

Ashmore SRD II Engagement Policy

Group Policy Document

Published: March 2025

Ashmore Engagement Policy

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 it engages directly with issuers, collaboratively with other investors, collectively with industry initiatives, and how it exercises its voting rights and other responsibilities.

Scope

The Engagement Strategy is consistent across Ashmore's offices and asset classes as far as practically possible to ensure expectations are consistent and best-in-class practices are shared. Nonetheless, it is acknowledged that there may be certain differences to reflect local requirements and norms. Primarily, this policy applies to sovereign debt, corporate debt, and equities, which accounts for the bulk of the Group's AUM.

Reporting of Ashmore's engagement efforts

Details of Ashmore's engagement efforts can be found in its Engagement Report, available on its website.

UK Stewardship Code

Ashmore continues to be a signatory of the UK Stewardship Code 2020, following its application in 2022. As a company listed on the London Stock Exchange, Ashmore aspires to the standards of best practice that the Code represents. Ashmore's UK Stewardship Code Report can be found on the Group's website.

Direct engagement with issuers

Ashmore believes that through strong relationships with sovereign and corporate issuers, of debt and equity, the Group can positively influence outcomes related to ESG risks and an issuer's management of sustainability matters. Ashmore sees such active ownership to be an integral part of its fiduciary duty as well as an important tool to enhance and preserve the value of its clients' investments.

As a longstanding investor in Emerging Markets economies, Ashmore recognises the importance of ongoing issuer 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. 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. Consequently, through effective stewardship, Ashmore aims to deliver long-term performance for clients. Furthermore, Ashmore believes engagement with issuers can impact investment outcomes

as it is an important avenue both for managing ESG risks and as a lever to have an impact on sustainability matters.

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

Ashmore seeks to engage with issuers, both sovereign and corporate, carried out as part of an ongoing dialogue between the investment teams and government officials and company management as well as other key stakeholders.

Defining engagement

Ashmore has adopted the UK Investment Consultants Sustainability Working Group (ICSWG)'s definition of an 'engagement' as:

“a purposeful, targeted communication with an entity on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk”.

This limits 'engagements' to cases where the investment teams are in contact with issuers in order to address a particular topic. However, such engagements form only a part of the interactions between the Group and issuers.

Different approaches to engaging with issuers

Ashmore's investment teams log and record the details of engagement activities, including the final outcomes. A summary of engagement activities is then disclosed publicly on an annual basis in the [Engagement Report](#).

Ashmore splits its direct engagement efforts into three high-level groups:

- Bilateral engagements
- Thematic engagements
- Interactions

'Bilateral engagement' efforts are led by the relevant Portfolio Manager, overseen by the Responsible Investment function. Typically triggered by the identification of unintended ESG risks or sustainability issues, often during the ESG scoring process, these engagement efforts tend to target single issuers, and are conducted directly with that issuer to address an issuer-specific or sector-specific risk. An engagement objective is determined in advance and the outcome tracked.

'Thematic engagement' efforts are typically led by the Responsible Investment function, triggered by Ashmore's involvement in various initiatives including Climate Action 100+ and the Net Zero Asset Management Initiative (NZAMI). These engagement efforts would target several issuers, often as part of collaborative efforts designed to address market-wide or systemic issues. An engagement objective, or potentially a series of milestones, would be determined in advance and the outcome tracked.

Sometimes it is not necessarily natural or required to conduct engagements with pre-determined objectives, but there is still a need for close dialogue with the issuer on ESG or sustainability-related issues. Such 'interactions' are driven by Portfolio Managers, often to gain information or raise awareness of ESG risks or sustainability issues. These requests typically form part of pre-investment activities or ongoing due diligence and would focus on highlighting investor expectations as they relate to management of ESG risks, sustainability issues, and/or related reporting.

Methods of engagement

The method used to conduct the engagements 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.

Ashmore's engagement typically includes:

- Conferences
- Call / zoom
- Formal letters
- Email correspondence
- Questionnaires
- In-person meetings

Ashmore's engagement are typically conducted with the following groups:

- Board-level
- ESG / Sustainability team
- Investor relations
- Executive-level
- Senior management
- Government representatives

Engagement with corporate issuers

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.

As part of monitoring efforts with investee companies, Ashmore monitors and engage on matters it consider relevant, including:

- strategy
- financial and non-financial performance and risk
- capital structure
- ESG issues i.e. environmental and social impact and corporate governance

Engagement with sovereign issuers

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 sovereign issuers on broader environmental issues, social responsibilities, and governance issues.

