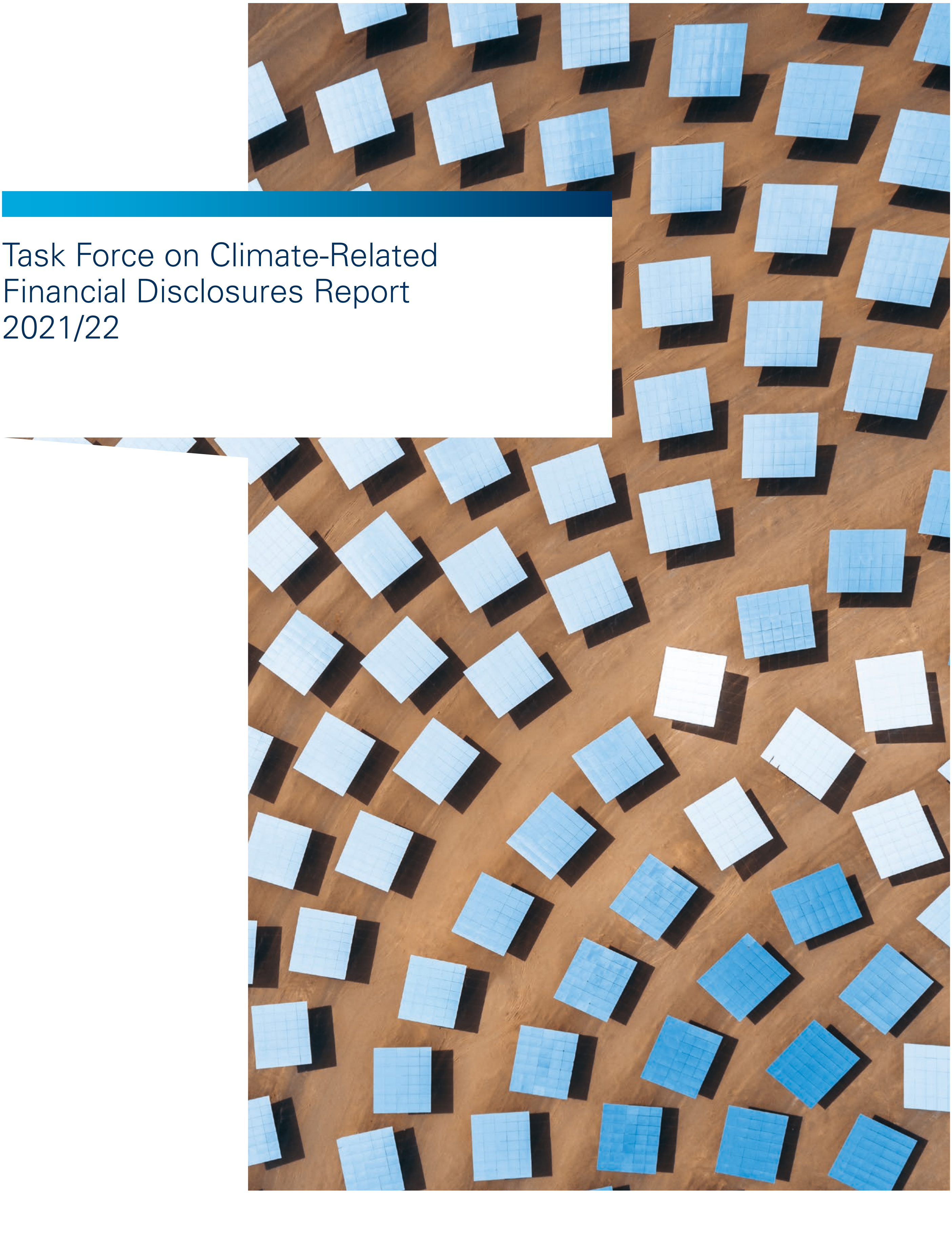
Ashmore



Task Force on Climate-Related Financial Disclosures Report 2021/22

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Ashmore Group plc
Climate reporting aligned with guidance by the
Task Force on Climate-Related Financial Disclosures (TCFD)
2021/22

TCFD | TASK FORCE ON CLIMATE–RELATED FINANCIAL DISCLOSURES

Introduction

About Ashmore

Ashmore Group plc (the Group, Ashmore) is a specialist Emerging Markets investment manager with thirty years of experience of investing in these markets managing client portfolios within six core investment themes, namely External Debt, Local Currency, Corporate Debt, Blended Debt, Equities and Alternatives. Ashmore continues to take a leading role in Emerging Markets product innovation, offering new strategies that provide an opportunity for investors to participate in the diversified and evolving Emerging Markets.

Today, Ashmore's global operating hubs in London, New York, Dublin, and Singapore support fund management activities across multiple time zones, and local Emerging Markets fund management offices benefit from the scale, efficiency, best practices, and resources of a global asset management group.

The Ashmore Foundation functions independently of Ashmore Group and is registered in the United Kingdom as a charity and company limited by guarantee. The Foundation was established in January 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets (EM) countries in which Ashmore operates and invests.

Introduction

Ashmore is a supporter of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) and welcomes the recent incorporation by the UK's Financial Conduct Authority (FCA) of the recommended disclosures into its listing rules and its reporting requirements for financial services companies.

Ashmore recognises the responsibilities it has both as a premium-listed company on the London Stock Exchange and as a specialist Emerging Markets investment manager acting as a steward of clients' capital. It explicitly considers climate-related risks and opportunities in its operations and investment processes as recommended by the TCFD framework.

Environmental challenges, and specifically the effects of climate change, can be acutely felt by Emerging Markets countries and companies. Ashmore understands the challenges faced by these markets and the environmental trade-offs that can have a greater impact on emerging nations compared with developed countries, as well as the need for investors from both developed and emerging economies to invest in Emerging Markets to finance sustainable growth.

Comply or explain framework

Ashmore Group plc

In accordance with the FCA's Listing Rules for premium-listed companies, specifically LR 9.8.6R(8) and LR 9.8.6BG, Ashmore has made disclosures consistent with the 11 TCFD recommendations, including Sections C and D of the TCFD 2021 Annex, with the exception of recommendation 3 (identification of risks and opportunities), where the medium-term quantitative impact is currently uncertain, and recommendation 5 (scenario modelling), where a more detailed approach may be taken, including additional scenarios, as data and models evolve. Ashmore intends to undertake further quantitative analysis in order to make progress towards compliance with these recommendations over the next 12 months.

Investment management

Furthermore, Ashmore has made significant progress towards complying with the FCA's new rules regarding the implementation of the TCFD recommendations and recommended disclosures for asset managers under the FCA's new ESG Sourcebook, for which the first public disclosures must be made by 30 June 2023.

