equivalently accredited.

Ashmore also complies with the UK Government's Energy Savings Opportunity Scheme (ESOS).

Mandatory greenhouse gas emissions reporting and SECR requirements

In line with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, since 1 October 2013 all companies listed on the main market of the London Stock Exchange have been required to report their greenhouse gas emissions (GHG emissions) in their annual report. In addition, effective from 1 April 2019, Ashmore Group plc is also required to adhere to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK Government.

Ashmore Group plc is one of an estimated 900 organisations required to report their Scope 1 and 2 emissions as part of mandatory GHG reporting and SECR. Ashmore Group has provided a summary of this information in its Directors' Report.

Operational control methodology

Ashmore Group has adopted the operational control method of reporting. The emissions reported below are for the 10 global offices around the world where Ashmore Group exercised direct operational control in the 2020/21 financial year. These office emissions, as well as emissions originating from their operations, are those which are considered material to Ashmore Group.

Emissions scopes

Mandatory GHG reporting requires emissions associated with Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heating and cooling) to be reported.[2] Revisions to the GHG Protocol, to which this reporting exercise adheres, require organisations to calculate their Scope 2 emissions both in terms of 'market-based' emissions and 'location-based' emissions.[3] This information is set out below.

It is not obligatory to report Scope 3 (indirect emissions from the inputs and outputs to the main business activity – i.e. supply chain and consumer/end-user related emissions). However, for completeness, Ashmore Group will continue to report on some Scope 3 emission categories in order to offer a wider picture to stakeholders and investors.

2 Ashmore's Scope 1 emissions relate to gas combustion and refrigerant usage.
Ashmore's Scope 2 emissions relate to purchased electricity.
Ashmore's Scope 3 emissions relate to water usage, air travel and office waste.

3 www.ghgprotocol.org/files/ghgp/Scope%202%20Guidance_Final.pdf

Exclusions

Whilst every effort has been made to collect full and consistent data from all international offices, in some cases information was not available. The following approaches were therefore taken to account for this:

- In those instances, where a full 12 month's data was not available, estimation techniques have been applied to estimate missing consumption periods. Where no country data was available for the current reporting year, previous years have been used to estimate 2020/21 consumption based on headcount numbers.
- A number of offices were only able to provide data for the whole building in which they reside. No sub-metered data was available for each tenant in these cases. In these instances, the share of the total floor area occupied by Ashmore Group was used to apportion the total consumption.
- Missing, or anomalous, water data was estimated using an average consumption figure of 15m^3 per full-time employee, as sourced from a UK-based water company. This figure is broadly consistent with the average 'per employee' consumption of those offices which were able to provide data.
- For those offices where the landlord utilities charge was the only possible source of data, energy and water consumption have been estimated using the average governmental utility prices for the respective countries.
- Where offices were not able to provide any waste data for their buildings it was not deemed appropriate to estimate this, due to the uncertainties surrounding the varying nature of building sizes, modes of working and cities' waste disposal infrastructure, amongst other factors. It has also not been possible to make use of data supplied in litres, as the density of the waste is unknown.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[4] produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) – a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. UK Government 2021 emission factors[5] have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2020 emissions factors[6] have been used. Ashmore Group has used a customised tool, developed by Ricardo Energy & Environment, to undertake the emissions calculations.

The data inputs and outputs have been reviewed by Ricardo Energy & Environment on behalf of Ashmore Group.

4 http://www.ghgprotocol.org/

5 All UK related emissions factors have been selected from the emissions conversion factors published annually by UK Government. https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

6 All international electricity emissions factors were taken from the International Energy Agency's statistics report *'CO2 Emissions from Fuel Combustion'* (2020 Edition). Purchased under license.

Ashmore's consumption and emissions

The overall GHG emissions decreased by 61.7% compared to the last year. This is primarily due to the impact of the Covid-19 global pandemic which resulted in a reduction in office-based working and air travel.[7] Analysis of the energy efficiency of the new offices demonstrates that more energy efficient buildings are joining the portfolio, however the increase in full time employees overrides the potential emissions reductions. Air travel emissions decreased by 94.8% due to the effects of Covid-19 resulting in a significant reduction in air travel during the reporting year. Due to this, purchased electricity is now the largest contributor to Ashmore Group's emissions breakdown with 154.65 tCO_2e (68%). The second largest contributor to the GHG footprint, natural gas, has increased slightly this year and now accounts for 43.02 tCO_2e or 19%. Waste, water and refrigerants (based on the available data) account for the lowest levels of emissions.

The following tables show the proportion of Ashmore Group's energy consumption and emissions relate to emissions in the UK and offshore area.

Ashmore Group's Consumption by Scope and Source[8]

		2019/20		2020/21	
Scope	**Emissions by Source**	**UK & Offshore[9]**	**Global ex UK & Offshore**	**UK & Offshore**	**Global ex UK & Offshore**
Scope 1	**Natural gas (kWh)**	190,782	313	225,590	9,286
	Refrigerants (kg)	–	–	–	–
Scope 2	**Electricity (kWh)**	220,574	289,534	153,714	222,850
Scope 3	**Air travel (km)**	792,391	1,707,141	11,184	116,086
	Water (m^3)	949	2,639	596	602
	Waste (kg)	17,601	8,953	7,946	18,985

Ashmore Group's Consumption by Scope[10]

Scope	**Tonnes CO_2e (2019/20)**		**Tonnes CO_2e (2020/21)**	
	UK & Offshore	**Global ex UK & Offshore**	**UK & Offshore**	**Global ex UK & Offshore**
Scope 1	35.08	0.06	41.32	1.70
Scope 2 (market-based)	84.03	149.32	48.57	106.08
Scope 2 (location-based)	51.42	148.68	32.64	105.79
Scope 3	167.37	253.88	6.38	22.93
Total (using market-based Scope 2 emissions)	**286.48**	**403.25**	**96.27**	**130.71**

7 Ashmore acknowledges that, in normal times, air travel has been its biggest source of carbon emissions. In such times, investment professionals and other employees would be required to travel to countries for research and oversight purposes. However, wherever possible employees will use technology to minimise air travel. The Covid-19 pandemic further restricted travel during the year and this has had a positive impact on Ashmore's total emissions for the year. Additionally, it accelerated the integration of video conferencing facilities, which will be of benefit to the Group in the coming years.

