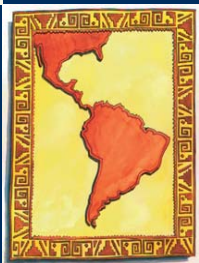


# Ashmore

Ashmore Group plc

Corporate & Social Responsibility Report



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## I. Introduction

At Ashmore<sup>1</sup> we recognise the importance of Corporate & Social Responsibility (“CSR”) incorporating transparency, fairness, accountability and integrity and believe that these principles are fundamental to the Group’s operations. Ashmore Group plc has been a listed<sup>2</sup> company since October 2006 and **we see CSR as a continually evolving process.**

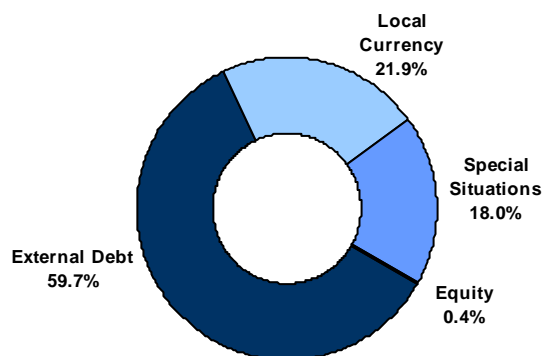
The Group continues to monitor best practice developments in all relevant areas of CSR, including employees, health and safety, our approach to investing, environmental management, suppliers and the community. Our CSR programme and initiatives are designed to be relevant to the nature and scale of our business and to protect and reinforce our reputation and integrity. We look forward to building upon these firm foundations for the future.

## II. Investing In Emerging Markets<sup>3</sup>

### Investment Approach

Ashmore is one of the world's leading investment managers dedicated to Emerging Markets, with a history of consistently outperforming the market. Ashmore is committed to delivering superior investment management and performance to all its clients<sup>4</sup>. Ashmore focuses on a **number of investment themes including external debt, local currency, special situations (incorporating distressed debt and private equity), corporate high yield and equity.**

A detailed description of each of our individual investment themes is set out on our website [www.ashmoregroup.com](http://www.ashmoregroup.com). The split of assets under management between each of our investment themes as at 31 December 2008 is set out in the chart below:



<sup>1</sup> Ashmore Group plc and its affiliated companies in and outside the UK.

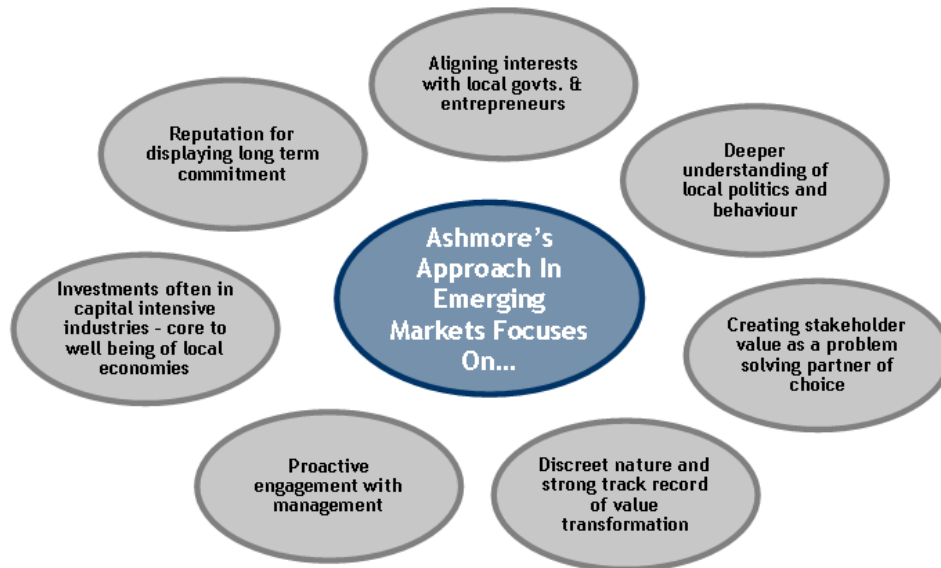
<sup>2</sup> London Stock Exchange. Ashmore is also a constituent of the FTSE 250 Index

<sup>3</sup> An emerging market is any country which is considered middle income or low income by the World Bank. Under this definition emerging market countries constitute approximately 80 per cent of the global population

<sup>4</sup> Funds and segregated accounts that are Ashmore clients



We believe that there are many potential asset classes in emerging countries - many different risk return profiles which we shall be able to offer our clients and Ashmore fund investors in the future. As capital markets grow rapidly in Emerging Markets we wish to be a part of that growth, both enabling access to these markets by developed world pools of capital, but also and increasingly by Emerging Market pools of capital.