Contributing to the net zero transition

Ashmore recognises the importance for the financial sector to contribute to Climate Action (Sustainable Development Goal 13), and the related transition to net zero. Furthermore, the commitment by the United Kingdom, where Ashmore is headquartered, to a net zero economy has been considered as part of these disclosures. To achieve the economic transformation required to deliver 'net zero by 2050' financial flows must become aligned with a low-carbon economy and incentivise climate mitigation and adaption. This is particularly the case in Emerging Markets where there is a need to balance the low-carbon transition with improved access to energy and where the need for funding is paramount. Ashmore, as a specialist asset manager in Emerging Markets, is ideally placed to manage those investment flows and ensure a competitive return on capital, in both public and private markets.

The main framework for asset managers in this regard is the voluntary Net Zero Asset Managers Initiative (NZAMI), which Ashmore joined in July 2021. Ashmore recently submitted its NZAMI Interim Target, and this is expected to be the main mechanism by which Ashmore addresses climate change mitigation. This is further detailed on page 19.

Year in Review

Progress in financial year 2021/22

- In addition to delivering impactful social, economic, and environmental outcomes. The Ashmore Foundation's partnership with IDEP Foundation in Indonesia offset substantially all of Ashmore's scope 1, 2, and 3 emissions for FY2020/21. The initiatives, including tree planting, are ongoing and IDEP Foundation expects to complete activities during 2022 to fully deliver the offset targets.
- While the return of business travel and use of the Group's offices during FY2021/22 has contributed to an increase in the Group's GHG emissions compared with the previous year, the Group remains committed to offsetting these emissions in an effective and socially responsible manner through projects overseen by The Ashmore Foundation.
- Ashmore joined the Net Zero Asset Managers Initiative (NZAMI) in July 2021 and recently submitted its Interim Target.
- The Group's investment team joined a second collaborative engagement effort with an Emerging Markets issuer through the Climate Action 100+ initiative.
- Ashmore developed GHG emission reporting for its corporate and sovereign investments, which will be made available to clients to aid them in their own TCFD reporting.
- Ashmore published a policy position paper titled "Seven policy proposals to meet the Paris Agreement objectives", highlighting that the contrasting emissions profile of Developed and Emerging Markets must be considered, and that equitable carbon trading and subsidy policies would incentivise greater private sector involvement in funding climate action.

Principal activities planned in financial year 2022/23

- The Ashmore Foundation will continue to research and identify further projects to offset the Group's FY2021/22 emissions.
- Ensure TCFD reporting for Ashmore's investment management activities is aligned with FCA's ESG Sourcebook requirements by publication deadline of 30 June 2023.
- Further explore climate-related forward-looking metrics and scenario analyses.
- Continue working with relevant clients to mutually agree de-carbonising strategy and targets.

Summary

Governance

1. **The Board's oversight of climate-related risks and opportunities**

   In line with Ashmore's Corporate Governance framework, Ashmore's Board has delegated day-to-day responsibility of climate-related issues to Ashmore's Executive Directors and the Group's specialised committees. The Board is updated at least annually on the Group's Responsible Investment Strategy, which includes climate-related topics.

   Read more on page 8.

2. **Management's role in assessing and managing climate-related risks and opportunities**

   The ESG Committee is the primary forum for responsible investment matters and is chaired by the CEO with representatives from across the Group. The assessment and management of ESG risks and opportunities into investment processes, including those related to climate, is also monitored through Ashmore's investment committees.

   Read more on page 9.

Strategy

3. **Climate-related risks and opportunities identified over the short, medium, and long term**

   Over the short term, medium term, and long term, Ashmore has identified limited direct exposure to material operational climate-related risks. Identified transition risks includes the evolving regulatory environment, with identified opportunities being the need for capital to flow to Emerging Markets to fund the low-carbon transition.

   The consideration of transitional and physical climate-related risks forms part of Ashmore's ESG-related risks – which is an integral part of the investment process.

   Read more on page 10.

4. **The impact of climate-related risks and opportunities on businesses, strategy, and financial planning**

   The identified climate-related issues outlined above have not significantly affected Ashmore's business, strategy, and financial planning. The main identified impact is that relating to the development of investment solutions to respond to changing regulation and demand.

   The extent to which climate-related issues, including the transition to a lower-carbon economy, impacts individual investments is assessed through the investment team's ESG review.

   Read more on page 12.

5. **The resilience of Ashmore's strategy considering different climate-related scenarios**

   Ashmore concludes that its operational strategy will prove to be resilient if faced with more severe effects of climate change.

   Ashmore continues to examine ways in which climate-related scenario analysis can be used to augment the Board's review and challenge of Ashmore's strategy and to assist in the ongoing development of the Group's investment management capabilities.

   Read more on page 13.

Risk management

6. **Process for identifying and assessing climate-related risks**

   Ashmore's internal control framework provides an ongoing process for identifying, evaluating, and managing the Group's emerging and principal risks, and identifies associated controls and mitigants. This includes Ashmore's Principal Risk Matrix, which explicitly identifies climate risk.

   For Ashmore's Investment Management function, climate-related risks are identified and assessed as part of the investment team's ESG review.

   Read more on page 14.

Risk management
continued

7. Process for managing climate-related risks

Ashmore's Principal Risk Matrix includes climate-related risks and associated controls and mitigants, and it is challenged on a quarterly basis by both the Risk and Compliance Committee and the Board's Audit and Risk Committee.

The primary tool for managing issuers' climate-related risks is the ESG scorecard, where an issuer's ESG scores are reassessed at least annually. Ashmore also manages climate-related risks through its engagement efforts with sovereign and corporate issuers on a range of climate-related topics, both directly and in collaboration with other stakeholders.

Read more on page 15.

8. Integrating the identification, assessment, and management of climate-related risks into the overall risk management

Climate-related risks are considered in a similar manner to other emerging or principal risks. The identification, assessment, and management of such risks are integrated fully into Ashmore's robust risk management culture and its internal control framework.

Read more on page 15.

Metrics and targets

9. Metrics used to assess climate-related risks and opportunities

Ashmore uses a combination of qualitative and quantitative approaches to assess climate-related risks and opportunities, encompassing both corporate and investment activities. These will continue to evolve in response to evolving client and regulatory requirements, and industry best practice. Quantitative metrics include GHG emissions and an internal carbon price.

Read more on page 16.

10. GHG emissions

Ashmore Group plc reports its scope 1, 2, and 3 GHG emissions. In FY2021/22, the total was 653.9 tCO_2e.

GHG emission reporting is now available to Ashmore's clients for individual funds and mandates. In addition, emissions for a representative selection of Funds have been included in the Appendix (page 20).

Read more on page 17.

11. Climate targets

The principal target for FY2021/22 was to offset the Group's prior year GHG emissions via The Ashmore Foundation, resulting in the offset of 203 tCO_2e.

