

Corporate Social Responsibility report

Ashmore Group plc

Signatory of:



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I. Introduction

Ashmore¹ recognises the importance of Corporate Social Responsibility (CSR) incorporating transparency, fairness, accountability and integrity and believes that these principles are fundamental to the Group's operations.

The Group continues to monitor best practice developments in all relevant areas of CSR, including its approach to investing, community programmes, employees, and environmental management. Ashmore's CSR programme and initiatives are designed to be relevant to the nature and scale of its business and to protect and reinforce the Group's reputation and integrity. Ashmore looks forward to building upon these firm foundations for the future.

Consistent with the various philosophies explained herein, Ashmore is a signatory of the UN Principles for Responsible Investment (UNPRI).

II. Investing In Emerging Markets²

Investment approach

Ashmore is a leading Emerging Markets fund manager with over 20 years' experience of investment expertise through active management across its core investment themes: external debt, local currency, corporate debt, blended debt, equities, multi-asset and alternatives in addition to currency overlay/liquidity.

A detailed description of each of Ashmore's individual investment themes is set out on its website at www.ashmoregroup.com/investment-themes. The split of assets under management between each of the investment themes by mandate and by investor type is set out in Ashmore's annual and interim reports and in investor presentations which are published on its website.

Ashmore's Investment Committees' processes ensure a consistent and holistic approach to all investments within its clients' portfolios. Ashmore's experience in managing investments within the Emerging Markets has enabled it to experience first-hand the advantages of qualitatively evaluating environmental, social and governance factors and incorporating them within its portfolios.

Ashmore believes that there are many potential asset classes in emerging countries as well as many different risk return profiles which it will be able to offer its clients in the future. As capital markets grow rapidly in Emerging Markets Ashmore aims to participate in that growth, enabling access to these markets by both developed world pools of capital and also, increasingly, by Emerging Markets pools of capital.

¹ Ashmore Group plc and its affiliated companies in and outside the UK.

² 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



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

Business conduct and integrity

Ashmore believes that its reputation as an **ethical, trustworthy provider of investment services** is essential to align clients' and shareholders' interests. Ashmore seeks to establish and maintain long-term relationships with its clients and intermediaries and believes this to be a fundamental prerequisite for the growth of its business.

Responsible investing across Ashmore's themes

Socially Responsible Investment (SRI) is a form of investing that screens out investments in certain stocks or industries in line with defined ethical guidelines.

Ashmore aims to ensure that the governance bodies of the investments it makes 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. Investments have also been made in China, in a company which manufactures wind turbines with both local and growing global supplies. These investments on behalf of clients reflect Ashmore's overall approach to combining ethical investing with sound business practice.

Amongst the initiatives undertaken in South America, is the establishment of an Environmental and Social Management System (ESMS) for the management of investments of an investor fund in Colombia within the alternatives investment theme. This fund has been developed in a form and substance acceptable to the Inter-American Development Bank (IDB) and International Finance Corporation (IFC). In 2014 Ashmore Colombia won the Colombian Association for Private Equity award for best corporate governance, as voted for by investors.

Ashmore's funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment. Within the Equities and Corporate Debt themes Ashmore is able to screen client portfolios to meet client requirements for geographic, sector and stock specific restrictions. Stock specific restrictions may include securities which meet clients' own criteria.

Examples of investment areas where screening of portfolios can be offered based on (or informed by) client requirements (using recognised investment industry identifiers and coding into Ashmore's portfolio management system) include alcohol, animal / food products, armaments manufacturers or dealers, gambling, pornography and tobacco.

Ashmore seeks to comply at all times with all sanctions imposed by applicable government authorities, and also at a geographical level screens across all investment themes for countries which are on the United Nations and EU/UK Sanctions and the US Office of Foreign Assets and Control (OFAC) lists, for example during the Russia/Ukraine crisis.

Environmental, Social and Governance (ESG) approach

The evaluation of ESG risk is an integral part of Ashmore's investment process.

Ashmore integrates ESG factors into fundamental analysis across its liquid investment themes and scores them to the extent they are deemed material to investment returns.