8 Used to calculate emissions.

9 In practice this is the UK office only.

10 Using market-based emissions.

Ashmore Group's emissions by source[11]

Natural gas	19.0%
Electricity	68.1%
Air travel	9.3%
Water	0.2%
Waste	3.4%

Ashmore Group's emissions by office location[12]

Emissions by office location	Tonnes CO_2e/FTE 2019/20	Tonnes CO_2e/FTE 2020/21
Colombia	27.4	6.3
Indonesia	54.1	12.2
Japan	12.6	5.1
UK	286.5	96.3
Saudi Arabia	71.3	50.9
Singapore	22.2	3.7
United States	109.8	28.3
Dubai	100.9	18.7
Peru	0.8	0.6
Ireland	4.2	5.0
Total	**689.7**	**227.0**

Emissions have also been calculated using an 'intensity metric', which enables Ashmore Group to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As Ashmore Group is a 'people' business', the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. Ashmore Group's emissions per FTE are shown in the table below. Due to the overall decrease in emissions, tonnes of CO_2e emitted per FTE has also decreased since last year.

Ashmore Group's emissions per full-time employee[13]

Scope	Tonnes CO_2e/FTE 2019/20		Tonnes CO_2e/FTE 2020/21	
	UK & Offshore	Global	UK & Offshore	Global
Scope 1 + 2	0.88	0.97	0.66	0.70
Scope 1, 2 + 3	2.11	2.61	0.71	0.85

11 Using market-based emissions.
12 Using market-based emissions.
13 FTE 2019/20 = 291.5 employees; FTE 2020/21 = 290 employees.

Energy efficiency action taken

Ashmore Group have continued to undertake actions to improve the energy efficiency of our sites. This includes:

- The continued roll-out of LED lighting replacements where appropriate;
- Reviewing the weekend and out of hours control of the offices to confirm nothing is mistakenly left on with no demand;
- The boiler management settings and controls to ensure they are set appropriately with regard to the outside temperature. (including the 2018 boiler replacement);
- Practising good 'switch off' practices at all times;
- Significant reduction of air travel and development of virtual meetings due to the global pandemic;
- One George Street (Singapore) awarded Green Mark Gold+ building.

CO_2 emissions at 61 Aldwych (London – Ashmore Group's largest office) have decreased significantly for the period July 2020 to June 2021 when compared to July 2019 to June 2020. 61 Aldwych has successfully exceeded the 5% annual emissions reduction target.

Carbon offsetting

As part of the Company's wider efforts to develop its climate strategy, Ashmore had previously introduced a Carbon Mitigating Initiative with The Ashmore Foundation to compensate for the CO_2 emitted through its operational business activities and in 2021 extended this such that the Foundation is required to offset the Group's CO_2 emissions through its operational business activities. In so doing, Ashmore has committed to offset its emissions (Scopes 1-3) on an annual basis. Ashmore also recognises that any carbon offsetting initiative needs to be implemented within a broader set of activities over the long term to reduce the impact in relation to climate change.

Ashmore's carbon offsetting initiative has been approved by the Board and is implemented via The Ashmore Foundation. This approach has been taken because Ashmore believes that for such initiatives to deliver sustainable impact, they need to encompass both environmental and social indicators. Ashmore believes that The Ashmore Foundation, with its strong focus on social change, is able to identify and partner with the most appropriate initiatives to deliver such objectives.[14]

Ashmore has set its internal carbon price at €50.20, using the last three months (to the end of June 2021) rolling average market price of the first carbon futures contract traded on the European Energy Exchange. Ashmore will continue to review its internal carbon price methodology as global best practice evolves.

> Ashmore's carbon offsetting initiative has been approved by the Board and is implemented in collaboration with The Ashmore Foundation. This approach has been taken because Ashmore believes that for such initiatives to deliver sustainable impact, they need to encompass both environmental and social indicators.

14 This approach means that the initiative may not be verified by a third-party certification body. Ashmore will review the requirements for certification over the coming years.

Financial year 2020/2021 initiative
Económica y Social (PROGRESO)

This year, the carbon offsetting initiative was implemented through The Ashmore Foundation making a grant to the Peruvian non-governmental organisation La Asociación de la Gestión Rural Económica y Social (PROGRESO). PROGRESO works to improve the economic situation and livelihoods of producers in the Piura region of northern Peru.

The organisation helps farmers access markets and improve value chains for crops, whilst focusing on nutritional food security, health and education for families. It focuses on sustainable agriculture and climate change and seeks to improve the quality of life for rural producers by empowering communities. PROGRESO has been working with communities in the region for 27 years to help them reduce costs, increase yields, establish kitchen gardens and increase access to local and global markets.

Historically, farmers used diesel-powered pumps to draw the water from the wells. These are costly to run, both financially, consuming about 25% of annual income, and in terms of the local environmental pollution. A diesel pump will emit 7.4 tonnes CO_2 and cost over USD 3,600 to irrigate six hectares annually.

In 2018, PROGRESO piloted a scheme aimed at reducing pollution and lowering the cost of production by replacing diesel-powered water pumps with solar-powered pumps. This resulted in improved income for farmers, food security and a reduction in air pollution, and in turn the project will:

1. Improve producer livelihoods and annual incomes by eliminating the costs and travel associated with purchasing diesel.
2. Reduce pollution and CO_2 emissions through installing solar-powered pumps to access underground aquifers for use in irrigation.
3. Create employment by training a young local maintenance engineer.
4. Generate further awareness about the benefits of the solar-power pumps among producers, producer cooperatives and local government.
5. Create a savings scheme for ongoing maintenance and a sustainable longer-term project.
6. Generate interest in financing the scheme from other funders/government.

The Ashmore Foundation is proud to support the PROGRESO team in its work with communities to reduce climate-related impacts and develop more sustainable ways of living.