NZAMI, of which Ashmore is a signatory, provides the primary target-setting framework for Ashmore's Investment Management function. The Interim Target outlines how equity and corporate debt assets aligned to net zero by 2050 will be managed to a portfolio decarbonisation reduction target of at least 22% by 2025 and at least 49% by 2030.

Read more on page 19.

The following pages present Ashmore's entity report in relation to the TCFD framework.

Where appropriate and to aid understanding, the disclosures are split between Ashmore Group plc's operational activities and its investment management activities. The areas that are identified as substantially or partially compliant for the Investment Management function are progressing satisfactorily and, all things equal, will be completed by the 30 June 2023 deadline in accordance with FCA's ESG Sourcebook.

Governance

This section provides detail on the following recommended TCFD disclosures:

1| Board oversight of climate-related risks and opportunities.

2| Role of management in assessing and managing climate-related risks and opportunities.

Ashmore's governance around climate-related issues

As the regulatory environment evolves, Ashmore will continue to adhere to the TCFD recommendations 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.

Ashmore Group plc is a UK-listed asset manager with a robust corporate governance framework and a committee-based investment philosophy that has proven successful over nearly 30 years of specialist investing in Emerging Markets. Therefore, the Group's governance structures are well established and has the experience and expertise to enable Ashmore to appropriately assess and manage climate-related issues.

1| The Board's oversight of climate-related risks and opportunities

Ashmore Group plc has a premium listing on the London Stock Exchange with a unitary Board of Directors (the Board). The Board has ultimate responsibility for the Group's strategy and maintains full and effective control over appropriate strategic, financial, operational, and compliance matters, including material climate-related issues through its corporate governance framework (see page 87 of the 2022 Annual Report). This framework provides for regular reporting and other updates to the Board, through which it is able to oversee progress against the Group's targets, including those relating to climate issues.

Hence, overall responsibility for climate-related risks and opportunities lies with the Board, however on a day-to-day basis the authority is delegated to the Executive Directors and the Group's specialised committees. For example, the Board's annual review and challenge of Ashmore's strategy explicitly includes areas of focus relating to ESG and responsible investment.

It is important to note that from an operational perspective, physical climate risk has limited material impact on an asset management business, instead primarily relating to transitional climate risks, which may impact the Group's products, costs of business travel, and office use. The consideration of climate-related issues as it relates to guiding strategy, major plans of action, risk management policies, annual budgets, and business plans is guided by the Responsible Investment Strategy presented to the CEO, extracts of which are also included and discussed in the annual update to the Board.

The consideration of climate-related issues is a core part of the investment framework applied by Ashmore's investment teams and consequently it is a component of their performance objectives. The oversight, monitoring, and implementation of a range of responsible investment activities also form part of the performance objectives of senior management, with ESG matters being one of the areas of performance considered by the Ashmore Group plc Remuneration Committee when determining variable remuneration on an annual basis for the Executive Directors.

2

Management's role in assessing and managing climate-related risks and opportunities

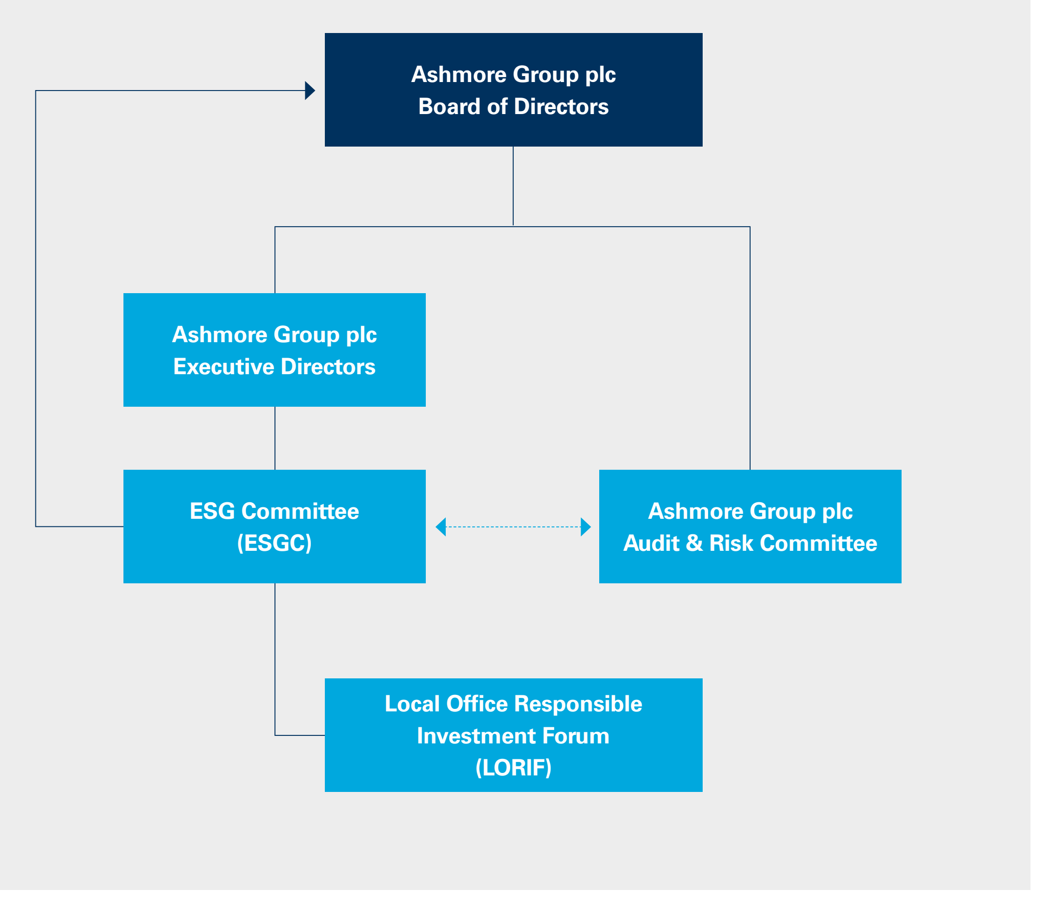
The Board has delegated certain authorities to the Executive Directors who in turn have formed several specialist committees with terms of reference to carry out the functions delegated to them. One such specialised committee is the ESG Committee (ESGC), which is chaired by the Group CEO and with members drawn from across Ashmore's investment, distribution, risk, legal, operations, and other support functions. This ensures that responsible investment topics are appropriately understood, assigned to, and discussed by all relevant areas of the Group.

The ESGC has oversight of relevant climate-related issues and the Group's Head of Responsible Investment and ESG Policy, or a delegate, provides regular updates to the Board. The Board is informed about goals and targets designed to address climate-related issues and these are consequently reported on the following year. Additionally, ESGC members provide the Board, its Audit and Risk Committee, and the Group's Risk and Compliance Committee with multiple formal points of contact throughout the year. Furthermore, the Local Office Responsible Investment Forum (LORIF) was created to ensure the sharing of knowledge and expertise, process, and initiatives between the ESGC and the Group's local offices.

