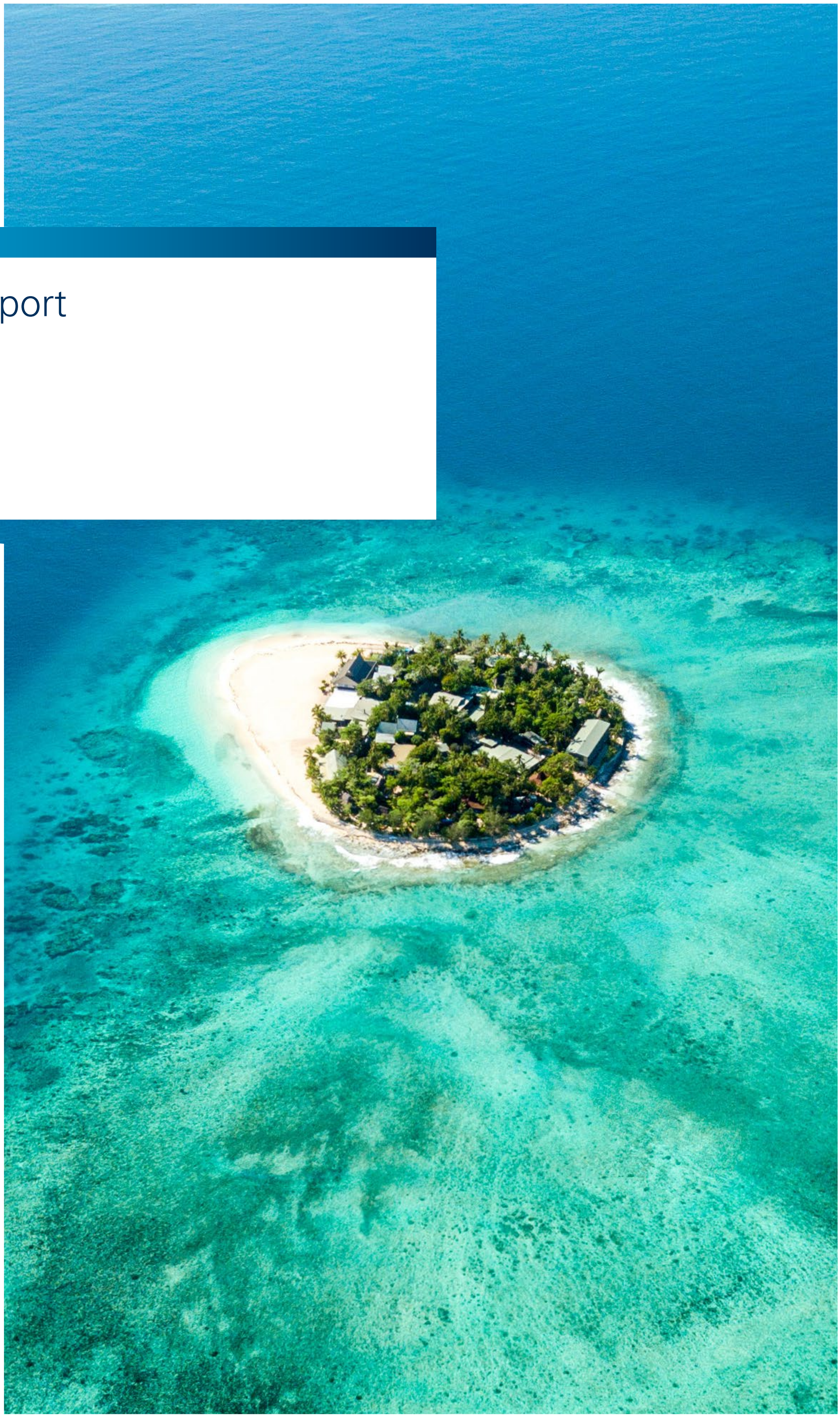
Ashmore

# Sustainability Report 2024



# About this Report

Welcome to the Ashmore Group 2024 Sustainability Report.

The aim of this report is to provide a comprehensive overview of Ashmore's approach to sustainability across Ashmore's business activities. The report is intended for all Ashmore stakeholders and will be of particular interest to clients.

This report should be read in conjunction with Ashmore's Annual Report, the Engagement Report, and the TCFD Report, which are available on the Ashmore Group website at www.ashmoregroup.com

# Foreword

## From Ashmore Group plc CEO, Mark Coombs

**Ashmore is a specialist Emerging Markets investment manager with more than 30 years' track record of investing clients' capital in Emerging Markets. This success is linked with a deep understanding of the importance of acting as a responsible investor and staying abreast of our clients' expectations of what is considered best-in-class stewardship of their capital.**

Ashmore's governance framework, strong team-based culture, and proven investment philosophy with the consideration of Environmental, Social and Governance (ESG) factors integrated into all equity, fixed income, and alternatives strategies, means we are well-positioned to continue to help our clients achieve their investment objectives.

Over the past year, we have further strengthened our engagement process and we are proud to publish our third Engagement Report. An important area for Ashmore over the past year has been a new thematic focus on deforestation, which given its prevalence in certain Emerging Market countries, has become an important sustainability issue and potential ESG risk.

As an Emerging Markets focused investment manager, Ashmore's success is linked with the achievement of sustainability goals in the markets in which we operate and invest. We recognise how developing countries are likely to face a disproportionate impact from some of the sustainability challenges facing the world today, particularly the risks associated with climate change. Yet, Ashmore believes that this is also where the most interesting investment opportunities associated with the attainment of the Paris Agreement and the United Nations Sustainability Development Goals (SDGs) will take place and that, over time, this can be a valuable source of alpha.

We further believe that to address the clear challenges posed by climate change, a responsible investor should help developing economies transition over the medium to longer term to more sustainable and ultimately carbon-neutral activities through ongoing and supportive investment, and at Ashmore we look forward to contributing to this objective.

Over the past year, The Ashmore Foundation made strategic social impact grants to charitable organisations working in Emerging Markets where Ashmore operates. Ashmore will donate the equivalent of 0.5% of the Group's FY2024 profit before tax to charities, including The Ashmore Foundation, representing a total payment of £0.6 million contributing towards the plc's carbon offsetting programme as well as other charitable activities.

More generally, Ashmore is proud of its progress on responsible investment initiatives during the year and remains committed to making further progress.

**Mark Coombs**
Chief Executive Officer

September 2024

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# About Ashmore Group

**Ashmore is a specialist Emerging Markets investment manager with more than 30 years' experience of investing in these markets. During this time, it has established a diversified range of six headline investment themes with focused strategies under each theme. These themes capture the broad range of investable and scalable investment opportunities available across the diverse Emerging Markets universe.**

**External debt**

Invests in debt instruments issued by sovereigns and quasi-sovereigns and denominated in foreign currencies.

**Local currency**

Invests in local currencies and local currency-denominated instruments issued by sovereigns, quasi-sovereigns and companies.

**Corporate debt**

Invests in debt instruments issued by public and private sector companies.

**Blended debt**

Asset allocation across the external debt, local currency, and corporate debt investment themes, measured against tailor-made blended indices.

**Equities**

Invests in equity and equity-related instruments including global, regional, country, small cap, frontier, and multi-asset opportunities.

**Alternatives**

Invests in private equity, healthcare, infrastructure, special situations, distressed debt, and real estate opportunities.

The Group's products are available in a wide range of fund structures covering the full liquidity spectrum from daily-dealing pooled funds through to multi-year locked up structures. Ashmore provides investors with access to new investment strategies as Emerging Markets continue to evolve.

**Ashmore believes three factors will drive longer-term growth in the Group's assets under management:**

1. Ashmore expects the Emerging Markets will continue to develop and evolve, with broader, deeper and more accessible capital markets contributing to the range and scale of investment opportunities;
2. Investor allocations to Emerging Markets will increase from very underweight levels currently;
3. Ashmore will continue to innovate in order to provide access to new investment strategies.