CLIMATE RISKS & OPPORTUNITIES

Ashmore supports the aims of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) to provide stakeholders with consistent and reliable information relating to climate change and its effects, and considers climate-related risks and opportunities as they relate to both the Group's operations and its investment activities.

Progress in financial year 2020/21:

- ESG scoring and integration has been extended to all investment processes, and therefore covers Ashmore's full range of Emerging Markets investment themes and its network of global and local investment platforms.
- Client reporting includes carbon intensity metrics for selected instruments and portfolios where the data is available, and Ashmore continues to work with industry bodies as well as issuers to enhance the availability of data and related disclosures.
- Ashmore became a signatory to the Net Zero Asset Managers Initiative. It also joined the Climate Action 100+ initiative, through which it is participating in a collaborative engagement with an Emerging Markets issuer.
- The Ashmore Group plc Board approved a carbon offsetting initiative, which via The Ashmore Foundation, will seek to offset fully the Group's emissions by supporting projects in developing countries with environmental and social benefits.
- Ashmore implemented the requirements of the EU Sustainable Finance Disclosure Regulation, including revising the remuneration policy of its Dublin-based management company to incorporate climate-related factors.

Given this progress, Ashmore is on track to comply with the FCA's requirements for premium-listed companies to comply with the TCFD recommendations in 2022.

Separately, the FCA is consulting on climate-related disclosures for asset management firms, with a proposed implementation date in 2023.

The following pages present Ashmore's disclosures in relation to the TCFD framework. For clarity, the disclosures are split between the firm's own activities ('operational') and its investment activities on behalf of its clients ('investment').

Governance

Operational

The Board has ultimate responsibility for the Group's strategy and through its corporate governance framework it aims to maintain full and effective control over appropriate strategic, financial, operational and compliance requirements. This includes material climate-related issues, although it is important to note that operational climate risk is not particularly material to an asset management business and primarily relates to the firm's greenhouse gas emissions arising from travel and office use.

The Board has delegated authority to the executive management who in turn have formed a number of specialised committees with terms of reference to carry out the functions delegated to them. One such specialised committee is the ESG Committee, which is chaired by the Group Chief Executive Officer and has representatives from across Ashmore's investment, distribution, risk, legal, operations and other support functions, to ensure that sustainability topics are appropriately understood and discussed by all relevant areas of the firm.

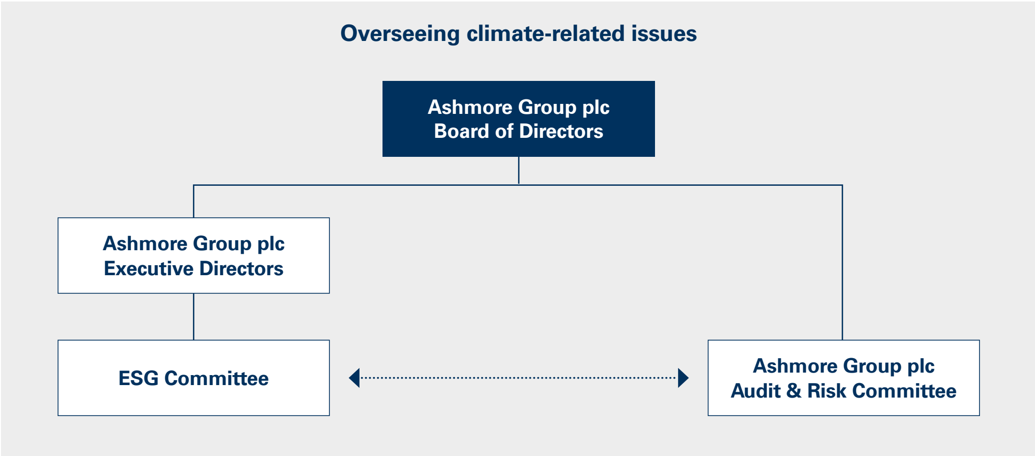
The ESG Committee is kept informed of climate-related issues and the Head of Sustainability and ESG Integration, or a delegate, updates the Board at least annually. Additionally, ESG Committee members provide the Board, its Audit and Risk Committee, and the Group's

Governance *(continued)*

Risk and Compliance Committee with multiple points of contact throughout the year. The processes described in the Risk management section of the annual report incorporate senior management's assessment and management of climate-related risks faced by the firm.

Furthermore, the Board undertakes an annual review of Group strategy, which includes a discussion of sustainability matters. For example, in 2020 the ESG Committee agreed that Ashmore should publicly support the TCFD and the Board consequently discussed the required disclosures in the context of an independent review by third parties of Ashmore's ESG disclosures, the implications of climate risks and opportunities for the Group's strategy and business model, and interaction with other industry initiatives and regulatory requirements.

ESG Committee in the context of Ashmore's corporate governance framework



Investment

Ashmore's investment committees are ultimately responsible for the management of client portfolios. With the oversight of these committees, the Group has integrated the assessment of ESG risks and opportunities, including those related to climate, into all of its investment processes, including both global and local investment platforms and all investment themes.

Strategy

As the regulatory environment evolves, Ashmore will seek to adhere to the TCFD's principles and to satisfy the requirements of its regulators and other relevant bodies as they relate to the assessment, management and disclosure of climate-related risks and opportunities. For example, Ashmore continues to examine ways in which climate-related scenario analysis can be used to augment the Board's review and challenge of the Group's strategy.

Operational

Ashmore has limited direct exposure to material operational climate-related risks. Its GHG emissions primarily relate to air travel and its offices and are relatively low given the asset management business model. The Board maintains oversight of the level of business travel and any changes in office network through the annual budget process and regular reporting of financial and other management information. That notwithstanding, it is important that Ashmore plays its part and contributes to worldwide climate initiatives including the Paris Agreement. As described below, this objective is supported by several initiatives including carbon offsetting and membership of industry bodies such as NZAMI.