Building long-term constructive relationships that strengthen reputation, build brand and lead to further deal flow

## Business Conduct and Integrity

At Ashmore we believe that our reputation as an **ethical, trustworthy provider of investment services** is essential to our core purpose of helping our clients to build their financial security. We seek to establish and maintain long term relationships with our clients and intermediaries. We believe this to be a fundamental pre-requisite for the growth of our business.

## Social, Environmental and Ethical ("SEE") Philosophy

SEE criteria tends to be focussed primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company. Ashmore's exposure to equity investments amounts to less than 18.4 per cent<sup>5</sup> of our total assets under management with the majority of our assets being invested in either External Debt (the majority of which is Sovereign Debt) or Local Currencies. In the case of external debt investments, our ability to have an influence is

<sup>5</sup> As at 31<sup>st</sup> December 2008, of which Special Situation investments amount to 18% and direct equity 0.4% (see pie chart on Page 1 above). Included within "Special Situations" are distressed debt and private equity investments.



generally limited to a decision whether or not to invest, however, at a country level we believe that we are able to exert an influence through dialogue with governments and central banks.

Our public equities business is a small part of our overall business and our shareholdings will never be large enough to have an influence over the policies of management in these companies.

Our Special Situations business invariably involves our clients taking significant controlling stakes in investee companies and in such circumstances we are in a **position to positively engage with the management** of these companies. In many cases we believe it to be beneficial to our investors to be pro-active in promoting our brand locally by improving the livelihoods of the employees in the companies where we have a controlling stake. Through our network of local holding companies and portfolio of investee companies Ashmore influences the livelihoods of approximately 40,000 people.

We aim to avoid investing in companies that do not:

- Respect human rights
- Comply with local environmental, ethical or social legislation

We do not invest in companies that manufacture or trade arms.

We also aim to ensure that any **investments which we make comply with their own industry standards and best practice**, treat their employees fairly, have active community programmes and operate with sensitivity to the environment. Ashmore has made investments in a number of renewable energy projects in different countries including hydro electricity, geothermal energy and sugar based ethanol production, which reflects our overall approach to combining ethical investing with sound business practice on behalf of our clients.

Our funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment which may include requirements to screen for geographic, sector and stock specific restrictions. Stock specific restrictions may include securities which meet clients' own CSR criteria.

Within mature markets, ethical investing has often been portrayed as a "negative" concept i.e., it involves a decision not to invest in a certain way. Whilst these concepts are well accepted in mature markets we believe that they are not necessarily conducive to helping emerging economies develop. In the context of developing countries we believe that it is also possible to apply other concepts such as engagement to the ethical investment debate.

**Engagement with a country, as opposed to disengagement**, is akin to many small pressures every day as opposed to one "big stick". By remaining engaged it is often possible to have a positive influence and to have credibility.



Where Emerging Markets are concerned therefore, we believe that in certain circumstances it may be **more beneficial to keep investment flowing** as well as the influence which accompanies it in order to continue to be able to help a country's population. In country specific terms, at the extreme, being cut off from capital may allow undemocratic rulers to control their people by attributing blame for economic problems to foreign involvement. Sanctions may be counter-productive and may reduce the welfare of the population considerably. Hence we take investment and engagement/disengagement decisions on a case by case basis relative to the specific circumstances and investment criteria in the best interests of our clients.



## III. Community

### The Ashmore Foundation

The Ashmore Foundation (the "Foundation") was established in January 2008 with the UK Charities Commission registered number 1122351 and has been funded initially by contributions from employees.

The Foundation reflects our overall philosophy that we can **make a difference** and seeks to provide financial grants to worthwhile causes within the Emerging Markets in which Ashmore operates with a view to putting something back into the countries and communities in which we invest and which contribute to Ashmore's income and profitability. The Foundation's grant making policy is wide ranging but has a **particular focus on education and healthcare**, the former in particular seen as the best way to help the long term self development of Emerging Market countries.

The Chief Executive Officer of Ashmore is a trustee of the Foundation, supported by two other employee trustees. Grant making has initially focussed on building relationships with existing established charities within the Emerging Market world, and also supporting proposals emanating from employees' suggestions.