From an investment management perspective, Ashmore's investment committees are ultimately responsible for the management of client portfolios. Through the oversight by these committees, the Firm has integrated the assessment and management of ESG risks and opportunities, including those related to climate, into all its investment processes, including both global and local investment platforms and all investment themes. Reports presented both at the ESGC and the relevant investment committees ensure the effective monitoring of ESG-related risks.

The processes described in the risk management section (see page 38 of the 2022 Annual Report) incorporate how senior management is informed about climate-related issues and their assessment and management of such risks faced by the Group.

Figure 1: Illustration of Ashmore's climate-related governance structure



Strategy

This section provides detail on the following recommended TCFD disclosures:

3| Climate-related risks and opportunities identified over the short, medium, and long term.

4| The impact of climate-related risks and opportunities on businesses, strategy, and financial planning.

5| The resilience of strategy, taking into consideration different climate-related scenarios.

The identification of climate-related issues and its impact on the Group

3|

Climate-related risks and opportunities identified over the short, medium, and long term

Ashmore Group plc

Ashmore considers material climate-related risks and opportunities over the short term (up to three years, which is consistent with the planning horizon under the Group's internal capital management processes), medium term (up to 10 years), and the long term (beyond 10 years). The process includes consideration of climate-related issues through the Group's internal control and risk management framework, the activities of the ESGC including the LORIF, the investment committees, and the Group's financial planning.

Over the short and long term, to the extent possible, Ashmore has identified limited direct exposure to material operational climate-related risks. A medium-term opportunity relating to capital flows has been identified, but the impact relating specifically to climate change is inherently uncertain and hence Ashmore does not claim to be fully compliant with this recommendation.

Over the short term, a prominent climate-related risk that could have a material financial impact on Ashmore is the evolving climate-related regulation and industry developments, potentially leading to duplication, contradiction, and diminishing effectiveness of initiatives. Ashmore remains focused on actions that support its purpose to deliver long-term investment performance for clients and to generate value for shareholders through market cycles. While evolving regulation poses implementation risks, it also creates opportunities for an active manager to develop new products and strategies to fulfil clients' investment objectives. In line with client preferences, and through its Product Committee, Ashmore will continue to seek opportunities to manage capital to deliver appropriate investment outcomes. Since Ashmore invests across fixed income, equity, and alternatives asset classes, and its investment universe encompasses the full range of diversified Emerging Markets, these opportunities are assessed on a broad basis.

Over the medium term, there will be further opportunities to influence perceptions and methods of measuring some of the factors commonly linked to climate change. For example, investors typically view GHG emissions from a producer perspective, which is to the detriment of Emerging Markets that serve as manufacturing bases, whereas a consumer perspective would shift the emphasis to patterns of behaviour in developed markets.

3

Furthermore, developing countries will require investment capital to achieve domestic and international ambitions related to climate change.

The first phase of Ashmore's corporate strategy, which explicitly targets higher allocations to Emerging Markets and therefore a greater focus by investors on the impact of, and action required to mitigate climate-related risks, means that more capital should continue to flow to Emerging Markets over time.

Over the long term, the most prominent identified climate-related risk that could have a material financial impact on Ashmore is a failure to deliver on its net zero commitment.

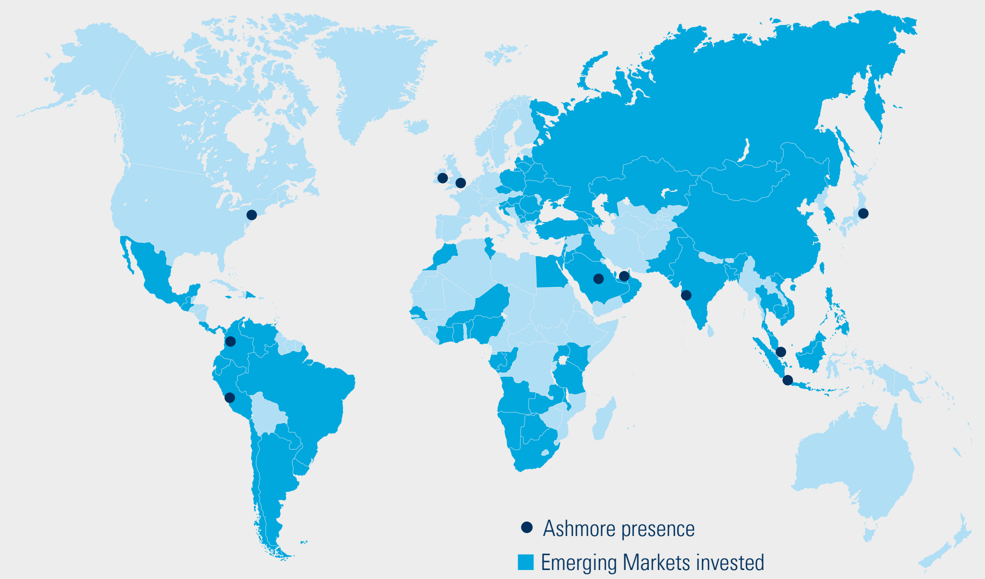
Figure 2: Identified climate-related risks and opportunities on Ashmore Group plc

	Risks	Opportunities
Transition to low-carbon world	• Evolving regulatory landscape and reporting requirements (S) • Changes in consumer preferences (M) • Market-wide climate-related shocks (S) • Net-zero delivery (L)	• Product development (S) • Increased capital allocations to Emerging Markets (M)
Physical impacts of climate change	• Extreme weather events (S) • Flooding (S) • Higher temperatures (S)	

Timeframes considered: S = short term; M = medium term; L = long term

As it relates to material physical climate-related risks, the impact of these is considered to be limited to Ashmore in the short term due to its office-based asset management model. However, given its global business model, during the year, Ashmore conducted a review of the physical climate-related risks faced by eight of its 11 offices. Findings include the potential for more frequent serious weather events e.g. flooding, and sustained higher average temperatures leading to increased demand for air conditioning.

Ashmore's Emerging Markets investments – a worldwide network



Investment Management

As they relate to Ashmore's Investment Management function (i.e. the Firm's product and services), transitional and physical risks and opportunities form an integral part of the investment process, identified and factored into Ashmore's investment strategies through its ESG scorecard (see page 14 for more information). Some such risks and opportunities are outlined in Figure 3 on page 12.