Listed Equities

ESG criteria tend to be focused primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company.

Ashmore believes that the way in which companies manage ESG factors can have an impact on business performance and valuation, and should be incorporated into investment decisions.

Assessing ESG practices starts at the sovereign level. Ashmore's top down allocation model evaluates country stock metrics relative to history and one year forward. Hence, the risk premium imputed by the market to a given country is captured. Risk premiums incorporate sovereign corporate governance concerns, as for example in Russia where stock valuations are historically amongst the lowest globally due to relatively higher risk premiums. Any changes in risk premiums relative to history are analysed to determine if justified. To make this more explicit Ashmore reviews ESG rankings of countries within its mandate using third party data sources. The scoring and ranking is based on ESG principles as rated by World Bank, US Energy Information Administration, Heritage Foundation and Economist Intelligence Unit. Ashmore also evaluates country exposures weekly at its portfolio managers' meetings, and considers country risks in the review channels.

The stakeholders in a company encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There are a wide range of ESG issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. ESG issues can become new sources of risk or opportunities for companies, and a company's ability to respond to these issues can therefore act as an early signal of long-term competitiveness. To the extent practicable,

Ashmore routinely monitors the ESG performance of the companies in which it invests through on-going company visits and other information channels. In addition, companies often disclose corporate governance practices through corporate policies, stock market listings, and market press releases (for example, Brazil has a separate category for companies committed to corporate governance best practice). Companies may also disclose environmental and social practices in annual reports and other reports to investors. These are then highlighted, as appropriate, in Investment Committee reports.

ESG metrics are used to measure, analyse, and rank securities. Assessments at the stock level tend to be qualitative and based on company public disclosures, interviews and/or company visits which are made to each company held in portfolios. In addition, Ashmore gathers information from market related channels, such as suppliers and clients. These assessments are then factored into the valuation and profitability metrics, which are evaluated relative to history, country and industry comparators.

As a global investor, Ashmore recognises that legislation and best practice standards vary between countries and regions, and that it must remain sensitive to these differences. However, at a minimum, Ashmore expects the companies in which it invests to comply with the national legislation that applies to them.

Fixed income

Ashmore's Fixed Income themes consist of Corporate and Sovereign Debt.

ESG within fixed income is fundamentally a risk management consideration. Within the Emerging Markets fixed income space, the "Governance" aspect of ESG is best reflected in the political landscape. Ashmore's investment committee meetings start off with a macro discussion and then moves to the individual countries. This review of individual emerging countries starts with a focus on what the likely effects of the external macro factors are on market behaviour and in turn, asset prices. The team analyses and discusses the ability (the financial position of a country) and the willingness (more qualitative focusing on the incentives of the policy-makers in-country) of countries to service their sovereign debt. Ability to pay is analysed looking at classic indicators of credit-worthiness and debt sustainability analysis. This involves analysis of the local fiscal position, currency, interest rates and trade data. Currency and interest rate exposures within individual countries are explicitly evaluated and fundamentals such as growth prospects, balance of payments dynamics, credit-worthiness, the likely effect of commodity price movements, local politics, economic data and local and external investor sentiment are analysed thoroughly. A great deal of thought goes into how the different scenarios can impact the portfolios and Ashmore takes credit analysis extremely seriously. Willingness to pay is more subjective and can change quickly subject to the vagaries of the political cycle and the political response to economic events. Ashmore places emphasis on the factors that affect a government's willingness to pay and relies on scenario-analysis to determine the risks and opportunities presented by these governments' assets. Finally, the technical factors affecting asset prices in various markets are important considerations leading to investment decisions. Ashmore speaks regularly with appointed policy makers to glean their views on significant events, such as local elections, as well as try to gauge their bias towards populist agendas which may impact ESG factors.

Ashmore formalises EM country credit and ESG considerations at least quarterly, in conversations between various members of the Investment team and the Head of Research. In addition, the Investment Committee will consider the assessment for each country on an ad-hoc basis as it discusses country visit reports from Portfolio Managers returning from research trips, or when discussing significant events such as elections. Therefore, credit and ESG analysis are an integral part of Ashmore's investment process for publicly traded fixed income securities.

