

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) which identifies and manages environmental and social risks and opportunities associated with the management of investments of investor funds in Colombia within the alternatives investment theme. The ESMS approach is an integral part of the investment appraisal process and 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, 2015 and 2016 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 screens for, and prohibits, investment in companies manufacturing cluster munitions banned under the Oslo Convention. 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 Security Council 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 factor 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 may involve 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>

Information security

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

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

Ashmore also affirms and/or attests with key partners on an annual basis that they have not been susceptible to cyber security attacks and vendors have taken all reasonable steps to continuously monitor and protect themselves on cyber security weaknesses.

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 consistent with Ashmore’s investment experience focuses on the Emerging Markets.



Ashmore recognises the positive impact it can have on the communities where it operates and is committed to creating lasting benefits in those locations where Ashmore has a presence. Beyond support for the Ashmore Foundation, 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 supporting 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 employees continued to cultivate their relationships with local charities and in December took part and won a Corporate Rowing challenge to raise funds for London-based charity Resurgo that works with young people from disadvantaged communities to access employment. Ashmore continues to make an annual donation of foreign coins and banknotes to the Alzheimer’s Society, and continues to support local charities with gifts in kind.



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.

Ashmore supports the Foundation’s charitable activities



through the provision of pro-bono office space, administrative support and a matched funding commitment for employee donations to the 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. Ashmore employees organise 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 £220,000 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 £4 million to 70 civil society organisations in 25 Emerging Market countries. It has developed a number of longstanding strategic partnerships; below are examples of the most recent ones.

Children Change Colombia

Partnership established 2011

This year the Foundation agreed to support Children Change Colombia (CCC) to pilot two new initiatives. The initiatives will work with children at risk of sexual exploitation and sexual violence in two different contexts.

One will focus on communities in Putumayo, which has often been described as the 'epicentre' of the conflict. There are high levels of poverty, chronic malnutrition, and often no access to clean water for over half the population. Indigenous populations experience high levels of violence, displacement, and forced recruitment. Children and young people are particularly targeted to act as messengers, informants, combatants, sex slaves or drug

mules. With their partner Corporacion Casa Amazonia, CCC will make children and young people aware of how they may be affected by sexual violence and what they can do to protect themselves. They will equip them with the skills to participate in and use local political structures, so that they can demand protection. They will work with children to develop life goal plans, help them to understand what they want from their future. They will work with both parents and teachers to enable them to understand child rights and their responsibility for safeguarding these rights and protecting children.

In Bogota, CCC will be working with Asociación Cristiana de Jóvenes to support children at risk of or engaged in sexually exploitative activities. It is estimated that over 35,000 children are exposed to sexual exploitation, targeted on the way to and from school, but the majority of cases go unreported. The programme will teach children about sexual exploitation, their rights and what they should do if they feel at risk. CCC will work with families to improve emotional and practical support provided to children as well as providing vocational training so families are able to find alternative sources of employment. Young people already engaged in sex work or being sexually exploited will be given the confidence to leave, provided with vocational training and alternative sources of income.

IED-Vital

Partnership established 2016

Rural communities in Colombia have been disproportionately affected by the conflict. IED-Vital works with displaced families, ethnic minorities, and victims of the armed conflict through financial education programmes. They invest in local, village-level capacity for the management of savings, credits and solidarity funds through savings and loans groups. Once established the savings groups co-create micro-franchises and collective purchasing models that seek to generate income for rural communities, while at the same time increasing access to basic goods and services at more affordable prices.

The model is based on the strengthening of the social fabric, the capabilities of the groups and their participation in identifying gaps between supply and demand for basic goods and services. Through this partnership IED-Vital will increase coverage of their micro-franchise model, working with communities to establish 800 new micro-franchises. This will enable at least 8,000 low-income families to have permanent access to basic goods and services at a fair and reasonable price.

Mosintuwu Institute

Partnership established 2016

Between 1998 and 2007, in Poso, Central Sulawesi, communal violence ensued, initially for political purposes but then spread along religious lines. Today people still bear the scars of this conflict, with mistrust and prejudice towards other religions common. Women have been disproportionately affected by the conflict and displacement, but have limited participation in the formal peace making process. Traditionally, gender roles have been defined by culture and religion; women are seen as second-class citizens with no place in public life.

This project seeks to support women's leadership through the development of income generating activities by establishing rural enterprises and garbage banks. The basic premise of the garbage bank is that villagers will deposit recyclable refuse to a central



point in exchange for basic food staples. The refuse will be recycled into a range of products that will be sold locally and nationally.

Genç Engelliler Gençlik ye Spor Kulübü Derneği

Partnership established 2015

Genç Engelliler Gençlik ye Spor Kulübü Derneği seeks to change attitudes towards and perceptions of people with disabilities and their contribution to civic life through participation in sports. They have been given land by the municipal authority on which they intend to build a youth and rehabilitation centre. The centre will provide a range of services, including, sports facilities, health and rehabilitation, education and training, as well as a recreational space for both abled-bodied and disabled young people to socialise.