Figure 3: Identified climate-related risks and opportunities for Ashmore Investment Management

	Risks	Opportunities
Transition to low-carbon world	**Policy & Regulation:** Policy changes attempting to constrain actions that contribute to the adverse effects of climate change or that seek to promote adaptation. **Stranded assets:** Assets devaluing due to climate change action. **Changes in consumer behaviour:** The impact of policy and technology changes and shifts in supply and demand for products, services, and commodities. **Reputation:** The perception of a company in contributing to or detracting from the transition to a low-carbon economy. **Litigation risks:** Claims brought by property owners, municipalities, NGOs, insurers, and shareholders.	**Innovative technologies:** The adoption of technological improvements and innovations that support the transition to a low-carbon economy and their ability to improve effectiveness and ultimately market demand. **Resource efficiency:** Efficiencies such as energy and waste management and the use of new technology result in direct cost savings to operations over the medium and long term. **Energy source:** Moving to low-emission energy sources could see organisations save on annual energy costs. **Products and services:** Innovations in products and services may enable improved competitive advantage. **Markets:** Organisations that diversify their activities maybe in a position to access new markets and develop new business partnerships.
Physical impacts of climate change	**Acute:** Event-driven such as increased severity of extreme weather events. **Chronic:** Longer-term shifts including temperature changes, rainfall, and variations in weather patterns.	**Adaption & resilience:** In responding to climate change, organisations may develop new processes, systems and products that protect them from adverse impacts.

4 The impact of climate-related risks and opportunities on businesses, strategy, and financial planning

Ashmore Group plc

The identified climate-related issues outlined above have not significantly affected Ashmore's business, strategy, and financial planning. From an operational standpoint this is, as identified above, less material. Energy prices could pose a financial risk related to operational running costs, but it is not considered a material risk at this time. The main area of impact relates to the Group's products and services with opportunities for its investment management activities.

Ashmore's investment process currently incorporates investment solutions that respond to the evolving regulatory and industry requirements as they relate to climate change, including establishing net zero capabilities. For existing client portfolios, an assessment of the impact of climate-related risks and opportunities is made using the Ashmore ESG scorecard, as described below.

Ashmore will assess and act upon climate-related issues that might affect its planning processes, as appropriate, through the Group's established processes including the Operating Committee, Investment Committees, the ESG Committee, the Product Committee, and via the Board's regular strategy reviews. Thus far, no direct and material impact of climate-related issues on Ashmore's financial performance has been identified (see Figure 4).

Figure 4: Major categories of potential financial impact

Financial performance	Financial position
Revenues: The need for private capital to contribute to addressing climate mitigation and adaption can potentially act as an opportunity for Ashmore.	**Assets and liabilities:** Ashmore is conscious of how climate-related risks may impact its assets and liabilities and includes this consideration in its assessments.
Expenditures: Ashmore's flexible cost structure is well placed to accommodate its required response to climate-related issues.	**Capital and financing:** Climate-related risks have been considered unlikely to affect Ashmore's capital, and it has no debt.

4

Investment Management

The extent to which climate-related risks and opportunities, including the transition to a lower-carbon economy, impacts individual investments is assessed through the ESG scorecard (see page 14). The scoring guidelines require score deductions to be applied where environmental or climate-related issues are identified e.g. due to the impact and materiality of scope 3 GHG emissions. Ashmore establishes whether the company has policies in place to mitigate such emissions (e.g. through supply chain audits, end of life product care, increasing product lifespan, local procurement policies, customer engagement, and/or the investment strategy) and targets to estimate and reduce such emissions.

5

The resilience of Ashmore's strategy considering different climate-related scenarios

Ashmore Group plc

Transition risks are considered as part of the Group's risk management and internal control framework, and are not currently considered to pose a significant threat to Ashmore's overall strategy. Similarly, from a Group perspective, the review of physical risks to offices (see page 11) concluded that the risks are unlikely to have a material impact in the short term. Over the medium to longer term, there are significant mitigating factors, such as flexibility afforded through being a leasehold tenant rather landlord, the potential for remote working. This is further supported by regional or national government commitments to address climate-related challenges.

Therefore, Ashmore concludes that its strategy will prove to be resilient if faced with more severe effects of climate change. The Group will keep its position under review and, where appropriate, will also consider additional scenario analysis tools to complement these reviews including, as data and models permit, the consideration of a transition to a low-carbon economy consistent with a 2°C or lower scenario. This is an area Ashmore intends to make progress on over the next financial year.

Investment Management

Ashmore continues to examine ways in which climate-related scenario analysis can be used to assist in the ongoing development of the Group's investment management capabilities.

The primary socioeconomic scenario that Ashmore will consider is the International Energy Agency (IEA)'s Net Zero Emissions by 2050 Scenario (NZE), designed as a roadmap for the global energy sector.

As Ashmore invests exclusively in Emerging Markets it was important to consider a scenario that recognises the different stages of economic development of countries and regions, and the importance of ensuring a just transition.

The International Energy Agency's Net Zero Emissions by 2050 scenario

A scenario is a coherent, internally consistent, and plausible description of a possible future state of the world. The NZE scenario highlights the significant changes required to the global energy sector in order to achieve net zero by 2050 e.g. deployment of available clean energy technologies between 2020 and 2030 and a need for clean energy innovation.

The IEA stresses the need for a rapid shift away from fossil fuels, including the phasing out of all unabated coal and oil power plants by 2040.

The Agency highlights the benefits of such a transition, including universal access to clean energy and the significant number of new jobs such a transition would create. As electricity becomes the core of the energy system, demand for batteries, hydrogen-based fuels, hydropower etc. will significantly increase.

By 2045, the scenario envisages that most cars would be running on electricity or fuel cells and aircraft largely relying on biofuels and synthetic fuels.

It paints a picture of a cleaner, healthier 2050 where the global energy sector relies largely on renewables, but stresses that to achieve this "a complete transformation of the global energy system" is required.

Risk management

This section provides detail on the following recommended TCFD disclosures:

6| Process for identifying and assessing climate-related risks.

7| Process for managing climate-related risks.

8| Integration of processes related to identifying, assessing, and managing climate-related risks into overall risk management.

How Ashmore identifies, assesses, and manages climate-related risks

Ashmore's established and effective risk management framework and investment management capabilities provide it with the necessary processes to identify, assess, and manage climate-related risks and opportunities pertaining both to its business and to client portfolios.

6|

Process for identifying and assessing climate-related risks

Ashmore Group plc

Ashmore's internal control framework, described in detail in the Group's Annual Report, provides an ongoing process for identifying, evaluating, and managing the Group's emerging and principal risks, and identifies associated controls and mitigants. The Board's Audit & Risk Committee regularly reviews the framework. Ashmore's Principal Risk Matrix (an extract of which is included in the Group's Annual Report) explicitly identifies climate risk and ensures senior management is made aware and acts on such risks where relevant to the Group. For example, this includes the failure to understand and plan for the potential impact to the business that investor / business sentiment, climate change, and sustainability regulations may have on product preferences and on underlying asset prices which may be affected by the transition to a low-carbon economy.

In addition, the emerging regulatory requirements for asset managers relating to climate change (and ESG more generally) is a principal risk for Ashmore Group plc. This was previously identified and is monitored through the ESGC's standing agenda item covering regulatory updates.