Beyond the temporary reduction achieved as a result of prolonged remote working and travel restrictions during the Covid-19 pandemic, the ability to reduce the Group's gross emissions is limited given available technology and the fact that Ashmore leases its offices and in many instances is allocated a share of total building emissions based on footprint. However, Ashmore intends to achieve net zero status for its operational emissions through a thoughtful, socially responsible and measurable approach to carbon offsetting achieved via The Ashmore Foundation.

Strategy *(continued)*

The Group will make an annual contribution to The Ashmore Foundation representing the value of the publicly-disclosed emissions for the prior financial year, using a market-derived carbon price. The Ashmore Foundation will then identify and research environmental project(s) that offer natural or synthetic climate solutions to offset fully Ashmore's emissions, based on conservation, restoration, improved land management or similar approaches. In this manner, the Group will not only offset its emissions and achieve net zero status, but will also enable The Ashmore Foundation to contribute meaningfully to environmental and social projects in the developing countries in which Ashmore invests and operates.

Investment

The Group currently provides carbon intensity metrics for selected fund holdings where the data is available and Ashmore continues to work with industry bodies as well as with sovereign and corporate issuers to enhance carbon metrics and related disclosures.

Ashmore's investment teams engage with sovereign and corporate issuers on a range of topics, both directly and in collaboration with other stakeholders. For example, disclosure of climate-related data is one such topic given carbon emissions by Emerging Markets sovereign and corporate issuers is an evolving area.

During the year, Ashmore became a signatory to the Climate Action 100+ initiative and began participating in its first collaborative engagement. It also joined the Net Zero Asset Managers Initiative and intends to publish its interim target during the course of the 2021/22 financial year. Ashmore also published its 'Seven policy proposals to meet the Paris Agreement objectives' paper which explicitly considers the differences between emerging and developed economies.

Risks and opportunities

The ESG Committee receives frequent and regular updates on legal and regulatory developments relating to sustainability issues including climate risk, and covering both operational and investment activities. This enables the Committee to address actual or potential risks and also to consider opportunities, whether from an investment, marketing or operational viewpoint.

Operational

Ashmore's internal control framework provides an ongoing process for identifying, evaluating and managing the Group's emerging and principal risks. The principal risk framework includes climate risk and identifies associated controls and mitigants and is subject to regular review by the Board's Audit and Risk Committee.

Investment

The consideration of ESG factors, including climate risks, is integrated into all of Ashmore's investment processes covering the fixed income, equities and alternatives asset classes. Importantly, the Group does not consider ESG risks and opportunities in a silo, rather the investment committee in each asset class oversees ESG analysis in a cohesive manner alongside fundamental macro-economic, financial performance and credit analysis for sovereign and corporate issuers. The analysis is based primarily on proprietary research, including engagement with issuers to identify potential investment opportunities. Additionally, the investment committees use third-party data to assist in the ESG scoring process.

Ashmore's commitment to engaging with industry bodies and Emerging Markets issuers on climate-related topics in order to identify and manage risks and opportunities is also reflected in its joining the Climate Action 100+ initiative and NZAMI.

Metrics and targets

Operational

As required by the Companies Act, Ashmore reports annually on its GHG emissions. The latest disclosures can be found in the Directors' report and a summary is provided in the previous table above.

As described above, the Group's GHG emissions are relatively modest and while its ability to reduce its gross GHG emissions is limited, where possible Ashmore will seek to ensure that landlords contribute to improved GHG performance over time, for example by planning to increase the use of renewable energy sources, undertaking sustainable recycling programmes, and obtaining certificates that demonstrate the delivery of meaningful sustainability initiatives.

As previously noted, Ashmore will achieve net zero carbon status in respect of its operational emissions, and will do so in a thoughtful and socially responsible manner through The Ashmore Foundation. This year, the Board approved an annual contribution to The Ashmore Foundation of 0.5% of the Group's profit before tax, a proportion of which will be granted to projects in the Emerging Markets that will deliver a measurable offset to the Group's reported emissions.

During the year, Ashmore also implemented the requirements of the Sustainable Finance Disclosure Regulation (SFDR) as it applies to funds managed by the Group's subsidiary based in Ireland. Specifically, in relation to Article 5 of SFDR, the Ireland management company has updated its remuneration policy to incorporate the consideration of sustainability risks into its remuneration process, a summary of which is available on the Ashmore website.

Investment

Ashmore expects its analysis and reporting of climate-related risks and opportunities and associated metrics and targets for portfolio investments will evolve, particularly as Emerging Markets issuers increasingly adopt measures such as the TCFD recommendations. For example, reporting the carbon intensity of portfolios and benchmark indices for selected funds is now available and the Group continues to engage with third parties and issuers to broaden coverage.

By becoming a signatory to the NZAMI, Ashmore has committed to publish an interim target during 2022, and can collaborate with other signatories, particularly those with an Emerging Markets focus, to develop an appropriate approach to contributing to the achievement of net zero by 2050.

The implementation of SFDR requirements as well as carbon reporting for selected portfolios during the year also represent material developments towards establishing further metrics and targets and more generally, the Group will also continue to work closely with industry bodies and issuers to help those parties to address broader data requirements.

INVESTMENT SUSTAINABILITY

As a specialist Emerging Markets asset manager, Ashmore recognises the impact its investments can have on the communities and societies in which they are made.

Emerging Markets are commonly defined as any country considered by the World Bank as belonging to 'low income' or 'middle income' categories. Under this definition, Emerging Markets countries constitute approximately 80% of the world's population. As a leading Emerging Markets fund manager, Ashmore recognises the impact its investments can have on the communities and societies in which they are made.

The assessment of ESG risks and opportunities is an area of focus for both asset owners and investment managers as these can potentially have a material effect on the market value of an issuer's debt or equity.

Ashmore takes an active approach in relation to the evolution of industry standards and norms in this area and works with its investors to align the role of ESG in their strategies and portfolios. With over 25 years' experience investing in Emerging Markets, Ashmore's investment professionals have developed expertise in understanding broader non-financial metrics and indicators and their impact in generating financial returns for clients.