Through this partnership Genç Engelliler Gençlik ye Spor Kulübü Derneği will construct an AstroTurf facility which they will rent out to local football clubs, enabling them to generate an annual income and over time construct the youth and rehabilitation centre.

Red Futbol y Paz

Partnership established 2016 Football as a tool for family and community-based non-violence and reconciliation has been used successfully by a number of organisations in the Red Futbol y Paz (Football and Peace Network). In 2015, they piloted a programme extending their methodology to ex-combatants. As Colombia enters its post-conflict era, they are seeking to refine this pilot and extend the programme to an additional six communities, working with 96 ex-combatants.



Through a Train-Of-Trainers program, a total of 96 "Peace Leader" coaches (former combatants and civilian victims of the civil war) from local communities will be trained in "Football for Peace and Reconciliation" in six different locations, by the three implementing organizations. Once the training is completed the participants will return to their communities to teach children affected by the conflict about resilience, tolerance and forgiveness using the methodology.

Fundación las Golondrinas

Partnership established 2017

Fundación las Golondrinas was established 25 years ago in Llanaditas, Medellin to improve the quality of life and social development, and economic strengthening to support social transformation for communities. Over the years the conflict has resulted in the moment of people from rural to urban areas. One such area is Villa Hermosa which lies in close proximity to downtown Medellin on a hillside. It has a population of 136,000 with almost 60 per cent of the population between 16 and 46 years old. Unemployment is one of the biggest issues; it currently stands at 12.2 per cent.

To help address high unemployment in the community, Fundación las Golondrinas are establishing a centre for technical training and entrepreneurship. They will develop and

deliver four skills training programmes, set up job placements with local companies and support students to set up and grow their own small businesses.

Salva Terra

Partnership established 2017

Salva Terra is an organisation whose goal is to support food security and livelihood development of rural smallholder farmers and their families. They do this by working through government run Rural Education Centers to provide families with better knowledge and understanding of nutrition, crop production and entrepreneurship. Rural Education Centers, are basically schools, but also function as centres for community participation and learning.

They will hold technical workshop for entire families and school teachers (linking the families to their children's educations) on five workshops organic farming and 3 workshops on nutrition. In the second year, as communities begin to produce surplus crops, Salva Terra will support them to sell directly into markets at the best available price, with the profit redistributed to families.

YUVA

Partnership established 2015

Turkey host the largest community of Syrian refugees, According to the UNHCR there are almost 3 million, of which, it is estimated there are 442,000 refugees in Istanbul. Yuva have been supporting refugees to learn Turkish and have provided vocational education through their community centres to enable refugees to seek employment and beginning generating an income.

To promote community cohesion will pilot a programme to promote a better understanding of the social, political and economic dimensions of migration, eliminating myths about asylum seekers, and building empathy and understanding among communities.

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 disasters and humanitarian emergencies. Most recently the Ashmore Foundation has supported families affected by the conflict in Yemen.

British Red Cross (Yemen) – British Red Cross launched the Yemen Crisis Appeal in 2015 in response to the rapidly deteriorating humanitarian situation. They have helped support immediate relief efforts, providing vital items such as medical supplies, water and war-wound treatment kits to those injured in the conflict.

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 co-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 252³ people in 10 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, which is reflected in the low levels of unplanned staff turnover (FY2016/17: 8.7%). 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

³ At 30 June 2017.

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.

Further details on Ashmore's remuneration policy and structure and the manner in which it aligns all employees with the long-term success of the business, is described more fully in the annual report and accounts.

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

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

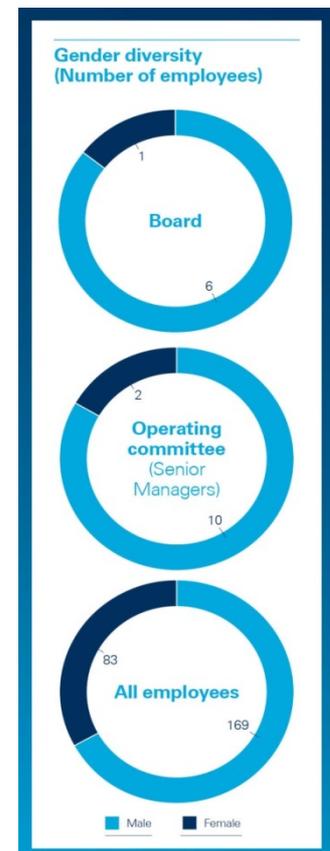
Similar healthcare arrangements are also offered in many of Ashmore's international offices.

Diversity

The gender balance is currently 67.5% (169 people) male and 32.5% (83 people) female⁴. 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.