Investment Management

For Ashmore's investment management function, the primary tool used to identify, assess, and monitor climate-related risks and opportunities is the Ashmore ESG scorecard. The scorecard is applied consistently across the Firm which allows for a standard approach to be taken to manage material climate-related risks across investment strategies. When identifying and assessing climate-related risks and opportunities in the ESG scorecard, the materiality of the risk or opportunity is considered through a combined quantitative and qualitative process. This review includes the consideration of the nature and scale of the identified risks and rates the risk on a scale from 1-5. Further details on the scorecard are also included in Ashmore's Sustainability Report.

Another avenue for identifying climate-related risks is through Ashmore's engagement efforts with sovereign and corporate issuers. Ashmore's commitment to engaging with industry bodies and Emerging Markets issuers on climate-related topics to identify and manage risks and opportunities is also reflected in its membership of the Climate Action 100+ initiative and NZAMI.

7 Process for managing climate-related risks

Ashmore Group plc

As noted above, climate-related risks and associated controls and mitigants are reviewed as part of Ashmore's Principal Risk Matrix and reviewed, prioritised and, where appropriate, challenged on a quarterly basis by both the Risk and Compliance Committee, and the Board's Audit and Risk Committee.

For example, as noted above, climate change and the failure to understand and plan for the potential impact to the business that investor / business sentiment, climate change, and sustainability regulations may have on product preferences and on underlying asset prices that may be affected by the transition to a low-carbon economy is mitigated by a combination of policy setting and governance by the ESGC. At the plc level, this risk in relation to Ashmore's GHG emissions, is managed through offsets in collaboration with The Ashmore Foundation.

Investment Management

Ashmore advises clients and implements solutions in their investment management mandates, to help them consider climate-related risks their investment solutions e.g. through decarbonisation efforts. At the Investment Management level, this is expressed in the dedicated ESG funds e.g. by excluding oil and other fossil fuel investments. In addition, the Firm's membership and participation in NZAMI in preparation for net-zero commitments influences both plc and Investment Management activities.

The ESG scorecard analysis for any given issuer is reassessed at least annually. Importantly, ESG risks and opportunities are not considered 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 as an input to the ESG scoring process.

Ashmore also manages climate-related risks through its engagement efforts. Investment teams engage with sovereign and corporate issuers on a range of topics, both directly and in collaboration with other stakeholders. This includes efforts to encourage better climate-related disclosure as this information is crucial for informed investment decision-making and has been identified as an evolving area with scope for improvement by Emerging Markets issuers. As a signatory to TCFD since January 2020, Ashmore also promotes TCFD-aligned climate disclosures by the companies in which it invests.

8 Integration of processes related to identifying, assessing, and managing climate-related risks into overall risk management

Climate-related risks are considered in a similar manner to other emerging or principal risks, since they may affect various aspects of the Group's strategy, business model, clients, and operational and financial performance. In this context, the identification, assessment, and management of such risks are integrated fully into Ashmore's robust risk management culture and its internal control framework.

For example, within the Firm's Principal Risk Matrix, the different aspects of climate risks would impact distribution and client oversight activities, integration within investment management processes as well as regulatory requirements and the Group's overall reputation. These are considered both on a standalone basis as well as in combination to ensure related risks are assessed and managed and, where appropriate, mitigated through the development of internal controls and processes.

Metrics and targets

This section provides detail on the following recommended TCFD disclosures:

9| Metrics used to assess climate-related risks and opportunities in line with strategy and risk management.

10| GHG emissions (scope 1, 2 and 3) and related risks.

11| Targets used to manage climate-related risks and opportunities and performance against these targets.

The metrics and targets used to assess and manage relevant climate-related issues

Ashmore uses a combination of qualitative and quantitative approaches to assess climate-related risks and opportunities, encompassing both corporate and investment activities. These will continue to evolve in response to changing client and regulatory requirements and industry best practice.

9| Metrics used by Ashmore to assess climate-related risks and opportunities in line with its strategy and risk management process

Ashmore Group plc

The main climate-related metric used by Ashmore is its operational GHG emissions, which are modest and are disclosed in accordance with the UK Companies Act and the Streamlined Energy and Carbon Reporting regulation.

As part of the process to offset its GHG emissions, Ashmore sets an internal carbon price based on the three-month rolling average market price of the first carbon futures contract traded on the European energy exchange. This methodology is unchanged from last year and for the period ending 30 June 2022 resulted in a price of EUR 83.4 per tonne CO_2e.

Ashmore's Remuneration Committee takes into consideration qualitative and quantitative ESG factors, including those relating to climate issues, when determining Executive Directors' performance-related variable remuneration, as described in the Remuneration Report starting on page 95 of the 2022 Annual Report.

Investment Management

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. The Firm continues to engage with third-party providers and issuers to broaden coverage. Today, the main metrics used are issuers' GHG emissions (see Appendix), stranded asset data and the internal carbon price. Ashmore will continue to evaluate other climate-related metrics, in particularly forward-looking metrics, and consider adoption of such metrics as industry convergence materialises.

The main metrics used by portfolio managers when completing the ESG scorecard to assess climate-related risks and opportunities for corporate issuers are GHG emissions (scope 1 and 2 as well as scope 3 where available), sustainability impact metrics such as water usage and waste

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disposal, incidents of environmental pollution, utilisation of green energy, and product and process innovation to limit environmental impact. For sovereign issuers these include carbon intensity, air pollution, renewable energy consumption, energy intensity, water stress and water productivity as well as natural disaster risks and incidents of environmental impact. The use of these metrics has remained relatively stable over recent years and will evolve as Principle Adverse Sustainability Impact (PASI) indicators become more prevalent.

Figure 5: Cross-industry climate-related metrics

	Ashmore Group plc metric	Investment Management metric
GHG emissions	Scope 1, 2 & 3 provided in tCO_2e	Weighted Average Carbon Intensity (tCO_2e / USDm revenue) Total / Absolute Carbon Emissions (tCO_2e) Carbon Footprint (tCO_2e / USDm invested)
Transition risks	Qualitative assessment	Stranded assets
Physical risks	Qualitative review (see page 11)	Qualitative assessment
Climate-related opportunities	Industry demand for dedicated ESG-labelled products	Qualitative assessment
Capital deployment	–	Qualitative assessment
Internal carbon price	Carbon price calculated using average price over three months (1 April 2022 to 30 June 2022) = EUR 83.4 (up from EUR 50.2 in 2021)	

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The scope 1, scope 2, and scope 3 GHG emissions and related risks

Ashmore Group plc

Ashmore reports its GHG emissions annually, as required by the UK Companies Act. The latest disclosures are provided in the Directors' report on page 128 and are summarised in the charts below.