	Ashmore			The Ashmore Foundation	
Traditional investing	Responsible investing	Sustainable investing	Themed impact investing	Impact first investing	Philanthropy
Financial returns driven	Financial returns driven	Financial returns driven	Financial returns driven		
	ESG risk management	ESG risk management	ESG risk management	ESG risk management	
		Environmental and social impact driven	Environmental and social impact driven	Environmental and social impact driven	Environmental and social impact driven
Limited or no focus on ESG risks or opportunities in the underlying investments	Negative screening based on ESG risks and/or personal values	Negative and positive screening and financial returns drive investment selection	Sectoral focus addressing social and environment challenges that generate commercial growth	Sectoral focus addressing social and environment challenges that require financial return sacrifice	Sectoral focus addressing social and environment challenges where a financial return cannot be generated
Financial returns only	Financial returns and negative social/ environmental screens: • Tobacco • Gambling • Fossil fuels • Defence • Pornography	Financial returns and positive social/ environmental assessment: • Waste reduction • Gender equality • SRI funds	Financial and positive social/ environmental returns: • Clean energy • Healthcare • Microfinance	Social and environmental and some financial returns: • Social enterprises • Trading charities • B-Corps	Social and environmental returns only

Ashmore recognises that its impact will vary in breadth and depth across investment themes. With client and industry focus on ESG, Ashmore's investment professionals have continued to strengthen their ESG analysis. Ashmore continues to use the spectrum of capital and investment approaches, above, as a framework for understanding impact and the relational link between Ashmore's investments and the social and environmental impact of the socially-driven investments made through The Ashmore Foundation in countries where the Group has a presence.

Responsible investing policy

Ashmore's philosophy is underpinned by a fiduciary responsibility to its clients. Central to Ashmore's investment process is the ability to deliver returns in line with clients' objectives. As an integral part of this, Ashmore is committed to enabling clients to deploy their capital in a manner that most appropriately meets their responsible investing considerations.

Ashmore has developed a number of core capabilities which are among its distinguishing features. These, combined with a rigorous analytical approach in the Group's investment processes, can contribute to long-term sustainable returns.

Ashmore's ESG Policy is available on its website and is reviewed on an annual basis. The policy applies to all public markets strategies and sets out minimum standards. The policy is based on ESG norms and outlines ESG assessment and engagement processes.

Investment process

Ashmore has explicitly integrated the analysis of ESG factors into its investment processes. Responsibility for ESG analysis lies with the investment teams, and is undertaken alongside the traditional economic and financial assessment of an issuer.

With 99 investment staff dedicated to Emerging Markets, Ashmore has always relied on its proprietary research and the approach to ESG analysis uses a similar process. Portfolio managers review a range of environmental, social and governance factors when assessing an issuer and use a variety of external secondary data sources, which are complemented by research visits and meetings with issuers. These add depth of understanding and substantiate the secondary data.

ESG scores for each issuer are reviewed during the relevant theme sub-investment committee meetings, where they are used to inform investment decisions. The ESG risk and opportunity is incorporated into an overall view of an issuer through financial estimates and/or the valuation assessment. ESG scores are reviewed at least annually and are also flagged for review on an event-led basis.

Integrated approach	• ESG factor assessment fully integrated into Ashmore's investment process • The portfolio manager undertaking the financial analysis carries out ESG assessment • Full incorporation of ESG risks and opportunities into decision-making provides a more comprehensive analysis of investments
Proprietary methodology	• Unified approach and scoring system by issuer in all public markets strategies – sovereign, corporate debt and equities • Internal research (research trips and meetings with issuers) complemented by external data sources • Portfolio managers complete Enhanced Financial Analysis (PRI Academy CFA Certified) training to undertake ESG assessment
Investment decisions	• ESG score for each issuer reviewed and discussed at the relevant theme sub-IC as part of investment approval • ESG scores are reviewed at least annually at the respective theme sub-IC. Additional reviews triggered on an event-led basis • ESG risk/opportunity is incorporated through financial estimates and/or the valuation assessment
ESG governance	• Integration approach and scoring methodology approved by the ESG Committee, chaired by the CEO with representation from each investment committee • Sustainability and ESG integration process across the firm led by the Head of Sustainability and ESG Integration and overseen by the Head of Risk Management and Control • Any ESG scores not reviewed for over 12 months are flagged at the relevant theme sub-investment committee and at the ESG Committee • Stewardship and engagement processes monitored by the Head of Sustainability and ESG Integration and reported to the ESG Committee

ESG Assessment Factors

Environment

Corporate

Global impact and GHG emissions, local impact and water and waste management, incidents of environmental pollution, energy management, and use of green energy, policies and innovations to limit negative impact.

Sovereign

Carbon emissions, clean energy/climate adaption strategies, natural disasters risk and preparedness, resource use, and environmental regulations.

Social

Corporate

Employee diversity and inclusion, customer welfare, human rights and community relations, labour practices and health and safety, supply chain management, materiality of philanthropy spend, and product quality and safety.

Sovereign

Basic needs of population, societal stability, human development, economic freedom, labour rights, and inequality.

Governance

Corporate

Transparency and disclosure, governance structure, minority interests fair representation, public listing and reporting, management accessibility, long-term incentive scheme KPIs, and strategies to mitigate the impact of ESG risks.

Sovereign

Progress to sustainability, institutional strength, rule of law, democratic processes, and corruption.

Responsible investing governance

Responsibility for Ashmore's sustainability activities lies with the Board, which delegates to an ESG Committee chaired by the Chief Executive Officer (CEO).

The ESG Committee meets formally at least quarterly and has representation from across the organisation, in particular the investment teams, risk management, operations, investor relations, distribution and legal. Ashmore's integrated approach to ESG assessment means that reviews of all ESG investment related activities are undertaken by the investment committees and the relevant theme sub-investment committees. The ESG Committee reviews and ensures the maintenance and integrity of all responsible investment/ESG processes and procedures.

Public markets strategies

ESG risk analysis is explicitly integrated into the research process across all fixed income and equity strategies. The process is fundamentally driven and the issuer analysis encompasses a multitude of factors, including ESG.