**AuM classified by mandate** (%)

| | |
|---|---|
| Local currency | 36% |
| Blended debt | 24% |
| External debt | 15% |
| Corporate debt | 9% |
| Equities | 13% |
| Alternatives | 3% |

**AuM by client type** (%)

| | |
|---|---|
| Pension plans | 19% |
| Corporates / Financial institutions | 21% |
| Sovereign wealth funds | 22% |
| Central banks | 23% |
| Intermediary retail | 4% |
| Funds / Sub-advisers | 9% |
| Governments | 1% |
| Foundation / Endowments | 1% |

**AuM by client geography** (%)

| | |
|---|---|
| Europe | 36% |
| Asia Pacific | 25% |
| Americas | 12% |
| Middle East & Africa | 23% |
| UK | 4% |

Data as at 30 June 2024.

# Sustainability critical to success

## Ashmore's long-term success is dependent on understanding sustainability in the markets in which it operates and invests.

Ashmore recognises the role it plays in the deployment of its clients' capital and the impact this can have on sustainability of the environment and broader society. Accordingly, the Group aims to integrate responsible investing across its operations, coordinated by the Head of Responsible Investment and ESG Policy. Board accountability is ensured through the Group's specialised ESG Committee (ESGC), which has overall responsibility for Ashmore's sustainability and responsible investing framework across its operational and investment activities.

Sustainability has many facets, but there are three areas that are particularly relevant to Emerging Markets:

- **Environmental challenges:** specifically, the effects of climate change, which already can be acutely felt by companies and communities in these markets, including many in which Ashmore operates and invests. In recognition of this, the Group reports in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is a member of the Net Zero Asset Management Initiative (NZAMI).
- **Energy transition:** many emerging countries rely on fossil fuel energy sources and require access to capital and technology to develop renewable alternatives.
- **Inequality and wealth disparity:** can present significant challenges in developing markets, and the social investments made by The Ashmore Foundation aim to empower communities at the extreme end of these disparities.

Ashmore's commitment to act as a responsible investor extends to support for and membership of international and industry-specific initiatives, including the United Nations Principles for Responsible Investment (UN PRI) and Climate Action 100+. Ashmore will aim to continue to develop its approach in line with regulatory requirements and in so doing contribute to the evolving industry practice.

Ashmore's broad and encompassing approach to sustainability is centred on three pillars, shown on page 7, covering the breadth of its corporate operations, investment activities, and social impact investing by The Ashmore Foundation.[1] These pillars are not mutually exclusive but provide a framework enabling Ashmore to define and pursue its sustainability objectives. This report describes in more detail some of the factors relevant to each pillar.

[1] The Ashmore Foundation is a company limited by guarantee, registered in England (6444943) and is a registered charity in England and Wales (1122351). The Ashmore Foundation is a separate and distinct legal entity from Ashmore Group plc.

### Ashmore's approach is centred on three pillars

| Corporate Responsibility | Responsible Investment | The Ashmore Foundation |
| --- | --- | --- |
| Ensure the Group is managed to the appropriate governance, social and environmental standards, in line with local expectations | Ensure Ashmore invests aligned with expectations of a 'responsible investor' and pay particular attention to the risks stemming from ESG concerns and sustainability impacts | Philanthropic efforts to make a social and environmental difference in the communities in which Ashmore invests |

## Financial year 2024 highlights

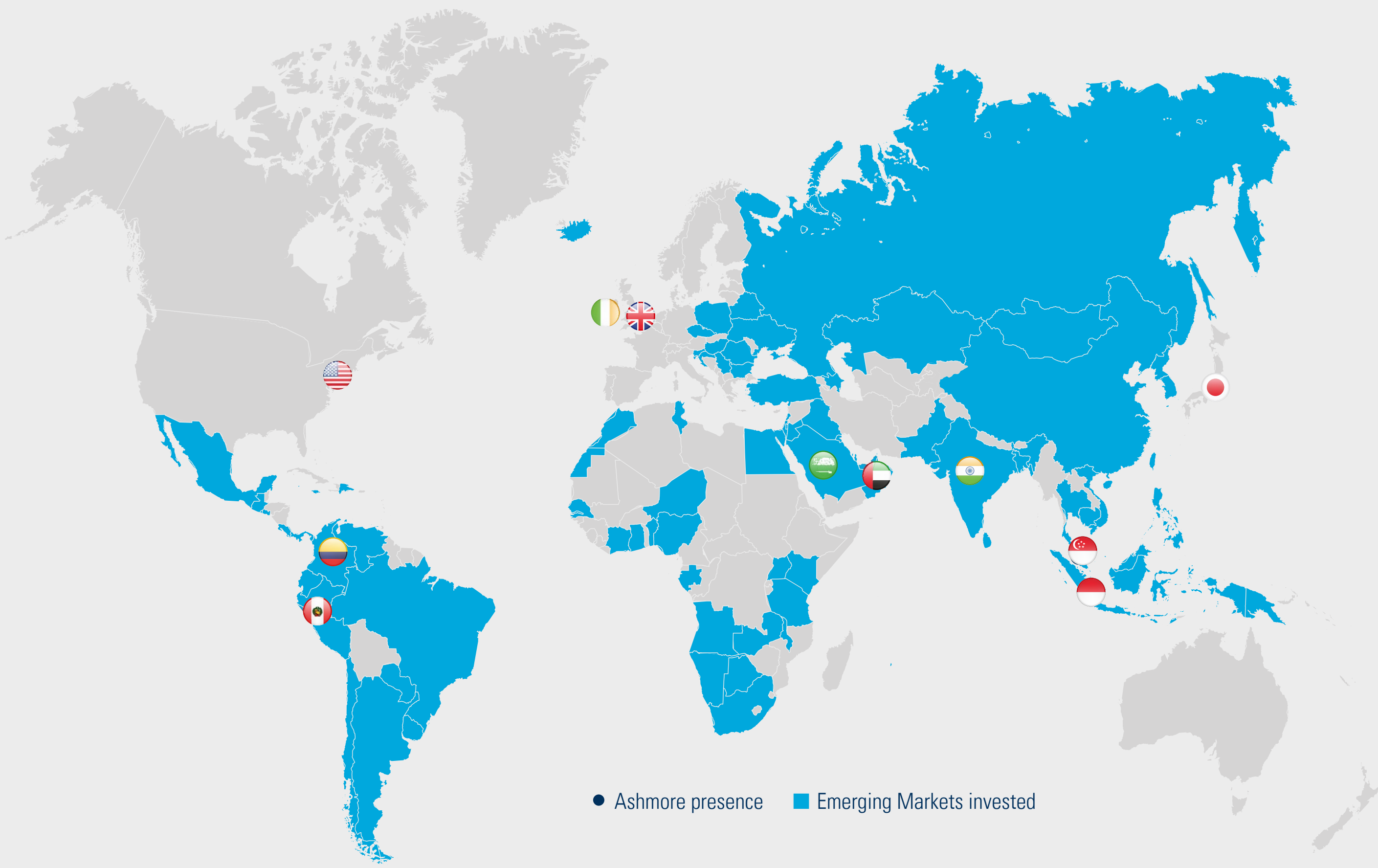
**Ashmore has continued to develop and refine its approach to sustainability and over the past year made significant progress on several key initiatives at both operational and investment levels. Below are notable achievements in relation to sustainability and responsible investing:**

- The Ashmore Foundation has developed a partnership with Plant Your Future to mitigate Ashmore's Scope 1, 2 and 3 operational emissions for FY2023 using a community approach model to reforest parts of the Peruvian Amazon in Iquitos and Loreto. The project is based on a sustainable agro-forestry model to carbon mitigation and delivers positive social and economic impact for local farmers.
- Maintained the Group's ESG ratings issued by relevant agencies, including MSCI and Sustainalytics.
- Enhanced climate-related disclosures in accordance with the TCFD recommendations and the Financial Conduct Authority's Listing Rules and its ESG Sourcebook, with a specific focus in its Investment Management report on scenario analysis and enhanced disclosure of sovereign GHG emission metrics.
- As part of a new thematic engagement focus on deforestation Ashmore joined two new collaborative engagement groups in early 2024: SPRING, which focuses on engaging with corporates and IPDD, which is focused on sovereigns.