Overall, the emissions have significantly increased since FY2020/21 (188%). The year-on-year emissions performance shows a marked increase of 21% for scope 1, mostly driven by increased natural gas consumption. A marked increase was also seen in scope 2 emissions by 64% using location-based approach and by 43% when using market-based approach, primarily driven by increased electricity usage by Ashmore offices. These increases are due to a return to offices after Covid-19. The significant rise of scope 3 emissions (1,200%) is mostly driven by business travel, which was artificially low during FY2020/21 also due to Covid-19.

Figure 6: Ashmore Group plc's GHG emissions by scope

	Tonnes CO_2e		
	FY2019/20	FY2020/21	FY2021/22
Scope 1	35.1	43.0	51.9
Scope 2 – Location-based	200.1	138.4	227.3
Scope 2 – Market-based	233.4	154.7	221.1
Scope 3	421.3	29.3	380.4
Total*	**689.7**	**227.0**	**653.9**

*Using market-based scope 2 emissions.

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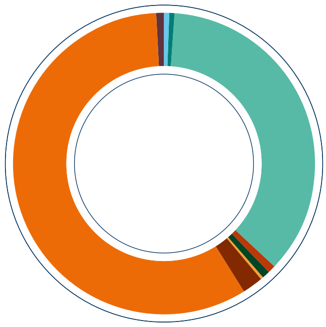
The emission profile was generated by various sources, across the three scopes. As a proportion of the total emissions, the biggest source of emissions was generated by business air travel (55%), followed by electricity (market-based) generation (34%), and natural gas (6%). All other emission sources contributed 1% or less of the total emissions.

Figure 7: Ashmore Group plc's GHG emissions by source



Diesel (average biofuel blend)	0.60%
Petrol (average biofuel blend)	0.60%
Electricity (market-based)	35.96%
Refrigerants	0.72%
Electricity T&D	0.87%
Vehicles (distance)	0.19%
Hotels	2.19%
Business Air Travel	58.16%
Waste	0.60%
Water (Supply & Treatment)	0.10%
Third-party vehicles	0.01%

The emissions generated by office locations is shown below. As a proportion of the total emissions, the highest emitter was the UK office (38%), followed by USA (18%), Saudi Arabia (14%), Dubai (11%), Colombia (7%), all the other offices emitted less than 5% of the total emissions.

Figure 8: Ashmore Group plc's GHG emissions by office

Colombia	5.87%
Dubai	11.33%
India	5.20%
Indonesia	2.74%
Ireland	0.37%
Japan	1.31%
Peru	0.33%
Saudi Arabia	13.92%
Singapore	2.92%
UK	38.25%
USA	17.76%

This analysis was prepared by Carbon Responsible using the GHG Corporate Reporting and Accounting Standard, and the UK Government Reporting and Conversion methodology and conversion factors. Data capture was undertaken in June 2022 for Q1-Q3 data and in July for Q4 data.

Investment Management

During 2022, Ashmore has worked to establish the GHG emissions associated with its corporate and sovereign strategies. The Weighted Average Carbon Intensity (WACI), Total/Absolute Carbon Emissions, and Carbon Footprints are included for a representative selection of Ashmore funds in the Appendix. These are also being made available to clients for individual funds and mandates. Ashmore has seen an increased interest among its clients in reporting of GHG emissions as well as capabilities to incorporate net-zero decarbonisation targets in the investment process.

11 | Targets used by Ashmore to manage climate-related risks and opportunities and performance against targets

Ashmore Group plc

A principal target for FY2021/22 was to offset the Group's prior year's GHG emissions, as disclosed in its Directors' report, through The Ashmore Foundation's portfolio of carbon initiatives that deliver positive environmental outcomes while simultaneously realising social and economic benefits for communities hardest hit by climate change. The Foundation selected IDEP Foundation in Indonesia, a country in which Ashmore has a significant local presence in the form of its asset management business, Ashmore Asset Management Indonesia. IDEP Foundation's activities in the year have offset 203 tCO_2e, which represents a material proportion of the 227 tCO_2e scope 1, 2, and 3 emissions reported by Ashmore for FY2020/21. These initiatives, including tree planting, are ongoing, and IDEP expects to complete all of these activities during 2022 to deliver the full offset.

The Foundation continues to research and plan initiatives to support the Group's carbon offsetting objectives. While the scale of individual initiatives tends to be limited to local initiatives, the Group nonetheless believes that this approach is optimal because it delivers positive societal, economic, and environmental benefits to communities in emerging countries and has greater direct impact than, for example, simply acquiring carbon-related securities. Ashmore will also report on the activities relating to the FY2021/22 GHG emissions in next year's Group Annual Report and accounts.

Operationally, Ashmore leases its offices, typically alongside other tenants, meaning that in many cases it is allocated a share of total building emissions based on leased footprint. Therefore, the ability to measure, and hence to directly influence changes in the Group's gross GHG emissions is severely limited. Nonetheless, Ashmore seeks to offset its operational GHG emissions through a thoughtful, socially responsible, and measurable approach via The Ashmore Foundation as demonstrated by the donation to the IDEP Foundation.

Investment Management

Ashmore joined NZAMI in July 2021 and the initiative provides the primary climate-related target-setting framework for Ashmore's investment management function. As part of the NZAMI Interim Target, Ashmore has identified the scope of its AUM that will be managed in line with the net-zero target, which initially will account for 6% of the Group's AUM. Ashmore has included in the scope its ESG-labelled range of pooled funds, which includes all its SFDR Article 8 pooled funds. In addition, any client mandates managed to at least the same net-zero ambition as that of Ashmore's Interim Target will be considered 'in scope'. Ashmore will introduce a phased approach to include further funds and mandates within the scope where it has discretion to do so and believes it is aligned with clients' interests. Ashmore will engage with clients to include further mandates and continue to develop net-zero solutions.

Ashmore has adopted the Net Zero Asset Owner Alliance (NZAOA)'s Target Setting Protocol to guide its implementation of NZAMI commitments. This framework recommends a combination of portfolio-specific targets, sector-specific targets, financing solutions, and engagement.

The equity and corporate debt assets aligned to net zero by 2050 will be managed to a portfolio decarbonisation reduction target of at least 22% by 2025 and at least 49% by 2030 (using 2021 as base year), in line with the recommended range by the NZAOA's Target Setting Protocol. These portfolio targets are based on the Weighted Average Carbon Intensity metric. Absolute Carbon Footprints will also be made available and tracked to monitor alignment with the net zero intention.

Furthermore, Ashmore will also target climate-related engagement with the 20 investee companies with the highest owned emissions (scope 1 & 2), as per recommendations by the Protocol.

Appendix

GHG emissions of a representative selection of Ashmore funds

Below is included GHG emission reporting of a representative selection of Ashmore's funds as of 30 June 2022, including the methodology used.