Ashmore's quantitative scorecard is a derivation of its Risk models and assesses 10 economic and ESG risk factors for Impact (low, moderate, high, or 1, 2, 3) and Probability (low, moderate, high or 1, 2, 3). The score of each factors would be Impact x Probability, with six possible outcomes: 1, 2, 3, 4, 6, 9. Adding the scores of all ten factors gives a country risk score that incorporates both credit risk and ESG risk. The theoretical minimum and maximum risk scores are thus 10 and 90 respectively, while the median is 30 and the average is 40. These metrics are reviewed against yields and spreads to determine if an appropriate risk premium has been built into Ashmore's scenario analyses.

Within Emerging Markets Debt segregated accounts, Ashmore also offers clients the flexibility to implement their ESG constraints related to specific countries, sectors and securities (for example, restricted lists, concentration limits etc.).

Alternatives

Ashmore's Alternatives investment theme often involves its funds taking significant stakes in investee companies. In such circumstances Ashmore is in a position to engage positively with the management of these companies. In many cases Ashmore believes it to be beneficial to its investors to be pro-active in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake. When undertaking initial due diligence on any investments within the Alternatives theme Ashmore's deal memorandum checklist takes into account the consideration of ESG issues within the investment analysis and decision making process, and the investee company's own ESG practices.

Engagement

Engagement is a fundamental part of Ashmore's ESG approach.

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 Ashmore believes that they are not necessarily conducive to helping emerging economies develop. In the context of developing countries Ashmore believes that it is also possible to apply other concepts such as engagement within the ethical investment debate.

In the Listed Equities themes Ashmore believes that good corporate governance helps to align the interests of company management with those of its shareholders. Where possible, Ashmore seeks to maintain constructive dialogue with company management.

Ashmore considers whether companies have corporate governance frameworks that are in line with applicable country codes and serve shareholder interests. Views on corporate governance do not constrain investment decisions however; often the most profitable investments can be made in companies where an improvement in corporate governance practices is anticipated. In many jurisdictions, and to the extent consistent with Ashmore's fiduciary duty to its clients, Ashmore exercises voting rights as a means to signal views to company management. Ashmore has developed detailed guidelines to guide voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

The majority of Ashmore's assets under management continue to be invested in fixed income (the majority of which is sovereign) for which Ashmore's ability to have an influence is generally limited to a decision whether or not to invest. However, at a country level Ashmore believes that it is able to exert an influence through dialogue with governments and central banks. In order to assist with the debate on the broader issues affecting Emerging Markets, to enhance the understanding of these markets globally and to address market failures, Ashmore engages with numerous international public sector financial institutions with the objective of aiding transparency and best practice. **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 over an extended period of time it is often possible to have a positive influence and to add credibility. Ashmore is also mindful of the potential impact that the abuse of power and corruption by governments in certain countries can have on its reputation and the interests of its clients and continuously monitors, and takes into account, such factors.

Where Emerging Markets are concerned therefore, it is believed that in certain circumstances it may be **more beneficial to keep investment flowing** combined with the influence which accompanies it in order to continue being 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 actions. Sanctions may be counter-productive and may reduce the welfare of the population considerably. Conversely, to the extent that governments pursue policies that are not in the best interests of that country then this is likely to become a poor investment proposition. Hence Ashmore takes investment and engagement/disengagement decisions on a case-by-case basis relative to the specific circumstances and investment criteria in the best interests of clients.

Ashmore does not always evaluate quantitative variables in its assessment of country risk but will also examine qualitative factors such as the relationship between politics and economics and their interaction. Ashmore has always sought to develop networks locally in order to adopt a better quality of forward looking decision making in this area and to promote an understanding of local cultures and politics.

Proxy voting and corporate actions

Subject to specific mandate restrictions, Ashmore is generally responsible for voting proxies and taking decisions in connection with proxy voting with respect to equities, bonds, loans or other debt instruments held by or on behalf of the clients for which it serves as investment manager/adviser.