# Corporate responsibility

Ashmore's approach to corporate responsibility recognises the role the Group plays in wider society and is underpinned by values of transparency, fairness, accountability, and integrity across its worldwide operations.

**Ashmore's Emerging Markets investments – a worldwide network**




**283** Employees

**11** Offices worldwide

**>70** Emerging Markets countries represented in portfolios

Data as at 30 June 2024.

The nature of Ashmore's business as an investment manager and its consistent single operating platform means that corporate responsibility can be considered and understood in a relatively small number of areas, listed in the table below, and explained in more detail on the following pages.

| | |
|---|---|
| **Social** | As a traditional asset management business, employees are a critical asset to Ashmore. The Group's responsibilities to its employees are well understood and reflected in its commitments to diversity, career development, health and safety, including workplace benefits, and a remuneration philosophy that delivers a long-term alignment of interests between employees, clients, and shareholders. |
| **Governance** | Ashmore's Board of Directors maintains a distinctive culture across the Group, with a strong 'tone from the top' that outlines clear expectations, standards, and the importance of accountability to employees. In addition to the governance arrangements described in the corporate governance section and the Section 172 statement of the Annual Report, corporate responsibility is also underpinned by the following factors:<br>• A commitment to upholding high ethical standards across the Group's operations and to minimising the risks associated with financial crime.<br>• The Board has ultimate responsibility for risk management and control. This encompasses a wide range of principal and emerging risks, as described in the Annual Report.<br>• Ashmore has operations in multiple regulatory and tax jurisdictions and manages its business in a responsible and transparent manner. |
| **Environment** | Ashmore's business is based primarily on intellectual capital so its direct operational impact on the environment is limited. However, the Group manages the environmental risks it faces responsibly, and described below are specific developments in the areas of Greenhouse Gas ("GHG") emissions and related efforts to compensate for its operational emissions. |

In recognition of its approach to corporate responsibility, Ashmore is a constituent of the FTSE4Good equity index. It has an AA ESG rating from MSCI and Sustainalytics places it in the 'low exposure to ESG risk' category.

### Policy documents

Ashmore has a number of policies and other documents that support its approach to corporate responsibility. These include documents that are for employee use, made available to the Group's clients, as well as those publicly available on the Group's website, including those listed below:

- ESG Policy
- Supplier Code of Conduct
- Slavery and human trafficking statement
- Conflicts of interest statement
- Complaints handling procedure
- UK tax strategy

## Social

The Group's priority is to attract, develop, manage, and retain employees to achieve its strategic growth objectives and to create value for its stakeholders. The success of Ashmore's approach to human resources and its support of corporate responsibility is reflected in the low levels of unplanned staff turnover (FY2024: 7%).

Ashmore aims to have employee policies and procedures that reflect best practice within each of the countries where it has a presence, and Ashmore requires employees to act ethically and to uphold the standards expected by the Group's clients. 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 in respect of medium to long-term growth for employees; personally, professionally, and financially.

## Diversity

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 does not discriminate because of age, disability, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex, gender reassignment, sexual orientation, or any other irrelevant factor, and has built a culture that values meritocracy, openness, fairness, honesty, and transparency.

Furthermore, diversity of thought is critical to Ashmore's success. To achieve this, Ashmore aims to attract and develop diverse teams. At Ashmore, such diversity is integral to the culture of the Group and encompasses, amongst other things; experience, skills, tenure, age, geographical expertise, professional and socio-economic background, disability, neuro-diversity and sexual orientation.

Figure 1 illustrates Ashmore's diverse workforce through the lens of self-identified ethnicity.

**Figure 1: Employee ethnicity**

Ashmore is proud to have a diverse workforce with employees from **37 different countries**.

| | |
|---|---|
| Asian | 33% |
| Black | 2% |
| Hispanic | 15% |
| Middle Eastern/North African | 5% |
| Mixed race | 1% |
| Other | 1% |
| White | 37% |
| No response | 6% |

Data as at 30 June 2024.

**Figure 2: Ashmore's gender split**

| | Male | Female | Total |
|---|---|---|---|
| Board of Directors | 3 | 3 | 6 |
| Operating Committee | 12 | 1 | 13 |
| Direct Reports | 24 | 8 | 32 |

Ashmore provides data to the FTSE Women Leaders Review, as included in Figure 2. The proportion of female Board Directors was 50% of 30 June 2024. The Senior Independent Director is female, and the Board has at least one Director from an ethnic minority background. Ashmore therefore complies with the FCA's Listing Rules in respect of diversity and inclusion requirements and meets the Parker Review requirement for Board composition of FTSE 250 companies. Furthermore, Ashmore has made good progress towards the 2025 targets set by the FTSE Women Leaders Review, with 50% of the Board, including the Senior Independent Director, being female. The third, and more challenging, target is for women to represent 40% of the senior management team and Ashmore is currently at 22%.

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 while at work.

## Recruitment and career development

Ashmore believes that its distinctive business model and culture lead existing employees to recommend Ashmore as an employer and in so doing enables the Group to attract the most talented candidates.

Ashmore provides all employees with a comprehensive induction on joining the business, which introduces the company's structure, culture, operations, and practices. This includes all elements of compliance issues, an understanding of the key business ethics operating within the Ashmore Group, and up-to-date information on relevant regulations.

Ashmore supports professional development or qualifications that will assist employees in maintaining and developing their levels of competence. As part of this, Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. 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, and career development and progression.

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 its business allows the Group to consider placing talented individuals into different business and career opportunities within its worldwide office network, to foster their development, and to benefit clients.

## Workplace benefits

Ashmore 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. Employee health and wellbeing is vital to sustained performance at work, and Ashmore therefore operates a range of schemes to support employees' physical wellbeing. For example, in London, Ashmore operates a mental health wellbeing scheme, and has a designated Mental Health First Aider.

Ashmore also operates in the UK an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees. Similar healthcare arrangements are also offered by Ashmore's international offices.

Ashmore provides the opportunity for employees to work remotely for a specified period during the week.

## Remuneration

Ashmore's distinctive remuneration philosophy, described in detail in the Annual Report, is a critical factor underpinning the Group's culture, designed to achieve a long-term alignment between employee remuneration and the interests of clients, shareholders, and other stakeholders.

Ashmore recognises that individuals have different personal requirements dependent on the stage of their life or career. In response to this, it provides employees with a range of benefits, both non-financial and financial, in addition to basic salaries.

## Health and safety

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy that highlights the Group's commitment to ensuring employees are provided with a safe and healthy working environment. For example, 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. Similar arrangements are also made in other Ashmore offices.

## Human rights and modern slavery

Ashmore supports the United Nations Universal Declaration of Human Rights. Ashmore has developed a Supplier Code of Conduct Policy that 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 investing in local communities

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 the Group has a presence. Beyond support for The Ashmore Foundation, employees across all offices are encouraged to engage with and to 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 drive local volunteering initiatives and take part in a range of activities to support disadvantaged communities in their local vicinity. Ashmore is a corporate partner of Breaking Barriers, a specialist refugee employment charity in the UK. Ashmore's employees actively contribute to this partnership through mentoring and volunteering support provided to Breaking Barrier's clients.

## Obsolete equipment

Ashmore's London office provides obsolescent computers to Computer Aid, a UK registered charity that provides developing countries with access to technology that can support education and improve lives. Computer Aid sends the equipment to various projects across the Emerging Markets and provides Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly manner.

## Governance

Ashmore's Board of Directors maintains a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the Group's activities, compliance with both the letter and the spirit of relevant regulations and standards of good market practice in all jurisdictions where the Group operates.