Ashmore's assessment of an issuer's ability to manage ESG risks successfully is integral to the determination of fair value (equity) and fair spread (credit). Sovereign officials and corporate management teams that can demonstrate strong ESG credentials are more likely to deliver better economic and financial performance over time; for example by growing faster, reducing the cost of capital and generally managing risks better compared to their peers. Consequently, ESG factor analysis is integrated into the investment processes in the same way as the assessment of macro-economic risk, financial performance and credit metrics.

ESG analysis acts as both a form of risk management and a source of alpha generation. Ashmore also considers it to be part of its fiduciary duty as a steward of clients' capital. Portfolio managers score all issuers using a consistent set of questions and data points to inform their view of an issuer's current performance in comparison to ESG 'industry practice' alongside an assessment of the forward-looking performance.

Practically, the ESG analysis of publicly traded instruments takes the form of a scorecard that is completed and updated by the portfolio manager/s responsible for the coverage of the specific issuer (more details on the score card are provided in the ESG Assessment Factors section). All the scorecards have been harmonised across the investment themes. When an issuer straddles different themes (e.g. corporate debt and equities), portfolio managers work together to complete the analysis and review of the scores.

The investment thesis, including the ESG score, for an issuer is reviewed, discussed and agreed at the relevant theme sub-investment committee. The ESG risk/opportunity is incorporated through financial estimates and/or the valuation assessment. Taken in combination with other macro and micro-economic risk drivers, investment time horizon, liquidity considerations and the investable universe, ESG risk assessment therefore has a direct impact on investment decisions and portfolio construction.

Responsible investing solutions

In addition to the integration of ESG analysis across all investment themes, Ashmore has launched dedicated ESG products covering external debt, corporate debt, blended debt and equity strategies. Additionally, Ashmore Indonesia manages an ESG equity segregate mandate.

Alternatives investments

Ashmore's alternatives theme covers a diverse range of real assets in private equity, healthcare, infrastructure, special situations, distressed debt, and real estate opportunities. As such, the approach to ESG integration is tailored to the context of each market.

Notwithstanding, the ESG scoring of these issuers is also conducted using the same proprietary ESG scoring methodology described above. Ashmore also considers relevant ESG issues, and the investee company's own ESG practices, as part of its due diligence process on prospective alternatives investments.

In so doing, Ashmore's approach is designed to provide superior risk-adjusted returns by mitigating potential risks and increasing asset value. Wherever possible, Ashmore also incorporates ESG assessment frameworks, which align to internationally accepted standards, including the PRI and the International Finance Corporation (IFC) Performance Standards. Furthermore, Ashmore's investment teams seek to ensure that its frameworks comply with local regulations and standards.

The due diligence process includes identifying the risk category of the proposed investment, analysing specific potential material risks and impacts in ESG areas, documenting best practices within the proposed investment, and evidencing the capacity to implement the required risk mitigation measures considered relevant for portfolio investment. The process concludes with the selection of ESG investment terms, which, once agreed, are typically written into the investment covenants.

AshmoreAVENIDA

AshmoreAVENIDA is a real estate company acquired by Ashmore in 2018. In the Latin American region, as is the case in most of the world, the real estate sector generally employs large numbers of people at the base of the pyramid. Likewise, it is one of the main contributors to greenhouse gas emissions. Thus, there are potential benefits to be realised in terms of social and environmental contributions from the real estate industry.

ESG focus areas

- Water and energy
- Waste and recycling
- Workers and occupation health and safety
- Community
- Urbanism
- Biodiversity and protected areas
- Economic developmental value

SDG alignment

AshmoreAVENIDA, incorporates ESG and impact factors into investment decisions and project management processes, as well as encouraging employees, business partners, investors, and clients to tackle those challenges. In addition to the ESG scoring methodology described above, it has also developed additional proprietary ESG impact tools as part of its due diligence process for all portfolio projects. In line with Ashmore's overall approach to ESG, the framework aligns with the United Nations Principles for Responsible Investing (PRI) and the IFC Performance Standards, and is integrated within in the general due diligence process conducted for all portfolio projects.

The framework has been designed to assess and mitigate material risks at the project level, as well as maximise positive impacts on the environment and surrounding communities.

The ESG framework also assesses ESG and impact considerations throughout the lifecycle of portfolio projects, uses consistent best practice approaches across target markets, commits third party development partners through ESG covenants, and considers risk, return and impact through a data oriented methodology.

The framework has been designed to assure compliance with local regulations at one level, while in turn allowing the fund to fill gaps with international best practice.

Stewardship

Board and committees	3%
Disclosure	32%
Diversity	1%
Employee welfare	3%
Environment	17%
Governance	1%
Minority protection	5%
Policies and business practices	26%
Remuneration	4%
Societal welfare	3%
Total number of engagements	278

Ashmore seeks to engage with issuers, both at sovereign and corporate levels, on how they can improve their ESG outcomes. This is carried out as part of an ongoing dialogue with government officials and company management and may involve other key stakeholders.

This approach helps create a positive feedback loop, whereby investors reward positive performance with a lower cost of capital, and access to international capital markets, and penalise poor performance with withdrawal of capital. Over time, such incentives should lead to behaviour changes among issuers in favour of more sustainable economic development and corporate management models. As more asset managers implement similar investment processes, the changes in behaviour should accelerate across Emerging Markets issuers.

In line with the Shareholders Rights Directive II, Ashmore has published its engagement policy. During the reporting period, Ashmore's investment teams discussed ESG issues with 278 engagements. The chart above outlines the specific topics discussed.

Almost one-third of engagements and dialogues with stakeholders centred on the need for improved corporate disclosure of sustainability issues. In particular, the need for greater disclosure on environmental metrics related to climate change also featured in the engagements and dialogues with stakeholders.

Across all alternatives investments, Ashmore seeks to engage those stakeholders impacted by investment decisions as early on in the process as practically possible. This approach enables investment teams to deliver the most appropriate impact, while maintaining Ashmore’s objective to generate superior risk-adjusted returns. In many cases, Ashmore believes it to be beneficial to its investors to be active in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake.