Where Ashmore is given responsibility for proxy voting and corporate actions, it will take reasonable steps under the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore in determining how to protect such interests. This generally means proxy voting with a view to enhancing the value of the securities held by or on behalf of Ashmore's clients, taken either individually or as a whole.

UK Stewardship Code

Details on how, and the extent to which, Ashmore complies with the principles of the UK Stewardship Code are described separately on the Ashmore website at:

<http://www.ashmoregroup.com/uk-en/investor-relations/corporate-governance>

Managing Conflicts of Interest

Conflicts of interest can arise where: (i) the interests of Ashmore conflict with those of a client (*firm vs. client conflicts*) and (ii) the interests of one client of Ashmore conflict with those of another of Ashmore's clients (*client vs. client conflicts*). Ashmore has policies and arrangements in place to identify and manage conflicts of interest that may arise between Ashmore and its clients or between Ashmore's different clients. Ashmore has a policy of independence that requires its staff to disregard any personal interest, relationship or arrangement which gives rise to a conflict of interest and to ensure that the interests of clients prevail.

A more detailed explanation of Ashmore's conflicts of interest policy can be found at:

<http://www.ashmoregroup.com/uk-en/investor-relations/corporate-governance>

III. Community

Making a positive difference

Ashmore's approach to community investment represents a commitment to building relationships and having a positive impact on the communities where Ashmore operates and invests. At the heart of this approach is the Ashmore Foundation, which seeks to make a sustainable impact to disadvantaged communities where Ashmore invests.

Ashmore also recognises the positive impact it can have on the communities where it operates and is committed to creating lasting benefits in those locations where Ashmore has a presence. Ashmore employees across all offices and subsidiaries 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 have taken part in a range of activities, while many have been in support of the Ashmore Foundation; employees across all Ashmore locations are actively encouraged support disadvantaged communities in their local vicinity. In New York, a team of Ashmore staff volunteers annually with local community organisations taking part in activities ranging from sorting clothes to stocking food banks. In London, Ashmore has developed an ongoing partnership with a local charity that works with young people from disadvantaged communities to access employment. Ashmore continues to support local charities with gifts in kind.



The Ashmore Foundation

Investing locally in Emerging Markets communities

The Ashmore Foundation was established in January 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets communities in which Ashmore operates and invests. To achieve this goal, the Ashmore Foundation aims to develop long-term relationships with locally based non-government organisations (NGOs).

The Ashmore Foundation is staffed by a full time Executive Director who is responsible for managing the Foundation's affairs. The board of trustees consists of nine Ashmore employees as well as one independent trustee. In addition to the board of trustees Ashmore employees engage in the governance of the Foundation through sub-committees to support fundraising, grant making, volunteering and communications.

Ashmore also 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 Ashmore 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.



Annually, employees organise a challenge event in support of the Foundation and over the years have summited the UK's three peaks, cycled from London to Paris and walked the length of Hadrian's Wall. In total, Ashmore employees have raised in excess of £194,000 for the Foundation and the civil society organisations it supports.

Approach

The Ashmore Foundation's focus of work is designed in response to the fact that, despite economic growth in Emerging Markets, disadvantaged communities in many countries remain affected by poverty and lack access to basic services and opportunities that are basic rights and could greatly improve their life situations. Moreover, a thriving civil sector is essential to democratic development in nascent and emerging nations.

The Foundation seeks to develop long-term partnerships with civil society organisations and does not accept unsolicited applications, preferring to seek appropriate partnerships proactively. Civil society organisations typically receive between US\$20,000 and US\$50,000 per year over a two to three year period.

Following a review of its funding priorities in 2014, the Ashmore Foundation focuses its support 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 and that of their families and will also support economic growth and begin to address broader societal inequalities.

All proposals for new partnerships undergo a rigorous assessment designed to review not only the proposed activities but the organisation as a whole – taking into consideration management, governance, strategy, resources and accountability. The level and depth of due diligence is proportionate to the size of the grant under consideration.

Since its inception in 2008, the Ashmore Foundation has dispersed over £3.5 million to 64 civil society organisations in 23 Emerging Market countries. It has developed a number of longstanding strategic partnerships; below are examples of the most recent ones.