Figure 9: Weighted Average Carbon Intensity (WACI) of a representative selection of Ashmore's sovereign funds

	Weighted average carbon intensity (WACI) (tCO_2/USDm GDP[1])[2]	Calculated on % of NAV with consumption data available[3]
Sovereign		
SICSDF	251.2 tCO_2	75.2%
SICSDESG	223.2 tCO_2	90.9%
SICEMDF	254.1 tCO_2	76.8%
SICLCBF	285.0 tCO_2	92.3%

Description	Portfolio's exposure to CO_2 emission-intensive countries, using the weighted average of each bond's portfolio weight and the carbon intensity of the bond's mapped country, expressed in tCO_2/USDm GDP[1].
Formula	$\sum_{n}^{i} \left(\frac{\text{Current value of investment } i}{\text{Current portfolio value}} \times \frac{\text{Country's emissions}}{\text{Issuer's USDm of GDP on a PPP basis}} \right)$
Methodology	CO_2 emissions based on consumption[3] are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).

[1] GDP is USDm expressed in purchasing power parity (PPP).
[2] WACI is grossed up, representing only % of NAV invested in sovereign issuers and where data is available.
[3] WACI is calculated for the percentage of the portfolio where CO_2 and GDP data is available.
Production CO_2 used where consumption CO_2 is not available.

Figure 10: Weighted Average Carbon Intensity (WACI) of a representative selection of Ashmore's equity and corporate debt funds

	Weighted Average Carbon Intensity (WACI) (tCO_2e/USDm revenue)[1]	Calculated on % of NAV with data available[2]	% of NAV that uses estimated emissions
Equities			
SICAF	90.6 tCO_2e	91.8%	20.0%
SICEMEF	127.5 tCO_2e	89.2%	29.3%
SICEFESG	98.3 tCO_2e	87.1%	34.7%
SICVFEF	124.7 tCO_2e	56.1%	27.2%
Corporate debt			
SICCDF	1,135.4 tCO_2e	61.4%	6.7%
SICCDESG	279.7 tCO_2e	62.0%	8.4%

Description	Portfolio's exposure to GHG emission-intensive companies, expressed in tCO_2e/USDm revenue.
Formula	$\sum_{n}^{i} \left(\frac{\text{Current value of investment i}}{\text{Current portfolio value}} \times \frac{\text{Issuer's Scope 1 and Scope 2 GHG emissions i}}{\text{Issuer's USDm revenue i}} \right)$
Methodology	Scope 1 and scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).

1 WACI is grossed up, representing only % of NAV invested in corporate issuers and where data is available.
2 WACI is calculated for the percentage of the portfolio where data is available.

Figure 11: Total/Absolute Carbon Emissions of a representative selection of Ashmore's equity funds

	Total/Absolute Carbon Emissions[1]	Calculated on % of NAV with data available[2]
SICAF	16,060.5 tCO_2e	91.8%
SICEMEF	3,738.0 tCO_2e	89.2%
SICEFESG	646.6 tCO_2e	87.1%
SICVFEF	3,356.3 tCO_2e	56.1%

Description	The absolute GHG emissions associated with a portfolio, expressed in tCO_2e.
Formula	$\sum_{n}^{i} \left(\frac{\text{Current value of investment i}}{\text{Issuer's market capitalisation i}} \times \text{Issuer's Scope 1 and Scope 2 GHG emissions i} \right)$
Methodology	Scope 1 and scope 2 GHG emissions are allocated to investors based on an equity ownership approach. Under this approach, if an investor owns 5% of a company's total market capitalisation, then the investor owns 5% of the company as well as 5% of the company's GHG emissions.

1 Emissions are grossed up to represent 100% of the Fund.
2 Total/Absolute Carbon Emissions represents only % of NAV invested in equity issuers and where data is available.

Figure 12: Total/Absolute Carbon Emissions of a representative selection of Ashmore's corporate debt funds

	Total/Absolute Carbon Emissions[1]	Calculated on % of NAV with data available[2]
SICCDF	333,698.7 tCO_2e	55.3%
SICCDESG	1,211.0 tCO_2e	54.7%

Description	The absolute GHG emissions associated with a portfolio, expressed in tCO_2e.
Formula	$\sum_{n}^{i} \left(\frac{\text{Nominal value of investment } i}{\text{Issuer's enterprise value } i} \times \text{Issuer's Scope 1 and Scope 2 GHG emissions } i \right)$
Methodology	The value of outstanding corporate bonds is defined based on the book value of the debt that the borrower owes to the lender i.e. Nominal Value. Enterprise Value = Enterprise Value Including Cash (EVIC) For Listed Corporates 'Enterprise Value' is used, while for Private Corporate Debt 'Total Equity + Debt' is used.[3]

[1] Emissions are grossed up to represent 100% of the Fund
[2] Total/Absolute Carbon Emissions represents only % of NAV invested in corporate debt issuers and where data is available.
[3] 'Total equity' includes book equity, minority interest, and hybrid capital (each floored at zero).

Figure 13: Carbon footprint of a representative selection of Ashmore's equity funds

	Carbon footprint (tCO_2e/market value invested)[1]	Calculated on % of NAV with data available[2]
SICAF	67.3 tCO_2e	91.8%
SICEMEF	60.5 tCO_2e	89.2%
SICEFESG	49.8 tCO_2e	87.1%
SICVFEF	40.1 tCO_2e	56.1%

Description	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tCO_2e/USDm invested.
Formula	$\frac{\sum_{n}^{i} \left(\frac{\text{Current value of investment } i}{\text{Issuer's market capitalisation } i} \times \text{Issuer's Scope 1 and Scope 2 GHG emissions } i \right)}{\text{Portfolio's market value}}$
Methodology	Scope 1 and scope 2 GHG emissions are allocated to investors based on the same approach as described under methodology for Total/Average Carbon Emissions. The current portfolio value is used to normalise the data.

[1] Emissions are grossed up to represent 100% of the Fund.
[2] Carbon footprint represents only % of NAV invested in equity issuers and where data is available.

Figure 14: Carbon footprint of a representative selection of Ashmore's corporate debt funds

	Total/Absolute Carbon Emissions[1]	Calculated on % of NAV with data available[2]
SICCDF	345.6 tCO_2e	55.3%
SICCDESG	114.7 tCO_2e	54.7%

Description	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tCO_2e/USDm invested.
Formula	$\dfrac{\sum_{n}^{i}\left(\dfrac{\text{Issuer's nominal value } i}{\text{Issuer's enterprise value } i} \times \text{Issuer's Scope 1 and Scope 2 GHG emissions } i\right)}{\text{Portfolio's nominal value of investments}}$
Methodology	Scope 1 and scope 2 GHG emissions are allocated to investors based on the same approach as described under methodology for Total/Average Carbon Emissions. The current portfolio value is used to normalise the data. Enterprise Value = Enterprise Value Including Cash (EVIC)

1 Emissions are grossed up to represent 100% of the Fund.
2 Carbon footprint represents only % of NAV invested in corporate debt issuers and where data is available.

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