Climate Change Position Statement

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1. Introduction

This document summarises the position of Ashmore Group plc and its affiliated companies ("Ashmore") and covers all funds and client accounts for which Ashmore serves as investment manager or adviser.

The Statement outlines how Ashmore seeks to understand and incorporate climate-related risks and opportunities into its strategy and business model, and how it considers its role in aligning finance with the low-carbon transition.

2. Background

The changing climate as a consequence of human activities will have significant impact on both the natural environment as well as the way societies exist and conduct business. Ashmore recognises the responsibilities it has both as a premium-listed company on the London Stock Exchange, and as an investment manager acting as a steward of clients' capital.

As a specialist Emerging Markets asset manager, Ashmore recognises how the effects of a changing climate are most significant and felt more immediately by those societies in which the firm operates and invests. Ashmore therefore appreciates that climate change could have a significant impact on its operations and investments. Ashmore understands the challenges faced by these markets including the importance of delivering a just transition and considering climate equity concerns. It is also cognisant of the need for investors from both developed and emerging economies to invest in Emerging Markets to finance sustainable growth as well as climate mitigation and adaptation.

Ashmore's position on climate change and its approach to addressing the challenges posed by it are framed within the context of meeting the objectives of the Paris Agreement, the recommendations by the Intergovernmental Panel on Climate Change ("IPCC"), and the UN Sustainable Development Goals ("SDGs").

As the regulatory environment continues to develop and evolve, Ashmore will continue to review and refine its approach. As part of its fiduciary responsibility to its clients and shareholders, Ashmore's response to climate-related issues will seek to ensure the resilience and sustainability of its operations and investments.

3. Climate-related Risks and Opportunities

Ashmore is a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") and welcomes the incorporation by the UK's Financial Conduct Authority ("FCA") of the recommended disclosures into its listing rules and its reporting requirements for financial services companies.

Drawing upon these recommendations, Ashmore seeks to understand the risks and opportunities that climate change will have on its ability to operate as well as on sovereigns and the operations of the companies in which it invests and the impact of those risks.

Ashmore understands that the risks associated with climate change are varied and far reaching, and that the true scale of the consequences and required actions might still be unknown. However, Ashmore also believes that the efforts to mitigate the effects of climate change and adapt to a low-carbon economy will generate new investment opportunities.

Ashmore acknowledges that the risks and opportunities from climate change will vary across sectors and geographies as well as under different scenarios. Its approach to assessing and measuring the impact of climate-related investment issues will therefore be tailored accordingly.

The Ashmore Group plc TCFD Report can be found in its Annual Report. The TCFD Report covering its investment management function is published as a stand-alone document published on its website.

4. Financing the transition

Ashmore recognises the importance for the financial sector to contribute to Climate Action (SDG 13), and the related transition to net zero. To achieve the economic transformation required to deliver 'net zero by 2050' financial flows must become aligned with a low-carbon economy and incentivise climate mitigation and adaptation. This is particularly the case in Emerging Markets where there is a need to balance the low-carbon transition with improved access to energy and where the need for funding is paramount. Ashmore, as a specialist asset manager in Emerging Markets, is ideally placed to manage those investment flows and ensure a competitive return on capital, in both public and private markets.

The main framework for asset managers in this regard is the voluntary Net Zero Asset Managers Initiative ("NZAMI"), which Ashmore joined in July 2021. Ashmore submitted its NZAMI Interim Target in July 2022, and this is expected to be a primary mechanism by which Ashmore addresses climate change mitigation. Furthermore, the commitment by the United Kingdom, where Ashmore is headquartered, to a net zero economy has been considered as part of these disclosures.

5. Levers for implementation

Ashmore acknowledges that no single approach to managing climate-related risks and opportunities is sufficient to providing a complete understanding of these issues and that methodologies to implement net zero targets are still nascent. Outlined below are the levers that Ashmore currently uses. Ashmore accepts that as climate change science develops and climate scenarios emerge, its approaches will adapt and evolve.

Operational

Ashmore recognises that over time climate change may have an impact on its operations, in terms of both physical and transition impacts.

Corporate strategy

Ashmore will continue to incorporate the assessment of climate-related risks into the review of its corporate strategy across the Group including its subsidiaries, using the TFCD framework to set out climate-related physical and transition risks and opportunities and their impact on Ashmore's business and implementation of the corporate strategy.

Disclosure

Ashmore Group plc will continue to disclose climate-related issues in its TCFD Report on a comply or explain basis, as required by the FCA. Furthermore, Ashmore will continue to disclose greenhouse gas ("GHG") emission data as it relates to its operations.

Investment Management

Climate change has the potential to impact significantly the long-term value of assets, thereby affecting fund performance. To ensure that these risks are appropriately incorporated into the value of an asset, Ashmore portfolio managers will incorporate climate assessments into their valuations.

ESG assessment

Ashmore has incorporated climate considerations into the investment decision-making process. As part of the completion of the ESG review, portfolio managers complete an environmental assessment considering a range of climate-related metrics as well as other environmental data points. Examples include issuers' global impact and GHG emissions, local impact and water and waste management, incidents of environmental pollution, energy management, and use of green energy, as well policies and innovations to limit negative impact. The assessment of these factors is used to determine an issuer's final ESG score, which is ultimately discussed and approved (or not) at the sub-Investment Committee for the relevant strategy.

Stewardship & Engagement

Ashmore seeks to engage with issuers, both at government and corporate levels, on how they can manage ESG risks and their sustainability impacts. This is carried out as part of an ongoing dialogue with government officials and company management. Ashmore portfolio managers engage directly with issuers to ascertain how they address business sustainability, climate-related issues, and adaptation to a low-carbon economy. Where relevant, portfolio managers encourage companies to publish their GHG emissions, to set appropriate emission reduction targets, and to report on progress. They also encourage companies to disclose climate risk in accordance with the TCFD recommendations.

Where appropriate, Ashmore investments teams will seek to engage collectively with other stakeholders on climate-related issues.

In keeping with Ashmore's policy on proxy voting, equity portfolio managers aim to vote on all proxies presented to them. Where they have concerns, they seek to engage with company management and other key stakeholders to address these. Portfolio managers will vote on climate-related resolutions that align with Ashmore's responsible investment and ESG approach.

More information can be found in Ashmore's Engagement Report, available on its website.

Portfolio Emissions

Ashmore seeks to understand better the GHG emission profile of its portfolios where data is available and reliable. However, Ashmore also understands that a company's carbon footprint provides only a snapshot of a company. Therefore, through its proprietary ESG scoring, Ashmore's portfolio managers also assess an issuer's forward-looking trajectory and preparedness to transition to a low-carbon economy.

6. Governance

Ultimate accountability for the integration and management of climate-related issues into Ashmore's business and operations lies with the Board, which delegates day to day responsibility to the ESG Committee ("ESGC"). This Committee meets formally at least quarterly and has representation from across all relevant parts of the organisation. The ESGC reviews and ensures the maintenance and integrity of all responsible investment / ESG processes and procedures, including those relating to climate-related issues.

The ESGC will continue to review trends and developments in climate-related issues and update its approach as required.