Children Change Colombia (formerly Children of the Andes)

Partnership established 2011

CCC works to keep children safe, defend their rights in the long term, and strengthen children's organisations in Colombia. CCC provides education, healthcare and specialist support for children in Colombia who face daily challenges including poverty and violence.

It is estimated that over 18,000 children and young people were recruited into illegal guerrilla groups over the course of the armed conflict in Colombia. They have experienced serious trauma and do not have the skills or capacity to readjust to civilian life. They are working in tandem with the Colombian Social Services to begin the process of reintegration, providing psycho-social support and counselling, working with foster families and helping the young people to rebuild their lives.



Hisar Anadolu Destek Derneği

Partnership established 2013

HADD works in Van, Turkey to teach the children of migrant families from rural areas with limited economic resources the skills necessary to improve their lives socially and financially. The organisation was set up to support a small scale project that worked with displaced rural communities that had been forced to resettle in urban areas as a result of the conflict.



The project works with disadvantaged girls and young women who lack access to education and employment opportunities and due to cultural norms are rarely allowed out of their homes or community. The project used kilim weaving as an entry point to engage the girls and enable them to gather in a neutral space where they could access education, training and advisory services.

Yayasan IDEP

Partnership established 2013

IDEP develops and delivers practical training, community programmes and public education about sustainable development through permaculture. It also provides community-based disaster relief to communities in need all over Indonesia.

Flores is prone to earthquakes, volcanic eruptions, and tsunamis in its coastal regions. Small-scale subsistence farming means that any minor shocks including those resulting from climate change can have an immediate impact on livelihoods. IDEP support communities to develop home gardens; and to expand organic seed saving to more households. They will set up an organic seed distribution enterprise with the aim of selling the seeds locally in Flores as well as distributing them across Indonesia, thereby providing the communities with additional income.

Foundation for the Support of Women's Work

Partnership established 2013

FSWW works to improve the quality of life of women and children in low income areas of Turkey through local women's groups, collective capacity building, economic empowerment and early childhood education.



Through their partnership with the Ashmore Foundation they seek to support low income women per annum, in urban communities, focusing on two of the cities from the pilot phase; Eskişehir and Kocaeli. These women fall outside the criteria of commercial banks and have no other access to finance.

Lend a Hand India

Partnership established 2013

LAHI create employment and entrepreneurship opportunities for India's rural youth by providing practical and relevant education including; job/life skills training, aptitude testing, career counselling, and bridge loans for micro-enterprises.



LAHI aims to address this issue through the use of a 3 year skills development programme designed for students aged 14-17 years. The programme results in improved school attendance and young people equipped with the right skills to get

a job or set up their own business. LAHI's model not only challenges the rote method of learning applied across India but also imparts learners with broader comprehension and analytical abilities.

Pragya

Partnership established 2011

Pragya is an Indian non-governmental organisation which works toward the appropriate development of some of the most vulnerable communities and sensitive ecosystems of the world, focusing on the most remote and hard to reach regions.

Road workers in Uttarakhand are usually migrants from Nepal or the poorer states in India. They are hired on contract and live on the side of the roads where they work. Pragya empower communities by focussing on health and safety conditions and basic education for children in migrant labour camps.

Yayasan TORAJAMELO

Partnership established 2015

TORAJAMELO aims to create a better life for poor women in rural communities in Indonesia. A key source of income for many homebound poor women in rural areas is back-strap weaving. Cheap, factory made replicas mean that these women are unable generate a sustainable income and often forced to migrate.



Through their partnership with the Ashmore Foundation they are expanding their programme. They form savings and loans cooperatives to teach the women about their rights and how to access them in their community. The weavers are taught how to manage a cooperative, financial management skills and leadership skills and the products are sold online and in their shop in Jakarta.

Emergencies

In addition to the main partnership grants programme, the Ashmore Foundation supports those communities in Emerging Market countries that have been affected by natural disaster. Most recently the Ashmore Foundation has supported victims of the 2015 earthquake in Nepal and Syrian refugees living in Turkey.