### Stakeholder interests

Please refer to the Section 172 statement in the Annual Report for more information on how the Board considers the Group's stakeholders in its decision-making and its approach to engagement.

| Stakeholders | Key Factors |
|---|---|
| **Clients** | Delivering investment performance for a diversified client base is critical to Ashmore's success as a specialist Emerging Markets asset manager. |
| **Shareholders** | The support of Ashmore's shareholders, with an appropriately long-term investment horizon, is important to enable Ashmore to fulfil its strategic growth ambitions. |
| **Employees** | Ashmore's employees are a critical asset, and the Group's priority is to attract, develop, manage, and retain employees to deliver the Group's potential. |
| **Society** | Ashmore recognises the impact its activities may have on wider society and takes this responsibility seriously. |
| **Regulators** | Ashmore's business comprises global operating hubs and independent local asset management platforms, operating under several different regulatory jurisdictions. |
| **Third-party service providers** | The efficiency and scalability of Ashmore's operating platform relies in part on high-quality third-party service providers. |

### Ethical standards

The Board aims to ensure that the Group is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients, and to protect Ashmore's reputation.

Although there have been no whistleblowing reports this year, Ashmore considers it important that there is a clear and accessible process through which staff can raise such concerns. Therefore, it has procedures in place to enable employees to raise concerns confidentially regarding behaviour or decisions that are perceived to be unethical. This includes use of a third-party agency to provide staff with an independent and confidential whistleblowing channel and the Chair of the Audit and Risk Committee acts as the nominated Board Director for whistleblowing.

### Financial crime risks

Ashmore is committed to minimising the risk that the Group is used for the purposes of financial crime, including money laundering, bribery and corruption, fraud, and market abuse. To achieve this aim, Ashmore has adopted a number of risk-based policies and procedures for each area of financial crime, as described in the Risk Management section of the Annual Report. The Group provides training 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 is committed to ensuring that it verifies the identity of its clients before a business relationship commences and that this is valid throughout the course of the relationship.

### Information security and data protection

The Group has comprehensive and, necessarily, confidential Information Security and Data Protection policies that are reviewed at least annually and apply to all employees and offices.

Please see the Annual Report for details on how Ashmore approaches data protection and information security and cyber security.

## Environment

Ashmore's business is based fundamentally on intellectual capital, and it does not own its business premises, therefore its direct impact on the environment is limited and there are few environmental risks associated with the Group's activities. Nevertheless, Ashmore has a responsibility to manage these risks as effectively as possible.

The Group continues to promote energy efficiency, the avoidance of waste and the use of recycling programmes throughout its operations. Ashmore's largest occupancy is at its headquarters at 61 Aldwych, London where it has 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, with energy efficient lighting installed. The building landlord allocates the usage of other utilities based on occupied floor space.

### Mandatory GHG reporting and SECR requirements

In line with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, all companies listed on the main market of the London Stock Exchange are required to report their GHG emissions within their annual report. In addition, as of 1 April 2019, the Group is required to meet the mandatory Streamlined Energy and Carbon Reporting (SECR) requirements. These comprise disclosure of Scope 1 and 2 emissions and energy consumption, at least one intensity metric (e.g. emissions per revenue, or per FTE), a list of energy efficiency actions taken (if applicable), and a comparison with the emissions of the previous year, when available. Accordingly, the disclosure of Total Operational Emissions[2] is in line with the SECR requirements. An explanation of the methodology and the sources of the conversion factors used is also required.

The Group has provided a summary of this information in its Directors' Report as well as below.

#### Operational control methodology

The Group has followed the operational control method of reporting. The Group's Total Operational Emissions reported below are for the 11 offices around the world where the Group exercised direct operational control in FY2024. The office emissions reported, as well as emissions originating from their operations, are those which are considered material to the Group and for which data was available.

#### Emissions scopes

In accordance with mandatory GHG reporting, Scope 1 and Scope 2 are required to be reported. Scope 2 emissions have been reported in terms of 'location-based' emissions.

Excluding fuel consumption in third-party vehicles, it is not mandatory to report Scope 3. However, the Group continues to report on selected Scope 3 operational emission categories to provide more complete disclosure to stakeholders.

In accordance with Financial Reporting Council (FRC) guidance, the Group has also disclosed Scope 3, Category 15 (investment emissions), also known as financed emissions, for the first time in FY2024 due to the relevance of these emissions to its business.

#### Exclusions and estimation of operational emissions

Best endeavours have been undertaken at each office to provide the required data; however, in some cases certain data was not available for reporting and estimation was required. As such, 8% (118 $tCO_2e$) of the Group's Total Operational Emissions were based on estimation.

Estimation methodologies adopted are summarised in the following approaches:

- For certain offices located within shared and leased buildings it was only possible to estimate the consumption rate based on the apportionment of the building's total as sub-metered data was not available.
- Where only spend data was available, an average price per unit estimate was applied to the total cost to calculate the consumption rate.

[2] Unless otherwise specified, Total Operational Emissions should be taken to mean Scope 1, 2 and 3 emissions (excluding investment emissions i.e. Scope 3, Category 15) calculated using the location-based approach for electricity consumption.

- Where waste data was available in terms of volume disposed, the waste volume was converted to weight using UK Government (Scottish Environment Protection Agency) waste-type specific weight conversion factors.
- For offices unable to provide any waste or water data, it was decided that estimation was inappropriate due to the significant differences in disposal rates by building, office size and per employee, and because the impact is likely immaterial and therefore no waste data was included.

Exclusions were based on three types of criteria: relevancy to the Group's operations, materiality[3] and data availability. Scope 1 and 2 emissions areas not covered in this analysis[4] are not considered applicable to the Group; the excluded upstream Scope 3 categories[5] are also not expected to have a material impact to emissions, and none of the downstream Scope 3 categories[6] are applicable to the Group except for Category 15 (investment emissions) which has been included within this report.

### Quantification and Reporting Methodology

Data collection and analysis in relation to Total Operational Emissions has followed the GHG Protocol Corporate Accounting and Reporting Standard. Developed by the World Resources Institute and World Business Council for Sustainable Development, this framework promotes uniform global carbon accounting methodologies and is recommended under the SECR requirements. The UK Government's 2023 emission factors, generated by UK Government's Department for Environment, Food & Rural Affairs (DEFRA), have been used to quantify all emissions, with the exception of overseas electricity, which has been quantified using data from the European Investment Bank's 2023 Project Carbon Footprint Methodologies (Colombia, India, Indonesia, Peru, Saudi Arabia, Singapore, United Arab Emirates), the International Energy Agency's 2022 emissions factors (Ireland), the 2021 Climate Transparency Report (Japan), and the 2022 factors from the United States Environmental Protection Agency (United States).

Data inputs in relation to Total Operational Emissions have been reviewed and processed by Carbon Responsible Limited. In addition, Ashmore uses the Partnership for Carbon Accounting Financials (PCAF) framework and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to guide its approach to disclosing Scope 3, Category 15 (investment emissions) and has calculated these emissions using third-party MSCI data available for securities held in client portfolios, together with issuer data available for selected investments held in funds in the alternatives theme.

### Financed GHG Emissions

As of 30 June 2024, Ashmore's total Scope 3, Category 15 (investment emissions) were 2.2 million tonnes of $CO_2$ equivalent across the equities, corporate debt and alternatives themes.

These themes represent 30% of Group AuM with data available for 66% of the assets in these themes.

The Group continues to refine its financed emissions methodology and expects its investment emissions disclosures to evolve to reflect developments in regulation, data availability and quality, industry guidance, and shareholder views.

[3] A materiality threshold of 5% is used to determine whether an emissions source is required to be included as per SECR requirements.
[4] Process emissions, electric vehicles, and heat and steam consumption.
[5] Category 1 material use and supply chain, category 2 capital goods, and category 4 upstream freight.
[6] Categories 9 to 14.
[7] Eligibility is in relation to the Firm's overall AuM.
[8] Coverage is in relation to Eligibility.

## Statement of adjustment for FY2023 operational emissions

For FY2023, the Scope 3, Category 6 (i.e. business travel) estimated emissions utilised an average journey factor for air travel rather than a more precise class-specific factor. Journeys where the default to the average factor applied included the whole FY2023 data for UK, Dubai and Singapore, H2 data for USA, and Q4 data for all other sites. To improve calculation precision, the air travel data for FY2023 has been restated using the class-specific factors. As a result, FY2023 business travel emissions increased from 531 $tCO_2e$ to 821 $tCO_2e$; Scope 3 total likewise increased from 670 $tCO_2e$ to 960 $tCO_2e$; and overall Total Operational Emissions increased from 990 $tCO_2e$ to 1,288 $tCO_2e$.