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



⁴ At 30 June 2017

Ashmore has submitted the following gender diversity data at 30 June 2017 for the 2017 Hampton-Alexander Review: FTSE Women Leaders

Operating Committee Representation	
Total number of Operating Committee members	12
Total Men on Operating Committee	10
Total Women on Operating Committee	2
Direct Reports to the Operating Committee (excluding administration support staff)	
Total number of Direct Reports	68
Direct Reports – Men	51
Direct Reports – Women	17

Employee turnover from 1 July 2016 to 30 June 2017

	Total	Men	Women
Operating Committee Turnover			
Total number of Operating Committee members at the start of the year 1 July 2016	12	10	2
Total number of Operating Committee members that joined in the year to 30 June 2017	0	0	0
Total number of Operating Committee members that left in the year to 30 June 2017	0	0	0
Direct Reports to the Operating Committee (excluding administrative support staff)			
Total number of Direct Reports at the start of the year 1 July 2016	79	61	18
Total number of Direct Reports that joined in the year to 30 June 2017	4	0	4
Total number of Direct Reports that left in the year to 30 June 2017	15	10	5

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

As a multi-national organisation with a diverse geographic footprint, Ashmore aims to create value for its shareholders and clients by managing its business in a commercial, tax efficient and transparent manner, within the remit of applicable tax rules and always bearing in mind the potential impact on brand and reputation. In doing so, Ashmore is committed to paying tax in accordance with relevant laws and regulations and complying with fiscal obligations in the territories in which the Group operates. Ashmore's Tax Strategy will be published on the Ashmore Group website by 30 June 2018.

In the spirit of tax transparency, Ashmore complies with relevant global initiatives including the US Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard. Ashmore closely monitors developments arising from the OECD Base Erosion and Profit Shifting (BEPS) initiative and believes that the Group's transfer pricing policy complies with relevant international tax changes introduced by BEPS.

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.

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 represents 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 13 global offices around the world where Ashmore exercised direct operational control in the 2016/17 financial year. These office emissions, as well as emissions originating from their operations, are those which are considered material to Ashmore .

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard⁵. UK Government 2017 emission factors⁶ have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2016 emissions factors⁷ have been used. Ashmore has used a customised tool, developed by Ricardo Energy & Environment, to undertake the emissions calculations.

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

Ashmore's emissions

The overall GHG emissions decreased by 37.5% compared to the last year. This is primarily due to portfolio changes during 2016/17 financial year, and a Scope 3 methodology change implemented to account for more accurate information received this year. Analysis of the energy efficiency of the new offices demonstrates that more energy efficient buildings are joining the portfolio, which also contributes to lower GHG emissions and energy intensity. Air travel emissions decreased by 38.3% due to exclusion of flights recharged to the partner companies from the GHG footprinting scope. This category, however, still remains the largest contributor to Ashmore's emissions breakdown with 890 tCO₂e. The second largest contributor to the GHG footprint, purchased electricity, has decreased significantly this year, due to exclusion of two large offices from the Ashmore portfolio, and now accounts for 371 tCO₂e. Waste, water and refrigerants (based on the available data) account for the lowest levels of emissions.

⁵ <http://www.ghgprotocol.org/>

⁶ All UK related emissions factors have been selected from the emissions conversion factors published annually by UK Government.: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017>

⁷ All international electricity emissions factors were taken from the International Energy Agency's statistics report "CO₂ Emissions from Fuel Combustion" (2016 Edition). Purchased under licence.

Ashmore's Emissions by Scope

Scope	Source	Tonnes CO ₂ e 2015/16	Absolute totals Tonnes CO ₂ e (2014/15)	Tonnes CO ₂ e 2016/17	Absolute totals Tonnes CO ₂ e (2015/16)
Scope 1	Natural gas	40.95	41.44	33.83	34.69
Scope 1	Refrigerants	0.49		0.86	
Scope 2	Electricity (location based)	350.52	350.52	372.13	372.13
Scope 2	Electricity (market based ⁸)	588.21	588.21	371.19	371.19
Scope 3	Air travel	1,442.18	1,450.74	889.98	895.06
Scope 3	Water	3.59		2.87	
Scope 3	Waste	4.97		2.20	
TOTAL (using market based Scope 2 emissions)		2,080.39		1,300.94	

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

Emissions per full-time employee

	Tonnes CO ₂ e/employee (2015/16)	Tonnes CO ₂ e/employee (2016/17)
Scope 1	0.2	0.1
Scope 2	2.2	1.4
Scope 3	5.5	3.5
TOTAL	7.9	5.0

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.

⁸ This figure is based on a combination of market based and location based emission factors. Market based emissions factors were provided for two Ashmore offices: Japan and Colombia CAF. This figure uses the market based emission factor for these two offices. All other offices' Scope 2 emissions are calculated using the location based factor. This figure is hereafter referred to as 'market-based emissions'.

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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