Adana Youth and Young Disabled Sports Club (Turkey) – Works with young disabled refugees to provide recreational and social support through sports as well as access to basic education to enable children to mainstream into formal education.

www.gencengelliler.org

Çocuklar Aynı Çatı Altında (ÇAÇA) (Turkey) - ÇAÇA works with street children in Diyarbakar who have been displaced from rural areas in south eastern Anatolia. They provide psycho-social support for victims of violence and skills training in order to help children develop self-confidence, self-esteem and socialization.

www.insanhaklarisavunuculari.org

Child Workers in Nepal (CWIN) (Nepal) – CWIN were supported to distribute aid including; food supplies, tarpaulins, medicines, special child packs and recreational packs to more than 15,000 families and more than 75,000 people in the 14 most affected districts.

www.cwin.org.np

Kidasha (Nepal) – Kidasha established a relief programme in slum areas of Pokhara, enabling families to access food, clothing and healthcare. They also worked with children to address the trauma suffered and to prevent the trafficking of vulnerable children.

www.kidasha.org

Investing in the Ecosystem

The Ashmore Foundation believes in the power of civil society organisations and social enterprises to drive social change. Since inception the Ashmore Foundation has partnered with enterprise incubators and accelerator programmes that enable organisations to prove their model and accelerate growth.

The Ashmore Foundation has partnered with NESsT, supporting them to establish their office in Brazil. Through this collaboration, Ashmore employees have mentored and supported many of the nineteen enterprises incubated by NESsT. More recently the Ashmore Foundation established partnerships with Yunus Social Business Colombia and Unltd Indonesia, enabling both organisations to identify and support local social entrepreneurs addressing critical social issues.

The Ashmore Foundation seeks to collaborate with and, where appropriate, establish funding partnerships with other foundations. These partnerships enable the Ashmore Foundation to bring its resources to bear in combination with the skills and expertise of other organisations to most effectively support civil society.

In 2014, the Ashmore Foundation established a network for UK based corporate foundations. The network has grown to encompass a wider range of stakeholders in the UK and Europe that seek to support civil society organisations in Emerging Market countries. The network meets quarterly sharing information and discussing a range of issues that impact efficiency and effectiveness within the sector.

In the coming years, the Ashmore Foundation will continue to grow and develop its partnerships with civil society organisations in Emerging Market countries, exploring new opportunities and financing mechanisms to enable organisations to tackle inequality and social injustice creating a positive impact for disadvantaged communities.

www.ashmorefoundation.org

IV. People

Ashmore directly employs approximately 270 people in 11 countries worldwide, excluding employees in companies significantly controlled by funds that Ashmore manages. Ashmore's people have always been its most important asset, at the heart of everything it does. The Group's priority is to attract, develop, manage and retain this talent in order to deliver the potential of the organisation. Ashmore wishes to be an employer which the most talented people aspire to join wherever it operates.

Ashmore recognises that the involvement of its employees is key to the future success of the business and adopts a practice of keeping employees informed on significant matters affecting them, via email and in meetings arranged for the purpose. Ashmore has consistently operated a remuneration strategy that recognises both corporate and individual performance. Ashmore is also committed to following good practice in employment matters, recognising the part this plays in attracting and retaining staff.

Ashmore seeks to ensure that its workforce reflects, as far as practicable, the **diversity of the many communities** in which its operations are located. Ashmore also 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. Ashmore encourages employees to act ethically and to uphold clearly the standards of practice which its clients have come to expect. It also means ensuring that employees understand the strategic aims and objectives of the Group and are clear about their role in achieving them.

Ashmore works to **ensure employee policies and procedures reflect best practice** within each of the countries where it has a presence. 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.

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

Ashmore's UK regulated financial services entities are Ashmore Investment Management Limited (AIML) and Ashmore Investment Advisors Limited (AIAL) which are authorised and regulated by the Financial Conduct Authority (FCA). 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. The **compliance function is fully integrated** and co-ordinates 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.

Ashmore **actively promotes 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 its actions in the markets in which it operates.