## Consumption and operational emissions

The Group reported Total Operational Emissions of 1,557 tonnes of $CO_2$ equivalent across its global offices. Scope 3 operational emissions accounted for 82% of the Total Operational Emissions, Scope 2 accounted for 13% and Scope 1 accounted for 5%.

Recorded Total Operational Emissions were generated from various sources, across the three scopes. As a proportion of the Total Operational Emissions, the biggest source was business travel excluding third-party vehicle use and hotel stays (1,087 $tCO_2e$, 70% of Total Operational emissions), followed by electricity generation (205 $tCO_2e$, 13% of Total Operational emissions), hotels (103 $tCO_2e$, 7% of Total Operational emissions), fuel and electricity well-to-tank (53 $tCO_2e$, 3% of Total Operational Emissions), stationary fuel (38 $tCO_2e$, 2% of Total Operational Emissions), refrigerants (28 $tCO_2e$, 2% of Total Operational Emissions), and electricity transmission and distribution (17 $tCO_2e$, 1% of Total Operational Emissions). All other emission sources contributed less than 1% of the Total Operational Emissions.

**Figure 3: Operational GHG emissions by scope**

| Scope | FY2023 | FY2024 | Change in $tCO_2e$ | % of total change |
|---|---|---|---|---|
| 1 | 94.9 | 70.9 | -24.0 | -9% |
| 2 (location-based) | 233.1 | 204.9 | -28.3 | -10% |
| 3 (operational) | 959.5 | 1,281.7 | 322.1 | +119% |
| Operational Total (location-based) | 1,287.6 | 1,557.4 | 269.8 | – |

**Figure 4: Year-on-year change in operational emissions (UK and global)**

| UK/non-UK | FY2023 | FY2024 | Change in $tCO_2e$ | % of total change |
|---|---|---|---|---|
| Operational UK & offshore | 513.6 | 690.6 | 177.0 | +66% |
| Global (non-UK) | 773.9 | 866.8 | 92.9 | +34% |
| Operational total | 1287.6 | 1,557.4 | 269.8 | – |

## Explanation of YoY operational emissions variance

Overall, the Total Operational Emissions increased by 21% (+270 $tCO_2e$) mainly due to a 32% increase in aircraft business travel emissions (+266 $tCO_2e$) resulting from lower 2023 air travel intensity conversion factors published by DEFRA for use in FY2024 emission calculations. DEFRA's air travel intensity conversion factors are lagging in nature and are currently based on Covid-19 pandemic data, when passenger occupancy rates were lower than business-as-usual data sets used previously.

Scope 1 emissions decreased by 25% and Scope 2 emissions decreased by 12%, due to a reduction in reported mobile fuel and refrigerants, and electricity consumption, respectively.

## Operational emissions intensity metrics

Two intensity metrics have been calculated for the Group's Total Operational Emissions, one based on FTE and one on office area ($m^2$). Intensity metrics are a useful way to assess changes in emissions and allow for peer comparisons.

Figure 5 shows the operational emissions per FTE and office m² for FY2023 and FY2024. In both cases, the intensity metrics are provided both for Total (Scope 1, 2 and 3) Operational Emissions and for Scope 1 and 2 operational emissions only. While providing intensity metrics based on all the reported emissions is a requirement for SECR, the intensity metrics regarding Scope 1 and 2 emissions only are provided to facilitate comparison with the other companies in the same sector who may only disclose Scope 1 and 2 emissions. Emissions per FTE are expressed in tonnes of $CO_2$ equivalent per FTE; emissions per office area are expressed in kilograms of $CO_2$ equivalent per office squared metre.

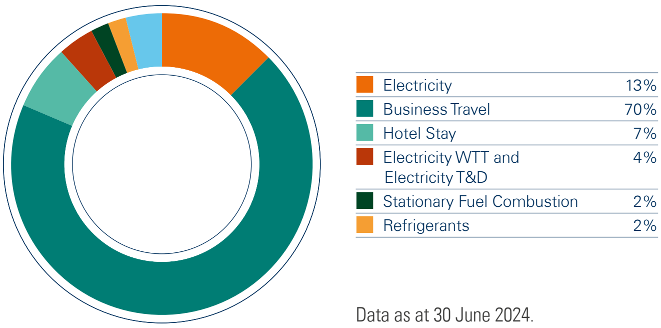
Scope 1, 2 and 3 operational emissions per FTE and office area have both increased since FY2023, whilst both intensity metrics relative to Scope 1 and 2 operational emissions have decreased since FY2023.

**Figure 5: Intensity metrics relative to both operational emissions and Scope 1 and 2 emissions only**

| UK/non-UK | FY2023 | FY2024 |
|---|---|---|
| Operational Scope 1, 2 & 3 $tCO_2e$/FTE | 4.3 | 5.3 |
| Scope 1 & 2 $tCO_2e$/FTE | 1.1 | 0.9 |
| Operational Scope 1, 2 & 3 $kgCO_2e$/office m² | 231 | 279 |
| Scope 1 & 2 $kgCO_2e$/office m² | 59 | 49 |

Disclosure contains all the main emissions sources that are required to be reported under the SECR requirements and for which data has been collected. Optional disclosure of Scope 3 impacts has been undertaken as far as practicable to reflect the impact from core operations and, separately, investments.

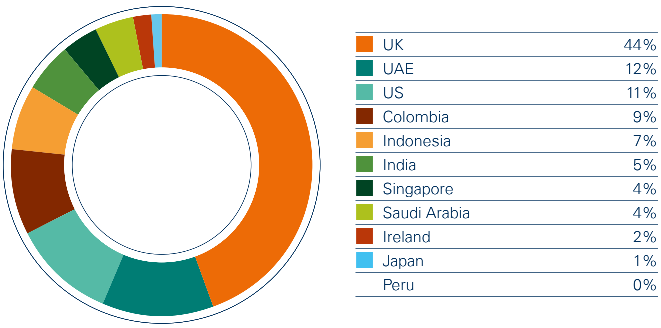
**Figure 6: The Group's FY2024 emissions by emissions type**




Data as at 30 June 2024.

The operational emissions generated by site are shown below. As a proportion of the Total Operational Emissions, the highest emitter was the UK office (44%), followed by Dubai (12%), the United States (11%), Colombia (9%), Indonesia (7%), India (5%) Singapore (4%), Saudi Arabia (4%), Ireland (2%), and Japan (1%). Peru emitted less than 1% of the total emissions (Figure 7).

**Figure 7: The Group's FY2024 emissions per Site**




Data as at 30 June 2024.

### GHG emission linked donations

- Ashmore Group plc donates 0.5% of its profit before tax to charities each year, a proportion of which it donates to The Ashmore Foundation. Within the Foundation's donation is a specific amount to support the Group's objective to compensate for its GHG emissions. In this way, the initiative will have not only the desired environmental outcome but also deliver social benefits in the Emerging Markets countries in which Ashmore invests and operates.
- Ashmore sets its internal carbon price annually using the past three months rolling average market price of the first carbon futures contract traded on the European Energy Exchange.

  For the year ending 30 June 2024, the internal carbon price is EUR 68.3 per tonne $CO_2e$ (FY2023: EUR 86.8). Ashmore will continue to review its internal carbon price methodology as industry best practice evolves.

## Plant Your Future – Peru

Plant Your Future (PYF) is reforesting the Peruvian Amazon by supporting rural families to plant native trees and adopt sustainable farming practices to restore deforested land. Their regenerative agriculture programme helps severely impoverished farmers transition from slash-and-burn practices to sustainable agroforestry, improving their livelihoods.

Esther Arthur, The Ashmore Foundation's Director, visiting local farmers participating in Plant Your Future's projects in the Peruvian Amazon in 2023.

PYF's agroforestry models enable rural farmers to plant short and long-term crops with native fruit and tree species, restoring degraded rainforest while providing sustainable incomes. To date, PYF has planted over 780,000 native trees, restoring 515 hectares across 248 smallholder farms owned by marginalised families.

