

Corporate Social Responsibility Report

Ashmore Group plc

Ashmore

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I. Introduction

At Ashmore¹ 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 listed² 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 our approach to investing, our community programmes, our employees, and environmental management. 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 Markets³

Investment Approach

Ashmore is a leading Emerging Markets fund manager with long experience of investment outperformance through active management across its core investment themes: external debt, local currency, corporate debt, blended debt, equities, multi- strategy, alternatives in addition to currency overlay/liquidity.

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

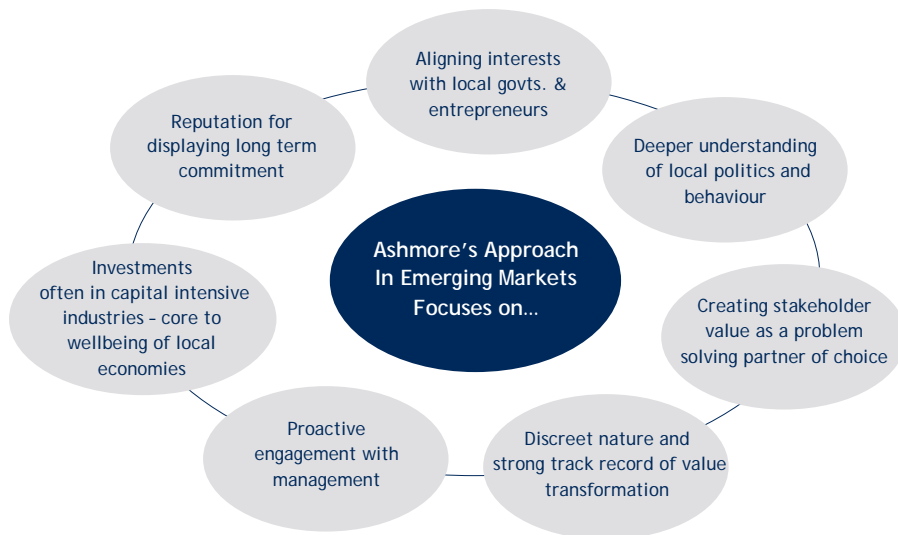
Our Investment Committee process ensures a holistic approach to all investments within our portfolios. Our experience in managing investments within the Emerging Markets has enabled us to experience first hand the advantages of qualitatively evaluating environmental, social and governance factors and incorporating them within our portfolios.

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 and also, increasingly, by Emerging Markets pools of capital.

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

² London Stock Exchange. Ashmore is a constituent of the FTSE 250 Index

³ 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



Build 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

Public Equities

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.

In May 2011 Ashmore acquired Ashmore EMM, L.L.C. ("AEMM") a long established US-based investment management firm focussing entirely on the Emerging Markets public equity theme.

AEMM believes that the way in which companies manage their relations with stakeholders can have an impact on business performance. These stakeholders encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There is a wide range of environmental and social issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. Environmental and social 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, AEMM monitors the environmental, social and corporate governance performance of the companies in which they invest through on-going company visits and other information channels.

Generally, companies disclose corporate governance practices through corporate policies, stock market listings (for example, Brazil has a separate category for companies committed to corporate governance best practice) and market press releases. They disclose environmental and social practices in annual reports and other reports to investors.

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

Alternatives

Our Alternatives investment theme often involves our funds 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.

Responsible Investing across our themes

We 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 reflect our overall approach to combining ethical investing with sound business practice on behalf of our clients.

Amongst the initiatives we are undertaking in South America we have established an Environmental and Social Management System (“ESMS”) for the management of investments of a new investor fund in Colombia within the Alternatives investment theme which has been developed in a form and substance acceptable to the Inter-American Development Bank (“IDB”).

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

Examples of investment areas for which we can offer screening of portfolios according to client requirements (using recognised investment industry identifiers and coding into our portfolio management system) include:-

- Alcohol
- Animal / Food products
- Armaments manufacturers or dealers
- Gambling
- Pornography

- Tobacco

At a geographical level we also screen across all of our investment themes for countries which are on the United Nations Sanctions and the US Office of Foreign Assets and Control (“OFAC”) lists.

Engagement

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.

In our public equities theme we believe that good corporate governance helps to align the interests of company management with those of its shareholders. Where possible, we seek to maintain constructive dialogue with company management. We consider 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 best investments can be in companies where we anticipate an improvement in corporate governance practices. In many jurisdictions, and to the extent consistent with our fiduciary duty to our clients, we exercise our voting rights as a means to signal our views to company management. We have developed detailed guidelines to guide our voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

The majority of our assets continue to be invested in either External Debt (the majority of which is Sovereign) or Local Currencies. In the case of external debt investments, our ability to have an influence is 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. **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.

Proxy Voting

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 held on behalf of the clients for which it serves as investment manager/adviser.