Initial grants have been made to NESsT and to Empower:

- **Non profit Enterprise and Self-sustainability Team (NESsT)** - NESsT works to solve critical social problems in Emerging Market countries by developing and supporting social enterprises that strengthen civil society organisations' financial sustainability and maximise their social impact, with representation in Latin America and Eastern Europe
- **The Emerging Markets Foundation (Empower)** - is a not-for-profit organisation that ties the resources of Emerging Market professionals worldwide with the vitality of community based social sector initiatives in developing countries

The Foundation has made donations to the following charities which were proposed by Ashmore employees:

- **Soft Power Education** - a British registered charity and Ugandan NGO working with communities in Uganda to improve quality of life through education
- **Future Hope** - provides a home, education, medical aid and opportunity to children in Calcutta living on the streets
- **Street Child Africa** - a UK charity working in partnership with African organisations to seek out and befriend street children, offering guidance, education, medical and baby care, skills training, vocational sponsorship and a place in the community and chance to choose a different path in life



- **Motivation Charitable Trust** - an international disability and development charity working in low income countries to enhance the quality of life of people with mobility disabilities

The Foundation expects to develop further involvement with the NESsT and EMpower organisations and activities with a view to building longer term relationships, a focus on charitable causes within those countries where Ashmore has on the ground presence, and identifying the extent of charitable activities within our fund investee businesses.



## IV. Employees

Ashmore directly employs 140 people in 6 countries worldwide, excluding employees in companies significantly controlled by funds that Ashmore manages. Our people have always been our most important asset, at the heart of everything we do. We have many talented people and it remains a priority for us to develop, manage and retain this talent in order to deliver our potential as an organisation. We want to be an employer who the most talented people aspire to join wherever we operate.

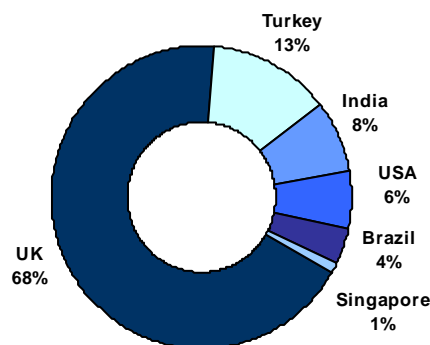
We seek to ensure that our workforce reflects, as far as practicable, the **diversity of the many communities** in which we are located. We also recognise the diverse needs of our employees in managing the responsibilities of their work and personal lives, and believe that achieving an effective balance in these areas is beneficial to both the Company and the individual.

We encourage employees to act ethically and to clearly uphold the standards of practice which our clients have come to expect from Ashmore. It also means ensuring that our employees understand the strategic aims and objectives of the Group and are clear about their role in achieving them.

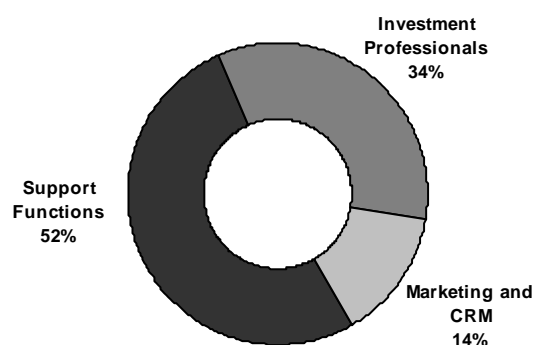
We work to **ensure employee policies and procedures reflect best practice** within each of the countries where we have a presence. For us, this means having policies and practices that make Ashmore an attractive place to work both in respect of the shorter term hygiene factors, but also in respect of longer term growth for employees, both personally and financially.

The charts below show the breakdown of our workforce by geographies and business segments:

Ashmore workforce by region



Ashmore workforce by business segment



## High Ethical Standards

Ashmore's Board of Directors seeks to maintain a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the firm's activities, compliance with both the letter and the spirit of relevant laws and regulations, and standards of good market practice in all jurisdictions where the firm's business is carried out. The Board's aim is to enable Ashmore to demonstrate that the firm is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients and protect Ashmore's reputation.

Our UK regulated financial services entity is Ashmore Investment Management Limited ("AIML") which is authorised and regulated by the Financial Services Authority ("FSA"). Other investment management subsidiaries located overseas are regulated by the appropriate authorities in the countries of domicile. Compliance is a key element in the overall investment architecture of the organisation. Our **compliance function is fully integrated** and coordinates the compliance process across all entities in the group. Compliance maintains a detailed Compliance Manual which all employees are required to acknowledge that they have read and understood. Regular compliance training is given to all employees and new employees are required to attend a compliance induction process.