The Ashmore Foundation is providing Plant Your Future with a multi-year social impact grant, supporting their mission to restore deforested land and alleviate poverty by empowering smallholder farmers to transition to sustainable farming.

Farmers receive continuous support and training in pest control, grafting, fertilizer application, and harvesting, along with essential tools and materials. The goal is to help farmers become self-sufficient within five years, through education and capacity-building. This progressive farming approach allows communities to reforest degraded land, protect biodiversity, mitigate climate change, and improve livelihoods. By addressing the root causes of deforestation, the project safeguards the Amazon rainforest and permanently alleviates poverty, providing a long-term sustainable solution that benefits both rural families and the environment.

The grant from The Ashmore Foundation also supports the empowerment of women by providing access to education, skill development, leadership roles, and equal employment opportunities. This is achieved by emphasizing the employment of women in nurseries, supporting student work placements, and working with female smallholder farmers. The support from The Ashmore Foundation promotes social inclusion for both youth and women, ensuring gender equity as the green economy grows in the Peruvian Amazon.

The Ashmore Foundation

Additionally, The Ashmore Foundation has developed a partnership with Plant Your Future to mitigate Ashmore's Scope 1, 2, and 3 operational emissions for FY2023. These carbon credits are generated by PYF's tree planting activities in the Peruvian Amazon, where the planting and growth of native fruit and timber trees remove greenhouse gases from the atmosphere. The project is registered under the Verified Carbon Standard (VCS) and is currently undergoing a verification audit by an accredited organisation.

PYF has designed and refined three unique agroforestry models. Each design combines trees and agriculture, allowing farmers to choose the most suitable model for their smallholding and their aspirations for a sustainable income. Below are the three different planting systems they use.

**Agroforestry**
Fruit and Forestry Trees

**Timber species with cocoa**
This planting design is a combination of native timber species with cocoa and short term crops.

**Planting Density**
1089 trees per hectare (3m x 3m).

**Fruit species**
Cocoa (Theobroma cacao).

**Other main species which may be grown**
Copoazu (Theobroma grandiflorum).

**Crops**
Banana, maize, peanuts, chilli peppers, watermelon, beans, pepper, manioc.

**Management**
Assumes first and second thinning of timber species.

**Agroforestry**
Forestry Trees with Crops

**Timber species with crops**
This planting design is a combination of native timber species with crops.

**Planting density**
1089 trees per hectare (3m x 3m).

**Crops**
Banana, maize, peanuts, chilli peppers, watermelon, beans, pepper, manioc.

**Management**
Assumes first and second thinning of timber species.

**Agroforestry**
Cows, Forestry and Fodder Trees

**Design**
Live fencing around the perimeter, hedges and trees within for grazing and shade, open blocks for grassland grazing.

**Planting density**
Guaba at 0.5cm intervals, timbers at 3m intervals.

**Fodder Crop**
Guaba (Inga edulis).

**Management**
Guaba trees are planted at a 50cm spacing and pruned to a hedge size.

When cattle re-enter (after 1.5 years) hedges are grazed for fodder. 20% thinning of timber species.

## Future initiatives

The Ashmore Foundation continues to research and plan initiatives to support Ashmore's objective to compensate for its operational emissions. While the scale of individual initiatives tends to be relatively targeted, the Group nonetheless believes that this approach is optimal because it helps communities in emerging countries and has greater direct impact than, for example, generically acquiring carbon-related securities.

# Responsible investment

**Ashmore recognises that being a responsible investor brings with it a duty to act in a manner that benefits wider society. This responsibility is particularly acute in the markets in which Ashmore invests and operates, with the need to balance ESG factors with the financial wellbeing of Emerging Markets sovereigns and corporates.**

Ashmore's purpose is to deliver long-term investment outperformance for clients and to generate value for shareholders through market cycles, while ensuring it acts as a responsible investor and steward of clients' capital. Ashmore's philosophy is underpinned by a fiduciary responsibility to its clients. Ashmore recognises the importance of responsible investing and the related opportunities and risks it presents.

The integration of the assessment of ESG risks and opportunities as well as an enhanced consideration of sustainability issues in the investment process has been an area of significant focus for the Group. Ashmore aims to work collaboratively with its clients to develop a broad suite of products across the responsible investment spectrum.

**Figure 8: Responsible investing is broad and often interpreted differently**

| | Traditional investing | Responsible investing | Sustainable investing | Impact investing | Philanthropy |
|---|---|---|---|---|---|
| | Financial returns driven | | | | |
| | | | Sustainability impact driven | | |
| **Objective** | Financial returns | | + Enhanced focus on sustainability issues | + Focus or priority of sustainability impacts | Sustainability impacts only |
| **Lens** | | ESG Risk lens | + Sustainability lens | | Sustainability lens only |
| **Lever** | | + Exclusions<br>+ Voting<br>+ Consideration of ESG risk | + Consideration of sustainability issues<br>+ Active voting<br>+ Active engagement | | |
| **SFDR** | Article 6 | | Article 8 | Article 9 | Out of scope |
| **Ashmore** | **Ashmore offering** | | **Ashmore offering** | | **The Ashmore Foundation** |

An ESG or 'sustainability risk' is an environmental, social or governance ('ESG') event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment. In accordance with Ashmore's ESG Policy, analysis of ESG factors is integrated into the investment processes in a similar way to how Ashmore assesses macroeconomic risk, financial performance, and credit metrics. This analysis combines risk factors, including for example, natural disasters risk and risks related to incidents of environmental pollution, societal stability, product quality and safety issues, supply chain and labour risks, health and safety failings, human rights violations and changes in the regulatory environment relating to sustainability. This is an indicative list only, and Ashmore recognises that the universe of relevant ESG risks will continue to evolve over time.

It should be noted that industry-wide standards and approaches evolve and therefore ESG can mean different things to different investors. Moreover, Ashmore recognises that many investors continue to evaluate the role that ESG will play in their strategies and portfolios.

## Responsible Investment Governance

The responsibility for Ashmore's responsible investment activities lies with the Board, which delegates to the ESG Committee (ESGC) chaired by the Chief Executive Officer (CEO) and managed by the Head of Responsible Investment and ESG Policy.

The Committee meets formally at least quarterly and has representation from across the organisation, in particular the investment teams, risk management, operations, investor relations, distribution, and legal. Ashmore's integrated approach to ESG assessment means that reviews of ESG investment related activities are undertaken by the investment committees and the relevant theme sub-investment committees. The ESGC reviews and ensures the maintenance and integrity of all responsible investment/ESG processes and procedures.

## Integrating ESG in the Investment Process

Ashmore has integrated the analysis of ESG factors into its investment processes, which reflects its philosophy that the incorporation of non-financial factors is essential to building a robust understanding and assessment of an issuer, and that over time this will improve investment performance, promote better corporate business models, and help foster more sustainable economic development. As with its credit and financial analysis, Ashmore's ESG research is primarily proprietary in nature, based on research visits and meetings with issuers, with additional context obtained using third-party data.

Ashmore's approach to ESG integration includes the use of proprietary ESG scorecards that are applied and implemented consistently across all the strategies managed by the Group. Every issuer which is either owned or considered for investment, is scored. These scorecards form an integral part of the investment assessment both prior to holding as well as throughout until exiting. The ESG scores are reviewed at least annually and are also flagged for review on an event-led basis. These consider both historical and forward-looking factors and assess issuers on a global absolute basis (as opposed to relative-to-peer-group).

Whilst governance-related issues have historically dominated non-financial factor assessment in Emerging Markets, climate and social issues have notably risen in importance as both a driver of risk as well as opportunity. The ESG factors below have been identified by Ashmore to be of particular importance for assessment, seen through an Emerging Markets lens.