As part of monitoring and engagement efforts of sovereign issuers, 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. Ashmore's engagement 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

Escalation

Ashmore prefers to conduct its engagement efforts as part of confidential, collaborative and constructive dialogue with issuers but accepts that where this is not yielding the desired results there might be a need to take a different approach. This could be where specific concerns are repeatedly raised with management without signs of these being taken seriously, where no clear action materialises, or it could be where ethical concerns warrant the escalation of activities. Any escalation activities conducted are typically dependent on the relationship Ashmore has with the issuer and the implication of the issue on the investment strategy.

The aim of any escalation tends to be toward achieving the original engagement objective although through stronger means. In contentious situations Ashmore accepts that there may need to be a degree of compromise. Whilst Ashmore's intention is not to 'name and shame' issuers, where appropriate, the Firm may make its position public should it consider this to be the appropriate action to achieve the objective.

Ashmore considers escalation activities on an exception basis. Whether an engagement activity is considered 'an escalation' is dependent on the situation and context. Ashmore looks to maintain good relations with issuers in its belief that constructive dialogue is more likely to yield the intended results, not to mention the resource-intensive nature of certain escalation activities. 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. Portfolio Managers have several escalation options at their disposal as listed below:

- Write formal letter to company
- Request meetings with Board or other independent directors

- Collaborative engagement
- Downgrade Ashmore's ESG score
- Engage with regulators and policymakers
- Vote against Management proposals at shareholder meetings
- Make concerns public
- File or support shareholder resolutions
- Divestment

Ashmore's approach to engagement aims for consistency across its local offices. However, Ashmore is conscious of how stewardship expectations vary across the markets it invests in and attempts to strike a balance between being clear about expectations of issuers while also accommodating the different stages of stewardship across markets.

Collaborative and collective engagement

Ashmore believes that there is value in collaborating with investor and industry groups when engaging with issuers. The Group finds that by engaging collaboratively and joining collective initiatives, it can reach a wider number of issuers and that such avenues are particularly suitable for policy engagement.

Ashmore has adopted the ICSWG's definition of collaborative and collective engagement as:

"a form of engagement where investors work with each other in some way to achieve a common engagement goal".

'Collaborative engagement' is considered to be where the Firm works with other investors or stakeholders to achieve an engagement objective, while 'collective engagement' is where Ashmore joins an engagement initiative run by a third party such as the UN PRI.

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 to engage or act collectively with other investors, Ashmore considers 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

In addition to collaborating with other investors, Ashmore will join collective engagement opportunities with relevant initiatives who bring together investees to engage and discuss focused issues as permitted by regulations.

Ashmore will support selected collective engagements organised by industry bodies and other representative organisations. These include the Emerging Markets Trade Association, United Nations Principles for Responsible Investment (UN PRI), and Climate Action 100+.

Exercising voting rights and other responsibilities

Ashmore sees voting as a core responsibility and aligned with its clients' interests. Furthermore, active voting can be used as a tool to influence issuers and is therefore an important part of the Firm's Engagement Strategy.

Ashmore's aim is to vote on all proxies presented by portfolio companies as far as practically possible. If the investment team has a concern, then it seeks to engage with the company management, Board of Directors, or other stakeholders to address the issue.

The review of voting statistics is a standard item at the ESG Committee agenda. The voting process is kept as consistent as possible across Ashmore's offices, appreciating local variations. All voting decisions are made by the Portfolio Manager responsible for the investment.

Protecting the financial interests of its clients is the primary consideration for Ashmore. 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 individually or as a whole.

Where appropriate, Ashmore will inform issuers of planned negative votes as part of its engagement efforts, often engaging with the companies in advance of an upcoming shareholder meeting should it consider the resolutions contentious.

Ashmore has a long-standing tradition of supporting institutional clients who wish to instruct the voting. The Firm has clients who wish to maintain their right to cast votes directly or to set out voting principles, and Ashmore welcomes the opportunity to take into account clients' values and preferences.

ISS research and voting recommendations are available to the Ashmore investment teams to help inform voting decisions. While Portfolio Managers take into account this independent advice from ISS, for each vote they maintain full discretion as to how to vote on any one resolution.

Further information about Ashmore's voting position can be found in the Voting Policy, located on the website.

Managing conflicts of interests in relation to the Group's engagement efforts

Ashmore has in place a group-wide policy to identify and manage actual and potential conflicts of interest that may arise between it and its clients or between its different clients, which is available on its website.

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