Proxy voting

In keeping with Ashmore's policy on proxy voting, equity portfolio managers aim to vote on all proxies presented to them. Where they have concerns, they seek to engage with company management and other key stakeholders to address these. The voting summary for the reporting year is summarised below.

Voting summary for the reporting year

Total shareholder meetings at which votes were cast	421
Number of resolutions voted	3,858
Percentage voted with management recommendations	82%
Percentage voted against management	9%
Percentage of abstentions	8%
Percentage of votes withheld	1%

Industry engagements

Ashmore has been a proud signatory of the UN Principles of Responsible Investment (UNPRI) since 2013 and seeks to continuously improve its annual assessment score and deepen its engagement in PRI initiatives. For example, Ashmore has worked closely with the UNPRI during the period prior to becoming a signatory of NZAMI. The Group's current PRI scores can be found below.

Category	2018	2019	2020
Strategy and Governance	A	A	A
Listed Equity – Incorporation	B	B	A
Listed Equity – Active ownership	C	B	A
Fixed Income – Sovereign	B	B	A
Fixed Income – Corporate	B	A	A
Property	–	B	A
Infrastructure	–	A	A

Signatory of

PRI Principles for Responsible Investment

Ashmore is also a signatory to the Climate Action 100+ investor initiative that seeks to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. In this regard Ashmore is actively collaborating with other investors in an engagement with an investee company.

As noted above, in 2021, Ashmore also joined the NZAMI and in accordance with NZAMI guidance, will set interim carbon emissions targets during 2022.

Through such initiatives, Ashmore will engage and collaborate with, and draw upon the expertise of, its peers in order to continue to develop best practice.

Negative screening

Ashmore believes that investments that do not meet minimum standards should be excluded from client portfolios. Ashmore seeks to comply with applicable government authorities, and, at a geographical level, screens all investments against the UN Security Council and EU/UK Sanctions and the US Office of Foreign Assets and Control lists.

Ashmore is able to customise client portfolios to meet specific requirements for geographic, sector and stock specific restrictions, such as alcohol, animal/food products, armaments manufacturers or dealers, gambling, pornography, tobacco and fossil fuels, including coal.

Controversial weapons

Ashmore restricts investment in companies engaged in the manufacture, distribution and maintenance of controversial weapons. The scope and breadth of this restriction is outlined in Ashmore's Controversial Weapons policy.

SOCIETAL SUSTAINABILITY

Ashmore recognises that being a member of the global community brings with it responsibility to act in a manner that benefits wider society.

This responsibility is particularly acute in the markets in which Ashmore operates. As such, Ashmore seeks to behave in a manner that positively impacts not only its investors but also employees and the communities in which it invests.

WE SUPPORT

Human rights and modern slavery

Ashmore supports the United Nations Universal Declaration of Human Rights. Ashmore has developed a Supplier Code of Conduct that applies to all suppliers that provide goods or services to Ashmore, and outlines the basic ethical requirements that suppliers must meet in order to do business with the Group, including affording employees the freedom to choose employment and not using any form of forced, bonded or involuntary labour (including child labour).

Obsolete equipment

Ashmore provides obsolescent computers to Computer Aid, a UK registered charity that provides developing countries with access to technology that can support education and improve lives. Computer Aid sends the equipment to various projects across the Emerging Markets and provides Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly manner.

Ashmore investing in local communities

Ashmore recognises the positive impact it can have on the communities where it operates and is committed to creating lasting benefits in those locations where the Group has a presence. Beyond support for The Ashmore Foundation, employees across all offices are encouraged to engage with and support local community projects. This commitment is reflected in Ashmore's policy enabling employees to take one day annually to support charitable projects.

Ashmore employees drive local volunteering initiatives and take part in a range of activities to support disadvantaged communities in their local vicinity. Ashmore continues to make an annual donation to homeless charity Crisis, in support of its Christmas card campaign.

United Nations Global Compact

The United Nations Global Compact (UNGC) was launched in 2000 to harness the power of collective action in the promotion of responsible corporate citizenship. The Compact is a framework for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

Ashmore is a signatory to the United Nations Global Compact and is proud to reaffirm its support of the 10 principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption. Ashmore's 2021 affirmation of its commitment is included in the CEO's foreword.

Communication on Progress

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Area of Focus	Description of Actions	Measurement of Progress
Human Rights	• Supporter of the Universal Declaration of Human Rights • Modern slavery and human trafficking statement published on website • Commitment to ensuring employees are treated with respect and dignity while at work • Commitment to ensuring employees are provided with a safe and healthy working environment	There were no reports of incidents of bullying or harassment during the year. There were no health and safety incidents or breaches during the year.
Labour	• Gender diversity tracking across all offices. Data submitted to the Hampton-Alexander review • Supplier code of conduct to maintain a strong corporate culture employing high standards of integrity and fair dealing published on website • Commitment to staff personal development through ongoing training	Ashmore has appointed two female Non-Executive Directors and continues promote gender diversity across the organisation.
Environment	• Established initiative to offset all reported operational CO_2 emissions (scope 1-3) • Supporter of the TCFD and disclosure aligned with TCFD recommendations • Published position statement on climate change on website	Ashmore has also previously taken measures to reduce emissions at its largest location. This included the installation of LED lights and efficient temperature management which resulted in a 22% reduction in emissions at the time.
Anti-Corruption	• Policies and procedures covering each area of financial crime • Whistle-blower policies and procedures in place	Staff receive ongoing training on various aspects of financial crime. There have been no incidents reported during the year.

THE ASHMORE FOUNDATION

The Ashmore Foundation

The Ashmore Foundation was established in 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets in which Ashmore operates and invests.

To achieve this objective, The Ashmore Foundation aims to develop long-term relationships with locally based non-government organisations (NGOs). Since its inception in 2008, The Ashmore Foundation has dispersed over USD 6.9 million to 71 civil society organisations in 26 Emerging Market countries.