**Figure 9: Factors considered in the ESG scorecard**

| | Corporate | Sovereign |
|---|---|---|
| Environmental E | Global climate impact including GHG emissions and net zero targets; local impact and water and waste management; incidents of environmental pollution; energy management and use of green energy; and policies and innovations to limit negative environmental impact. | Climate profile including GHG emissions, sovereign warming potential, and energy consumption; utilisation and protection of natural resources including environmental externalities, water, and deforestation; and exposure to natural disaster risk and incidents. |
| Social S | Employee diversity and inclusion; impact on customers and community; labour practices including health and safety; supply chain management including child labour; materiality of philanthropic spend. | Inequality and social disparity including gender inequality, unemployment, and income distribution; ability to meet populations basic needs including higher education; and social stability and peace. |
| Governance G | Transparency and disclosure; governance structure including separation of executive roles; minority interests fair representation; public listing and reporting; management accessibility. | Government effectiveness and accountability; quality of the regulatory environment including corruption control; strength of institutions and rule of law. |

Sovereign issuers are scored by Ashmore's sovereign bond investment teams. The corporate debt and equities teams share the responsibility for the evaluation of the issuers that have issued either corporate debt or equity instruments, resulting in Ashmore having one common, joint ESG issuer assessment across asset classes. Furthermore, all the ESG scorecard, notes, and engagement activities are shared across Ashmore.

Ashmore's alternatives theme covers a diverse range of real assets in private equity, healthcare, infrastructure, special situations, distressed debt, and real estate opportunities. As such, the approach to ESG integration is tailored to the context of each market. Notwithstanding, the ESG scoring of these issuers is also conducted using the same proprietary ESG scoring methodology described above. Wherever possible, Ashmore also incorporates ESG assessment frameworks, which align to internationally accepted standards, including the PRI and the International Finance Corporation (IFC) Performance Standards for Real Estate investments. Furthermore, Ashmore's investment teams seek to ensure that its frameworks comply with local regulations and standards.

Ashmore has aimed to align its investment approach, including how ESG issues are integrated, with the investment horizon of its clients. This is primarily done through dialogue with the clients to account for liquidity requirements, performance objectives, and sustainability preferences.

## Responsible investing solutions

In addition to the integration of ESG analysis across all investment themes, Ashmore manages several products with varying degrees of sustainability characteristics[9] covering fixed income, equities, alternatives strategies. These approaches consider sustainability issues and opportunities in more depth and set a higher standard for ESG performance in the determination of the investable universe, as well as in position-sizing and portfolio construction. In addition, Ashmore applies for these funds a wider set of industry and issuer exclusion criteria including those relating to revenues generated by issuers from tobacco, gambling, and/or defence given their high negative externalities. Some products also excluding industries that have high sustainability impact with a viable low-risk alternative, namely fossil fuels that can be replaced by renewables. The application of industry-specific exclusions is outlined in Ashmore's Exclusion Policy, available on Ashmore's website.

For client managed segregated mandates, Ashmore also customises client portfolios to meet specific ESG requirements for geographic, sector, and stock specific restrictions, as well as those mentioned above.

## Firm-wide exclusions

In general, across all funds and segregated mandates, Ashmore restricts investment in companies engaged in the manufacture, distribution, and maintenance of controversial weapons. The scope and breadth of this restriction is outlined in Ashmore's Exclusion Policy. Ashmore funds and segregated mandates also restrict investing in issuers that Ashmore determines to have significant[10] involvement in the manufacture, distribution or sales related to pornography.

Furthermore, Ashmore seeks to comply with applicable government authorities, and where appropriate, screens investments against the UN Security Council, EU Sanctions, UK sanctions and the US Office of Foreign Assets Control lists.

For the ESG product ranges, Ashmore applies minimum ESG score criteria. Any issuer that fails to meet the minimum combined score on any of the E, S or G scores, according to Ashmore's ESG scoring thresholds, are automatically excluded from the portfolio. For additional information on this process, please refer to Ashmore's ESG Policy available on Ashmore's website.

[9] These include Article 8 funds under SFDR defined as "any Fund which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices."
[10] Significant involvement = any issuer generating > 10% revenue from pornography or related activity.

## Contributing to the net zero transition

Ashmore recognises the importance for the financial sector to contribute to Climate Action (Sustainable Development Goal 13), and the related net zero transition. 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 adaption. 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.

The main framework for asset managers in this regard is the Net Zero Asset Managers Initiative (NZAMI), which Ashmore joined in July 2021. Ashmore published its NZAMI Interim Target in July 2022, and this is the main mechanism by which Ashmore addresses climate change mitigation.

As part of the NZAMI Interim Target, Ashmore has identified the scope of its AUM, which is managed in line with the net zero target, which in July 2022 accounted for 6% of the Group's AUM. Ashmore has included in the scope a selection of its ESG-labelled pooled funds. In addition, any client mandates managed to at least the same net zero ambition as that of Ashmore's Interim Target are considered 'in scope'.

Ashmore engages with clients to include further mandates in this regard as well as continue to develop net zero solutions.

Ashmore has adopted the Net Zero Asset Owner Alliance (NZAOA) Target Setting Protocol to guide its implementation of NZAMI commitments. This framework recommends a combination of portfolio-specific targets, sector-specific targets, financing solutions, and engagement.

The assets aligned to net zero by 2050 are managed to a portfolio decarbonisation reduction target of at least 22% by 2025 and at least 49% by 2030 (using 2021 as base year), in line with the recommended range by the NZAOA's Protocol, based on the Weighted Average Carbon Intensity metric. Absolute Carbon Footprints are also reported and tracked alongside the intensity metric monitor alignment with the net zero intention.

Furthermore, Ashmore targets climate-related engagement with the issuers representing the 65% of the Group's owned emissions, as per recommendations by the Protocol.

## Task Force on Climate-related Financial Disclosures

Ashmore is a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and has incorporated the UK's Financial Conduct Authority (FCA) recommended disclosures.

Ashmore recognises the responsibilities it has both as a company listed on the London Stock Exchange and as a specialist Emerging Markets investment manager acting as a steward of clients' capital. It explicitly considers climate-related risks and opportunities in its operations and investment processes as recommended by the TCFD framework.

Ashmore understands the challenges faced by emerging economies and the environmental trade-offs that can have a greater impact on emerging nations compared with developed countries.

Ashmore has developed GHG emission reporting for its corporate and sovereign investments, which is made available to clients to aid them in their own TCFD reporting.

Ashmore publishes two TCFD reports: one for Ashmore Group plc and one for its investment management function Ashmore Investment Management Limited. The TCFD plc Report for FY2024 is published in the Ashmore Annual Report. Below is a summary of the plc disclosures for each of the 11 TCFD recommendations across the four main sections: governance, strategy, risk management, and metrics & targets.

## Governance

1. **The Board's oversight of climate-related risks and opportunities**
   In line with Ashmore's Corporate Governance framework, Ashmore's Board has delegated day-to-day responsibility of climate-related issues to Ashmore's Executive Directors and the Group's governance bodies. The Board is updated at least annually on the Group's Responsible Investment Strategy, which includes climate-related topics.

2. **Management's role in assessing and managing climate-related risks and opportunities**
   The ESG Committee is the primary forum for responsible investment matters and is chaired by the CEO with representatives from across the Group. The assessment and management of ESG risks and opportunities into investment processes, including those related to climate, is also monitored through Ashmore's investment committees.

## Strategy

3. **Climate-related risks and opportunities identified over the short, medium, and long term**
   Over the short term, medium term, and long term, Ashmore has identified limited direct exposure to material operational climate-related risks. Identified transition risks include the evolving regulatory environment, with opportunities which include the need for capital to flow to Emerging Markets to fund the low-carbon transition.

4. **The impact of climate-related risks and opportunities on businesses, strategy, and financial planning**
   The identified climate-related issues outlined above have not significantly affected Ashmore's business, strategy, and financial planning. The main identified impact is that relating to the development of investment solutions to respond to changing regulation and demand.

5. **The resilience of Ashmore's strategy considering different climate-related scenarios**
   Ashmore concludes that its operational strategy will prove to be resilient if faced with more severe effects of climate change.

   Ashmore continues to examine ways in which climate-related scenario analysis can be used to augment the Board's review and challenge of Ashmore's strategy and to assist in the ongoing development of the Group's investment management capabilities.

