

Engagement Policy

Introduction

This document summarises the policy of Ashmore Group plc and its affiliated companies (Ashmore) and its approach to investee engagement and how it meets the requirements of the Shareholder Rights Directive (SRD II). The policy covers all client funds and accounts for which Ashmore serves as investment manager or adviser, and outlines how Ashmore monitors and engages with investee companies, as well as how the reporting of these engagement activities.

As a longstanding investor in Emerging Markets economies Ashmore recognises the importance of ongoing investee¹ engagement in its investment strategy. In markets where, historically, corporate disclosure has been less transparent than in developed markets, effective stewardship to promote high standards of corporate governance has been proven to add value and to the success of companies. Through effective stewardship, Ashmore aims to deliver long-term performance for clients.

UK Stewardship Code

Ashmore fully supports the principles of the UK Stewardship Code and aspires to the standards of best practice that it represents, notwithstanding that, as an emerging markets asset manager, Ashmore does not typically invest in UK securities. Details on how, and the extent to which, Ashmore complies with the Principles of The UK Stewardship Code can be found in the statement on the Ashmore website <http://www.ashmoregroup.com/investor-relations/corporate-governance>.

Integrating investee engagement

As an active manager, Ashmore believes that stewardship helps to safeguard and enhance the risk-adjusted returns of clients' investments. Furthermore, good corporate governance supports the alignment of the interests of company management with those of its investors. Where possible Ashmore seeks to maintain constructive dialogue with company management, policymakers and other relevant stakeholders. Stewardship activities are typically undertaken by the investment teams as part of the ongoing engagement with investees.

Initially, as part of the investment decision making process, Ashmore's investment teams will review investee documents and third-party research and where appropriate will undertake meetings with management, policymakers and other relevant stakeholders. These reviews are documented and discussed at the relevant Investment Committee. The outcome of these discussions will influence investment decisions and portfolio construction, and will inform the nature of ongoing dialogue and engagement with an investee. This initial process sets out the foundations of Ashmore's approach to stewardship and the basis of its relationship post-investment.

This approach creates a positive feedback loop whereby investors reward positive engagement and outcomes with a lower cost of capital and vice versa. Over time, such incentives should lead

¹ The term "investee" encompasses shareholder and debtholder investment.

to behaviour changes. As more asset managers implement similar processes, the changes in behaviour should accelerate across all issuers, including Emerging Markets issuers.

Monitoring corporate issuers on relevant matters

Ashmore has established guidelines on when and how it will manage its activities in order to protect and enhance the value of investee companies.

Ashmore’s investment teams will correspond with companies on specific material topics. These include both financial and non-financial performance and risks. As part of the ongoing monitoring of companies, discussions with companies will focus on governance, strategy, capital structure and allocation, as listed below.

Financial	Corporate Governance
Corporate Strategy	Transparency and disclosure
Capital allocation	Governance structure
Management structure	Minority interests fair representation
Balance Sheet efficiency	Public listing and reporting
Cash generation	Management accessibility
Sustainability of returns	Long-term incentive scheme KPIs Strategies to mitigate the impact of ESG risks
Competitive advantages/risks	
Regulatory risks	

While historically corporate governance has been a focus of non-financial performance and risk dialogue, environmental and social factors and their improvement are of increasing focus of investee engagement. See examples below.

Environment	Social
Global impact and GHG emissions	Employee diversity and inclusion
Local impact and water and waste management	Customer welfare
Incidents of environmental pollution	Human rights and community relations
Energy management	Stakeholder engagement, grievance mechanism, and community impact management
Use of green energy	Labour practices and health and safety
Protection and conservation of biodiversity	Supply chain and contractor management
Policies and innovations to limit negative impact	Materiality of philanthropy spend
	Product quality and safety

Ashmore’s monitoring typically includes:

- meetings with company management and directors
- on site company visits
- monitoring company announcements
- reviewing company interim and annual results
- attending capital market meetings
- attending meetings with external research providers to validate investment recommendations
- reviewing external research

Ashmore expects companies to comply with local regulations and corporate governance codes. Company boards should seek to satisfy the reasonable expectations of customers, investors and employees, as well as acting in a way that demonstrates their responsibility to wider society and to ensure long term prosperity for all.

Monitoring sovereign issuers on relevant matters

Ashmore’s investment teams will correspond with policymakers, key officials and other stakeholders on a range of topics that enable them to make more informed investment decisions.

These interactions form the basis of investment research and risk analysis. As a long-term holder of government securities on behalf of clients, Ashmore has used this privileged position to engage with borrowing countries on their economic policies, borrowing strategy and the functioning of their institutions. Ashmore’s investment teams also use this opportunity to engage issuers on broader environmental issues, social responsibilities and governance issues, some of which are listed below.