Where Ashmore is given responsibility for proxy voting, 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, through maximising the value of securities, 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:

<https://www.ashmoregroup.com/investor-relations/corporate-governance>

III. Community



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 in the Emerging Markets communities in which Ashmore operates and invests. To achieve this goal, the Foundation aims to develop long-term relationships with high impact local non-government organisations (NGOs). Our financial support enables these organisations to directly enhance human welfare, opportunities and skills, particularly for the most vulnerable: children, young people and disadvantaged communities. As well as working directly with NGOs we work alongside other international funders to identify and support local solutions to social problems.

In July 2010, an experienced full time employee joined the Foundation as Director from the non-profit sector in order to develop and manage the Foundation's affairs. The board of trustees has expanded to 6 Ashmore employees and one independent director. Ashmore employee directors will be rotated regularly to ensure new members have the opportunity to participate. The Company also supports the Foundation's charitable activities through the provision of pro-bono office space and administrative support as well as a matched funding commitment for certain employee donations to the Foundation.

The three main areas of focus for the Ashmore Foundation are:

Education

- Making education more inclusive for vulnerable children and young people
- Improving access to and quality of education
- Preparing disadvantaged students for real life

Health

Increasing knowledge of and access to nutrition, safe water and sanitation for disadvantaged communities

Improving access to basic health services (particularly maternal and child health)

Reducing risky behaviours of young people through education

Livelihoods

Providing vocational training for disadvantaged young people

Building community knowledge, resources and capacities for sustainable local enterprise

Supporting effective social enterprise which benefits disadvantaged groups

The Foundation channels financial support through two schemes:

- 1) a small grants scheme, providing grants of up to £5,000 to a range of eligible charities, and
- 2) a partnership scheme for larger grants and longer-term relationships with strong organisations where their missions are clearly aligned and where there is demonstrable evidence of an effective approach.

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

In 2011, the Ashmore Foundation committed grants of up to three years to more than 30 organisations working throughout the Emerging Markets. Over £1.5 million has been donated to charitable causes since inception in 2008.

Guidelines for funding are available upon request from:

Juliet Phommahaxay
The Ashmore Foundation
Ashmore Investment Management Ltd
5th Floor, 61 Aldwych, London WC2B 4AE
T: +44 20 3077 6153
E: foundation@ashmoregroup.com

Further information and regular updates on the activities of The Foundation are published on The Ashmore Foundation section of our website at:

<https://www.ashmoregroup.com/about-us/ashmore-foundation>

IV. People

Ashmore directly employs approximately 250 people in 11 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 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 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 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.

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 regular 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, 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 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.

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 in the effective management of our people and our business. We ensure 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 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

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

Our annual discretionary compensation scheme is structured to be compliant with the FSA Remuneration Code. This scheme involves both an annual cash bonus as well as an equity award. 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 this proportion of the employees' remuneration 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
- Private Medical scheme
- Annual wellbeing medicals

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:

- 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 29 different nationalities throughout the organisation. Our gender balance is currently 66 per cent male and 34 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. We carry out regular risk assessments of our premises and provide staff with safety training including training to our fire wardens and first aid representatives. We also engage external consultants to carry out regular health and safety and fire assessments in our London premises.

There have been no reportable accidents in our premises in the UK nor overseas.

Human Rights

Ashmore supports the United Nations Universal Declaration of Human Rights.

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 but nevertheless recognises that we have 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 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.

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.

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

The registration and reporting obligations under the Carbon Reduction Commitment (CRC) Energy Efficient Scheme do not apply to the Company.

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.

Our monitored staff air travel usage and CO2 emissions based upon DEFRA guidelines are set out in the table below:

| Year | Air travel (millions of kilometres) | Tonnes of CO2 |
|-----------|-------------------------------------|---------------|
| 2011/2012 | 8.0 | 1,875.13 |
| 2010/2011 | 7.7 | 1,874.06 |
| 2009/2010 | 7.1 | 1,739.74 |
| 2008/2009 | 6.8 | 1,722.77 |

Recycling

Ashmore has in place recycling programmes for waste paper, photocopier toners and other disposable materials. We seek to minimise the use paper as part of our clear desk policy and electronic scanning is actively encouraged.

Total waste recycling figures are shown in the table below:

| Year | Total waste sent for recycling (Kg'000) | Cubic yards landfill saved | Tonnes CO2 saved |
|-----------|---|----------------------------|------------------|
| 2011/2012 | 14.2 | 42.6 | 6.3 |
| 2010/2011 | 15.9 | 46.0 | 6.7 |
| 2009/2010 | 19.0 | 57.5 | 8.2 |
| 2008/2009 | 19.7 | 60.2 | 8.7 |

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 send these PCs to various projects across Africa and South America and furnish 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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For further information please contact:

Michael Perman - Company Secretary
Ashmore Group plc
61, Aldwych
London WC2B 4AE
T: +44 (0) 203 077 6000