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. A copy of Ashmore's Conflict of Interest Policy can be found on its website at : <http://www.ashmoregroup.com/investor-relations/corporate-governance>

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 regular basis. Employees are also regularly required to acknowledge and sign a declaration relating to the maintenance of their training and competence. Information on the receipt of declarations is reported to the Risk and Compliance Committee.

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

Financial crime

Ashmore is committed to minimising financial crime (including money laundering, bribery and corruption, fraud and market abuse). Ashmore has adopted risk-based policies and procedures on financial crime and is committed to ensuring that its customers' identification will be satisfactorily verified before a business relationship commences and this is on-going 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

Ashmore believes that its unique business model and culture leads existing employees to recommend Ashmore as a good place to work to help the Group to attract the most talented candidates. Ashmore will aim to fill roles through internal mobility where this is possible, in order to enable employees to develop within the organisation. In addition, where specific requirements arise, the Group's Human Resources department has strong relationships with specialist recruitment providers to source appropriate candidates.

Training

Ashmore employs qualified, talented professionals to manage clients' money and to work in support functions. However, Ashmore recognises that **development is a career-long activity** and so it 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 providing an introduction to the company's structure, culture, operations and practices which includes amongst these areas 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

Ashmore communicates with all employees worldwide via e-mail and group conference calls supported by online presentations, and also uses employee meetings to facilitate the exchange of views with senior management and discuss the progress made by the group.

On an annual basis, Ashmore aims to bring together employees from all global locations, either in person or through video or telephone conferencing, 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

Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. Ashmore ensures all employees are competent to undertake their roles, have access to training as it is required, and can demonstrate their continuing professional development.

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 whenever this is possible, to ensure that it retains the most talented people.

The **diverse and global nature of our business** allows the organisation 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 clients.

Remuneration

Ashmore's remuneration structure is designed to align the interests of employees with shareholders. It is believed that by making sure **employees are truly stakeholders in the business**, their actions and decisions will consistently be for the benefit of clients, shareholders and the Company.

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

Financial

- Annual discretionary compensation scheme
- Defined Contribution Pension Scheme
- Group Life Assurance
- Group Income Protection Scheme
- Season Ticket Loans

The annual discretionary compensation scheme is structured to be compliant with the relevant regulatory guidelines. This scheme involves both an annual cash bonus as well as an equity award. Ashmore encourages employees to take a long-term view of both their and Ashmore's performance and the decisions they make, and has structured the equity scheme such that this proportion of the employees' remuneration is deferred for five years.

Non-financial

- Holiday
- Private Medical scheme
- Annual wellbeing medicals
- Cycle to work scheme
- Discounted corporate gym membership rates

Ashmore recognises the importance of ensuring that the work/life balance of employees is appropriate. Employees are therefore given generous annual leave entitlements in addition to all public holidays.

Ashmore’s **employees’ health and wellbeing is vital to their sustained performance** at work and therefore facilities are provided for employees to cycle to work or take part in other sporting activities from work.

In the UK, Ashmore operates an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees Ashmore offers the following facilities:

- Private Medical care is provided for employees and their families, in addition to annual well-woman or well-man health checks for staff
- Ashmore also provides eye-test vouchers for employees. 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 voucher 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 Ashmore’s international offices.

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. Ashmore employs over 32 different nationalities throughout the organisation. The gender balance is currently 68% (181 people) male and 32% (85 people) female³.

Gender Diversity (number of employees)



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. Ashmore operates a zero tolerance policy towards harassment and bullying and has a formal policy

³ At 30 June 2016

that documents the organisation's commitment to ensuring employees are treated with respect and dignity whilst at work.

Health and safety

The health and welfare of employees is very important to the Group.

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy which highlights the Group's commitment to ensuring employees are provided with a safe and healthy working environment. 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 in its London premises.

There have been no reportable accidents in the UK or overseas premises.

Taxation

Ashmore is committed to paying tax in accordance with all relevant laws and regulations and complying with all fiscal obligations in the territories in which it operates. To facilitate this, the Group works to create and maintain transparent and open working relationships with all relevant tax authorities. Ashmore aims to maximise value for its shareholders and clients by managing its business in a tax efficient and transparent manner, within the remit of the applicable tax rules.