Economic /Financial	Governance
Macro-economic performance	Societal infrastructure and delivery of services
Fiscal deficit and public debt	Government effectiveness and accountability
Balance of Payments and external debt	Regulatory environment
Monetary policy	Strength of institutions
Financial sector policy	Rule of law
Political stability and institutional strength	Measures to improve sustainability

Environment	Social
Environmental footprint	Inequality and social disparity
Clean energy / climate adaption strategies	Ability to meet populations basic needs
Utilisation of natural resources	Social stability
Natural disasters risk	Political liberties
Incidents of environmental impact	

Ashmore’s monitoring typically includes meetings with:

- government officials, particularly the central bank and treasury
- cabinet ministers and technical ministerial staff
- multi-lateral agencies, including the IMF and World Bank
- research institutes and think tanks

Conducting dialogue with investees

Ashmore’s dialogue with investees is ongoing through the life of the investment and can cover any issue that may affect an investee’s ability to deliver long-term performance.

Dialogue with investees is undertaken by investment teams, through but not limited to the following methods:

- Email communication and/or meetings with company management, policymakers and other relevant stakeholders
- Country visits and company site visits
- Participation in roadshows

The method used to conduct the dialogue with an investee will depend on the nature and materiality of the issue being raised, as well as the relative size of Ashmore's investment.

The investment teams seek to engage positively with investees to address any issues through discussions and agreement. Where an issue cannot be resolved, the issue will be taken to the relevant Investment Committee.

Ashmore expects investees to respond to requests in a timely manner. Where they fail to respond or to appropriately engage in dialogue on the issues raised, the investment team may review its investment decision in consideration of the materiality of the issue and its impact on the long-term value of the investment.

Where appropriate, Ashmore's investment teams log and record the details of engagement activities, including the final outcomes. A summary of engagement activities is then disclosed on an annual basis.

Exercising voting rights and other rights attached to shares

Ashmore's portfolio managers aim to vote on all proxies presented to them. Where concerns arise, they seek to address these through engagement with company management and other key stakeholders.

Subject to specific mandate instructions, Ashmore is generally responsible for voting proxies and taking decisions in connection with proxy voting with respect to equity shares held by or held on behalf of the clients for which it serves as investment manager or 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.

In some cases, a client may prefer to make its own decision on how to vote certain categories of proxies. If a client has given Ashmore specific instructions how to vote a particular proxy issue, Ashmore will make reasonable efforts to vote in accordance with that client's instructions, based on the information Ashmore normally considers when voting proxies.

Ashmore considers its prior experience with similar proxy proposals, its perception of the motivation behind a proxy proposal, the manner in which the proxy proposal is structured, and other facts and circumstances related to the proposal.

Further information about Ashmore's voting position can be found in the Voting Policy, located on the website http://www.ashmoregroup.com/sites/default/files/uploaded-docs/Proxy-Voting-Policy_0.pdf.

Cooperating with other investors

Ashmore is willing to engage and act collectively with other investors, where appropriate and in the interests of clients, and permitted by regulations. In deciding whether or not to engage or act collectively with other investors, Ashmore will consider a range of factors including:

- The sensitivity of the issue being discussed
- If, by acting collectively, the engagement is likely to be more effective
- The alignment of other investors with Ashmore's objectives
- The impact of the collective engagement on the ongoing relationship with the investee

Communicating with relevant stakeholders of investees

In addition to collaborating with other investors, Ashmore will cooperate and collaborate with relevant stakeholders who bring together investees to engage and discuss focused issues (e.g. corporate disclosure, deforestation, or human rights).

Ashmore will support collaborative engagements organised by industry bodies and other representative organisations. These include the Emerging Markets Trade Association, United Nations Principles for Responsible Investment, TCFD and Climate Action 100+.

Managing actual and potential conflicts of interests in relation to the firm's engagement

Ashmore has in place a Group-wide policy to identify and manage conflicts of interest that may arise between it and its clients or between its different clients. This is available on the website http://www.ashmoregroup.com/sites/default/files/uploaded-docs/Conflicts_of_Interest_Policy-December2020.pdf.

All Ashmore employees are required to have an understanding of conflicts of interest. By so doing any conflicts of interest that arise in the ordinary course of business can be dealt with in accordance with established procedures or escalated through line management or the Compliance department. Examples of relevant conflicts of interest may include (but are not limited to):

- Exercising voting rights where the investee company is a client of Ashmore;
- Exercising voting rights where an Ashmore employee sits on the board of the investee company;
- Restrictions on Ashmore employees investing in investee companies for their own account