We **actively promote high ethical standards**. To support this objective, Ashmore has a published Code of Ethics that sets out the culture, standards and operating principles that guide our actions in the markets in which we operate.

Personal securities trading by employees is subject to compliance approval procedures and is monitored to ensure this does not lead to a conflict of interest. Employees are not permitted to solicit or accept any inducements which are likely to conflict with their duties to clients.

### Compliance declarations

All employees are required to sign a declaration that they acknowledge and understand the Code of Ethics. Personal securities trading is subject to a separate declaration on a bi-annual basis. Employees are also regularly required to acknowledge and sign a declaration relating to the maintenance of their training and competence. The receipt of the declarations is reported to the Risk and Compliance Committee.

Further details on our internal controls and risk management processes are contained in our Annual Report which is also available on our website.

### Financial Crime

Ashmore is committed to minimising financial crime (including money laundering, fraud and market abuse). Ashmore has adopted risk based policies and procedures on anti-money laundering and countering terrorist financing and is committed to ensuring that its customers' identification will be satisfactorily verified before a



business relationship commences and this is ongoing throughout the course of the relationship.

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 has procedures in place to afford staff with a means of airing concerns about behaviour or decisions that are perceived to be unethical. This can be done either directly or on a confidential basis about possible wrongdoing in the firm (“whistleblowing procedures”).

## Recruitment

We believe our unique business model and culture leads existing employees to recommend Ashmore as a good place to work to help us to attract the most talented candidates. In the U.K., 48% of our employees were attracted to work at Ashmore through direct recruitment.

## Training

Ashmore employs qualified, talented professionals to manage our clients’ money and to work in our support functions. However, we recognise that **development is a career-long activity** and so we will also support any necessary professional development or qualifications that will assist employees in developing and maintaining their levels of competence. All employees are provided with a comprehensive induction on joining the business covering all elements of compliance issues, an understanding of the key business ethics operating within the Ashmore group, current best practice and up-to-date information on relevant regulations.

Continuing professional development is also taken very seriously at Ashmore, and all staff must undertake bi-annual reviews of the learning and development they have undertaken during the review period and formally document and record their achievements.

## Communication

We communicate with all employees worldwide via e-mail and also use employee meetings to facilitate the exchange of views with senior management and discuss the progress made by the group.

On an annual basis, we aim to bring together employees from all global locations in order to **facilitate better relationships and communication** between areas of the group and to ensure that there is a consistent strategy message delivered to all employees.

## Employee Development

We believe that constructive performance management is an essential tool to the effective management of our people and our 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.

## Progression and Recognition

Ashmore is committed to internal progression of its employees to ensure that we retain our most talented people.

The **diverse and global nature of our business** allows us to consider placing talented individuals into very different opportunities around the globe and into very different types of businesses in order to foster their development, and to benefit our clients.

## Remuneration

We recognise that individuals have different personal requirements dependent on where they are in both their life and career. In response to this, Ashmore provides our employees with a range of benefits - both non-financial and financial in addition to their basic salaries.

### Financial:

- Defined Contribution Pension Scheme
- Group Life Assurance
- Personal Accident Insurance
- Annual discretionary bonus scheme
- Equity Participation Scheme

Our annual discretionary bonus and equity participation schemes are structured to be in line with best practice recommendations from the FSA. We encourage employees to take a long term view of both theirs and the Company's performance and the decisions they make, and have structured our equity scheme such that a proportion of employees reward is deferred for five years.

We believe that by making sure our **employees are truly stakeholders in our business**, their actions and decisions will consistently be for the benefit of both our clients and the Company.

### Non-Financial:

- Holiday
- Medical care scheme
- Childcare vouchers

At Ashmore, we recognise the importance of ensuring that the work/life balance of our employees is appropriate. Our people are therefore given generous annual leave entitlements in addition to all public holidays.

We believe our **employees' health and wellbeing is vital to their sustained performance** at work. We provide facilities for



employees to cycle to work or take part in other sporting activities from work and actively encourage them to do so.