Human rights and Modern Slavery

Ashmore supports the United Nations Universal Declaration of Human Rights.

Ashmore has developed a Supplier Code of Conduct which is available on its website and which 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). Ashmore's slavery and human trafficking statement can also be found on its website at:

www.ashmoregroup.com

V. Environment

As a company whose business is fundamentally based on intellectual capital and does not own its business premises, As an investment manager Ashmore has a limited direct impact on the environment and there are few environmental risks associated with the Group's activities. Nevertheless Ashmore recognises that it has a responsibility to manage this as effectively as possible. 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 does not own any of the buildings where it occupies floor space and invariably buildings in which it does have a lease are multi-tenanted and costs are apportioned to each tenant pro-rated according to occupancy.

Ashmore's largest property occupancy is at its headquarters at 61 Aldwych, London where it occupies 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. 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.

Mandatory greenhouse gas emissions reporting

Companies listed on the Main Market of the London Stock Exchange are required to report their Greenhouse Gas emissions (GHGs) in their Annual Report. The following is a summary of this information.

Emission 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. 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 continues to report on some Scope 3 emissions in order to offer a wider picture to stakeholders and investors.

Methodology

Ashmore has adopted the operational control method of reporting. The emissions reported below are for the 12 global offices around the world where Ashmore exercises direct operational control. These office emissions are those which are considered material to Ashmore.

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. Recent 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. This information is set out below.

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard. UK Government 2016 emission factors have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2015 emissions factors were used.

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

Ashmore's emissions

Though levels of air travel have fallen since last year, this still accounts for the greatest amount of overall emissions (1,449 tonnes CO₂e, 69%). Around 30% of Ashmore's emissions come from purchased electricity across the business (622 tonnes CO₂e). Waste, water and refrigerants (based on the data available) account for the lowest levels of emissions.

Ashmore's Emissions by Scope

Scope	Source	Tonnes CO ₂ e 2014/15	Absolute totals Tonnes CO ₂ e (2014/15)	Tonnes CO ₂ e 2015/16	Absolute totals Tonnes CO ₂ e (2015/16)
Scope 1	Natural gas	37.5	39.8	20.0	20.5
Scope 1	Refrigerants	2.3		0.5	
Scope 2	Electricity – location based	443.0	443.0	587.7	587.7
Scope 2	Electricity – market based			622.1	622.1
Scope 3	Air travel	1,528.3	1,534.7	1449.2	1458.2
Scope 3	Water	4.4		4.0	
Scope 3	Waste	2.1		5.0	
TOTAL			2,017.6	2,100.7 (using market based Scope 2 emissions)	

Emissions have also been calculated using an 'intensity metric', which enables Ashmore to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As Ashmore is a "people" business, the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. Ashmore's emissions per person are shown in the table below.

Emissions per full-time employee

	Tonnes CO ₂ e/employee (2014/15)	Tonnes CO ₂ e/employee (2015/16)
Scope 1	0.1	0.1
Scope 2	1.6	2.4
Scope 3	5.5	5.6
TOTAL	7.3	8.0

Travel

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

Recycling

Ashmore has in place recycling programmes for waste paper, photocopier toners and other disposable materials. Ashmore seeks to minimise the use of paper as part of its clear desk policy and electronic scanning is actively encouraged. All printing is two-sided by default.

Ashmore is conscious of minimising its impact on the environment. For this reason, wherever possible Ashmore chooses paper stocks that have been sustainably sourced and which are Forest Stewardship Council® (FSC) accredited (or equivalent) for its marketing materials and business stationery.

Energy Savings Opportunity Scheme (ESOS)

Ashmore has confirmed its compliance with the ESOS obligations to the Environment Agency in respect to the reporting period ending on 5th December 2015.

Ashmore provides obsolescent computers to Computer Aid International

Computer Aid, a UK registered charity that aims to reduce poverty through practical ICT solutions. Computer Aid sends these PCs to various projects across Africa and South America and furnishes Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly fashion.

Disclaimer

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