Above:
Home schooling at the Center of Hope, the Philippines.

Right:
Planning peer safety networks, Bengal.

The Ashmore Foundation functions independently of Ashmore and is registered in the United Kingdom as a charity and company limited by guarantee. It is staffed by an Executive Director who is responsible for managing the Foundation's affairs. The Ashmore Foundation board of trustees consists of 10 Ashmore employees, one Ashmore Group plc Non-executive Director and one independent trustee. In addition to the board of trustees, Ashmore employees are encouraged to engage directly in the governance of the Foundation through involvement in sub-committees.

Ashmore supports the Foundation's charitable activities through the provision of pro-bono office space, administrative support and a matched funding commitment for employee donations to the Foundation.

The Ashmore Foundation is supported solely by Ashmore and its employees globally. Crucially, this support from employees extends beyond financial aid to active engagement with NGOs through mentoring and helping them expand their network of contacts.

Ashmore employees organise a range of events from wine tastings to cake bakes to raise funds for the Foundation. Employees organise challenge events in support of the Foundation and over the years have summited the UK's three peaks, Mounts Toubkal and Kinabalu, cycled from London to Paris and walked the length of Hadrian's Wall.

Social investing in Emerging Markets

The Ashmore Foundation's approach is underpinned by the belief that, while economic growth continues in the Emerging Markets, many communities, particularly those in rural and isolated locations, remain locked out of this prosperity. Social and economic inequalities continue to increase and communities lack the skills and resources needed to participate fully in economic development.

The Ashmore Foundation believes that with the right support, the most marginalised and disadvantaged communities can grow and prosper. The Foundation therefore focuses its social investment strategy on programmes that aim to equip people with the skills and resources they need to increase their livelihood opportunities, enabling them to meet their basic needs while also supporting economic growth and beginning to address broader societal inequalities.

Below:
Volunteers complete a community safety audit, Bengal.

Impact first investing

The Ashmore Foundation recognises that some social impact organisations will be generating revenue through their activities.

To achieve their objectives these organisations often require working capital to grow and scale. The Ashmore Foundation may make programme related investments in organisations whose work aligns with its charitable objectives from time to time.

Supporting emergencies

Since March 2020, the rapid spread of the Covid-19 virus significantly impacted the way people conduct their day to day lives. This is particularly the case for communities in Emerging Markets. Daily wage and migrant labourers have lost their livelihoods and disruptions to the supply chain mean that farmers have been unable to sell produce. Moreover, government restrictions have suspended or diverted the interventions of many of the Foundation's civil society partners, severely impacting income.

In order to support communities and civil society partners, in April 2020, trustees approved a ring-fenced sum of USD 100k to support former and current grantees as they are impacted and respond to Covid-19. This has since been deployed to 10 organisations across Colombia, Ecuador, India, Indonesia, Peru and the Philippines between May 2020 and May 2021. The Trustees have approved a further USD 100k for the coming financial year given the continuing impact of the Covid-19 pandemic.

Sustainable Development Goals (SDGs)

To formalise its commitment to the United Nations Sustainable Development Goals (SDGs) and their achievement by 2030, Ashmore became a signatory to the United Nations Global Compact in 2019. Ashmore believes that its experience and engagement in the Emerging Markets enables it to contribute to the achievement of a number of the goals.

Set out below are the ways in which Ashmore's investments and social investments through The Ashmore Foundation over the past five years have contributed to the achievement of the SDGs.

Ashmore recognises that global development and sustainability issues are complex and will require continued investment and collaboration if they are to be achieved. To this end, Ashmore will continue to refine its process for assessing how it can most effectively contribute to their achievement.

Ashmore's contribution to the Sustainable Development Goals (SDGs)

Below is a selection of ways in which Ashmore's current investments and social engagements made through The Ashmore Foundation have contributed to the achievement of the SDGs.

2 ZERO HUNGER

The Ashmore Foundation

- **USD 183k** invested to provide over 1,000 children and their families with improved nutrition and food security in Colombia

3 GOOD HEALTH AND WELL-BEING

Ashmore Group plc / Fund investments

- **USD 200m** investment in healthcare infrastructure in the United Arab Emirates and Saudi Arabia
- **USD 10m** investment in oncology and diagnostics clinics in Morocco

4 QUALITY EDUCATION

Ashmore Group plc / Fund investments

- **USD 76m** invested in education infrastructure in Saudi Arabia
- **USD 21m** investment in largest school network in Colombia with 15 education facilities served and aggregate student body of 6,100
- **USD 164k** to provide skills training for young people living in informal settlements in Colombia

The Ashmore Foundation

- **USD 60k** invested to contribute to the acceleration of India's development through education and skills development

5 GENDER EQUALITY

Ashmore Group plc / Fund investments

- **USD 4m** invested in projects to provide housing to women heads of households

8 DECENT WORK AND ECONOMIC GROWTH

The Ashmore Foundation

- **USD 37.5k** invested to provide financial and technical assistance to social enterprises across Indonesia

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Ashmore Group plc / Fund investments

- **USD 149m** invested in improving transportation infrastructure across Colombia. **USD 15.6m** invested in electric bus fleets for Bogota
- **USD 29m** investment in the construction of 136km power transmission lines in northern Colombia
- **USD 40.6m** investment in power generation plants to ensure the reliability and coverage of the electricity supply in Colombia and Peru

11 SUSTAINABLE CITIES AND COMMUNITIES

Ashmore Group plc / Fund investments

- **34,732** low-income housing units
- **USD 83m** invested in low-income housing
- **USD 77m** invested in sustainable/certified green assets

The Ashmore Foundation

- **USD 62k** invested to improve the quality of life of low-income, rural and vulnerable populations in a sustainable way in Colombia
- **USD 101k** to strengthen child protection systems across India
- **USD 100k** invested to work with marginalised and isolated communities in the Amazon region

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ashmore Group plc / Fund investments

- **USD 22m** investment in e-battery factory in China
- **Energy savings of 28%** in operational phase of real estate projects
- **Water savings of 33%** in operational phase of real estate projects