In the U.K., we operate an integrated healthcare approach whereby our private medical health provider and occupational health clinics work hand in hand to promote wellness amongst our employees. We offer the following facilities, without charge:

- Private Medical care is provided for employees and their families, in addition to annual well-woman or well-man health checks for staff.
- The Company will also provide eye-test vouchers for employees and VDU users are also entitled to vouchers to purchase glasses if required.
- Annual flu jabs and any required business travel vaccinations are also provided free of charge, in addition to access to a Private GP service.
- Childcare vouchers options are also available to provide our employees with the flexibility to match the composition of their total remuneration to their personal circumstances.

Similar healthcare arrangements are also offered in many of our overseas offices.

## Diversity

We are committed to providing equal opportunities and seek to ensure that our workforce reflects, as far as is practicable, the diversity of the many communities in which we operate. We employ over 23 different nationalities throughout the organisation. Our gender balance is currently 69 per cent male and 31 per cent female.

It is the group's policy to give appropriate consideration to applications from disabled persons, having regard to their particular aptitudes and abilities. For the purposes of training, **career development and progression** (including those who become disabled during the course of their employment) all are treated on equal terms with other employees. We operate a zero tolerance policy towards harassment and bullying and have a formal policy that documents our commitment to ensuring our employees are treated with respect and dignity whilst at work.

## Health and Safety

The health and welfare of our people are very important to us.

We promote high standards of health and safety at work and have a comprehensive health and safety policy which is incorporated into our staff handbook and which highlights our commitment to ensuring employees are provided with a safe and healthy working environment.



## V. Environment

As a company whose business is fundamentally based on intellectual capital and does not own its business premises, Ashmore has a limited direct impact on the environment. Nevertheless the Group continues to **promote energy efficiency and the avoidance of waste** throughout its operations and a number of initiatives, such as the recycling of paper, glass and other waste and the use of 'green' energy, are encouraged.

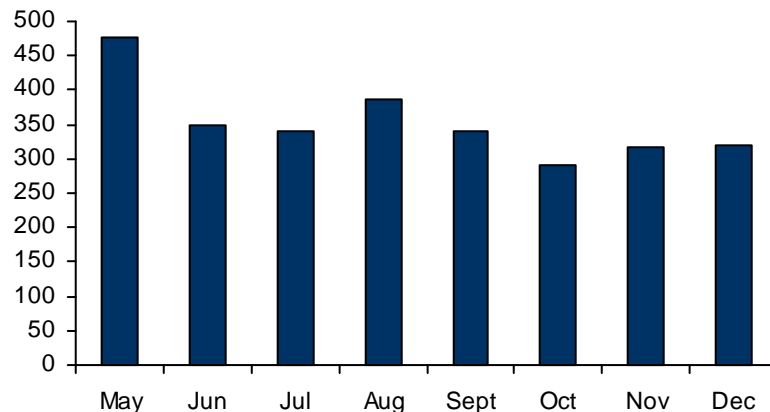
### Property

Ashmore moved into its premises at 61 Aldwych, London in May 2008 and occupies a single floor of approximately 19,000 square feet in a nine storey multi-tenanted building.

Recycling and energy consumption figures for a full 12 month period are therefore not yet available. Water and Gas supplied into the building are metered centrally by the building management and costs apportioned to each tenant pro-rata according to floor occupancy.

**Electricity usage is separately monitored** by floor with renewable energy accounting for a minimum of 10 per cent of supply. Energy efficient lighting is installed in the building with sensors which turn lights off when no movement is detected. The building has received an Energy Performance Certificate with an Asset Rating of 98.

Monthly electricity usage per employee in the London office in kilowatts per hour in the period from May to December 2008 is shown in the chart below:



*Note: Electricity usage in May 2008 also includes electricity usage in prior months during the fitting-out of the premises.*

Utilities are not monitored by the building management in terms of carbon emissions as no accurate data is available on the consumptive quality of each item.

The figures below show waste streams recycled covering the period from May to December 2008:



Materials	Weight (in kg)	%age
Paper Products	11,848	95
Other recyclables	528	4
Toners	120	1
<b>Total recycled</b>	<b>12,946</b>	<b>100</b>

## Travel

Although we endeavour to make maximum use of available technology, such as video conferencing, our business model as an investor in Emerging Markets inevitably requires that our investment professionals and other members of staff travel frequently to these countries to investigate and monitor opportunities.

During 2008, our monitored staff air travel usage amounted to a total of 6.3 million kilometres. Using the DEFRA guidelines for company reporting on greenhouse gas emissions we have calculated that this amounted to 1,682.24 tonnes of CO<sub>2</sub>.



## DISCLAIMER

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