## Risk management

6. **Process for identifying and assessing climate-related risks**
   Ashmore's internal control framework provides an ongoing process for identifying, evaluating, and managing the Group's emerging and principal risks, and identifies associated controls and mitigants. This includes Ashmore's Principal Risk Matrix, which explicitly identifies climate risk.

7. **Process for managing climate-related risks**
   Ashmore's Principal Risk Matrix includes climate-related risks and associated controls and mitigants, and it is challenged on a quarterly basis by both the Risk and Compliance Committee and the Board's Audit and Risk Committee.

8. **Integrating the identification, assessment, and management of climate-related risks into the overall risk management**
   Climate-related risks are considered in a similar manner to other emerging or principal risks. The identification, assessment, and management of such risks are integrated fully into Ashmore's robust risk management culture and its internal control framework.

**Metrics and targets**

9. Metrics used to assess climate-related risks and opportunities
Ashmore uses a combination of qualitative and quantitative approaches to assess climate-related risks and opportunities, encompassing both corporate and investment activities. These will continue to evolve in response to evolving client and regulatory requirements and industry best practice. Quantitative metrics include GHG emissions and an internal carbon price.

10. GHG emissions
Ashmore Group plc reports its scope 1, 2, and 3 GHG emissions. In FY2024, the total operational emissions were 1,557 $tCO_2e$.

11. Climate targets
A principal target for FY2023 was to compensate for the Group's prior year GHG emissions via The Ashmore Foundation, which has resulted in the offset of 654 $tCO_2e$.
Ashmore is a member of NZAMI, which provides the primary target-setting framework for Ashmore's investment management function.

## Stewardship and engagement

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 concerns. 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 and long-term interests.

Building on the Group's previous engagement activities, the Ashmore Engagement Strategy, outlined in the Engagement Report, continues to evolve to reflect prevailing industry guidance. The Strategy consists of four areas: direct engagement with issuers, collaborative and collective engagement efforts, escalation strategies, and exercising voting rights and responsibilities. The main body of Ashmore's engagement efforts is in the form of engagements between Ashmore's portfolio managers and issuers.

Figure 10 shows how Ashmore's engagement efforts are distributed across corporate debt, equities, and sovereign debt.

**Figure 10 : Engagement efforts**

| | |
|---|---|
| Corporate Debt | 28% |
| Equities | 58% |
| Sovereign debt | 14% |

Data as at 31 December 2023.

**103**
Number of issuers with which Ashmore engaged.

**125**
Number of engagement efforts undertaken by Ashmore.

Over 2023, Ashmore conducted 125 engagement efforts with 103 issuers, representing 74% of its dialogues with issuers on ESG and sustainability matters, with the remaining being issuer interactions. In 2023 Ashmore engaged with 103 issuers across 125 engagement efforts. Of these, 74% had a pre-determined objective. The main topic for engagement was 'climate change decarbonisation' followed by 'ESG reporting'.

**Figure 11: Engagement topics**

| | | |
|---|---|---|
| **Environmental** | Climate change | 33% |
| | Environment | 6% |
| **Social** | Society | 7% |
| | Workplace | 5% |
| **Governance** | Board | 10% |
| | Core governance | 3% |
| | Other | 10% |
| **ESG** | Reporting | 11% |
| | Sustainability/ESG | 6% |
| | Other | 9% |

Data as at 31 December 2023.

Another important component of the Engagement Strategy is engagement conducted as part of collaborative efforts with other investors or collective efforts typically arranged by industry initiatives.

In 2023 Ashmore continued its participation in the Climate Action 100+ initiative and joined a new initiative, Mining 2030, focused on encouraging a responsible mining sector. Ashmore also took part in a workstream led by GFANZ focused on mobilising capital to Emerging Markets.

If Ashmore determines that its engagement efforts are not yielding the desired results, it might choose to escalate the engagement. This is considered on an exception basis and can take several forms e.g. a downgrade of the Ashmore ESG score, a vote against the re-election of Directors, or divestment. Selling a position is considered a last resort as by divesting, Ashmore would no longer have the opportunity to directly influence the issuer.

Ashmore considers exercising voting rights and responsibilities to be an important aspect of its role as a responsible investor. Ashmore aims to vote on all votable ballots and voted in 2023 on 92% of the votes presented. Ashmore has an active approach to voting with all votes being instructed by portfolio managers. As a result, in 2023 10% of votes were against management while 5% of votes were against independent advice.

**Figure 12: Vote cast statistics**

| | |
|---|---|
| For | 86% |
| Abstained | 5% |
| Against | 10% |
| MSOP | 2% |
| Withheld | 0% |

Data as at 31 December 2023.

Further details are outlined in the Ashmore Engagement Report 2023.

# The Ashmore Foundation

**Since its establishment in 2008, The Ashmore Foundation has partnered with over 80 local organisations in 26 Emerging Markets countries to equip women and young people with the skills and resources they need to generate income, drive system change, and have a positive environmental impact on their local communities and beyond.**

The Ashmore Foundation functions independently of Ashmore and is registered in the United Kingdom as a charity and company limited by guarantee. It is staffed by an Executive Director who is responsible for managing the Foundation's affairs. The Ashmore Foundation board of trustees consists of eight Ashmore employees, one Ashmore Group plc Non-executive Director and one independent trustee. In addition to the board of trustees, Ashmore employees are encouraged to engage directly in the governance of the Foundation through involvement in sub-committees.

Ashmore supports the Foundation's charitable activities through the provision of pro-bono office space and administrative support.

Ashmore employees actively support the Foundation through a worldwide annual giving programme as well as organising and participating in a range of fundraising events from wine tastings to sports competitions. Between July and September 2023, twenty-four employees from Ashmore London embarked on one of Europe's most demanding mountain challenges, summiting 2,460m to the top of Mount Triglav in Slovenia, while twenty employees from Ashmore Japan, Singapore and Indonesia summitted the legendary Mount Fuji in Japan. It was a truly global effort and raised funds to support the work of the Ashmore Foundation.

Ashmore employees on Mount Fuji.



Ashmore employees on Mount Triglav.

## Delivering Social Impact in Emerging Markets

The Ashmore Foundation's grant strategy is underpinned by a gender equity, system change, and a community driven climate approach to promote economic and social development at a time when inequality continues to rise in the Emerging Markets.

The Ashmore Foundation believes that with the right support and investment in education, employment, and entrepreneurship, people can grow and prosper to break the cycle of poverty that disproportionately affects women and young people in Emerging Market countries. The Foundation therefore focuses its social investment strategy 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 while also supporting economic growth and beginning to address broader societal inequalities.

Supported by The Ashmore Foundation, Aangan works to protect children's rights in India.

## Safeguarding India's Most Vulnerable Children

The Ashmore Foundation's long-term grantee, Aangan, works to empower communities, strengthen public institutions, and galvanise the broader ecosystem to protect children's rights. Their vision is a world where every young girl, especially the most vulnerable, is safe, supported, in school, and free from early marriage, labour, trafficking, violence, and exploitation, living a life of her own choosing.

The Ashmore Foundation has supported Aangan in West Bengal between 2018-2023. In early 2024, the Foundation launched a partnership in a new location in Jharkhand.

### Building Community Child Safety Systems in West Bengal's Climate Hazard Districts

West Bengal is besieged by relentless climate disasters, including cyclones like Amphan in 2020 and Yaas in 2021. These frequent calamities devastate livelihoods, displace families, and force children out of school. Many children drop out of school, enter the workforce, migrate, or face early marriages.

Aangan works to protect children from harm through community groups led by dedicated women and adolescents, collaborating closely with local government authorities. Between 2022 and 2023, Aangan reported that, through the support of The Ashmore Foundation, they were able to work with 135 groups in the North 24 Parganas district of West Bengal, where they averted 73 child marriages, rescued 69 child labourers, and engaged 132 local village authorities to adopt systemic practices to address child harm. Additionally, 2,967 irregular students were regularised, and 218 out-of-school children were re-enrolled.

### Jharkhand's School Safety Hubs: Supporting Girls to Learn, Thrive, and Succeed

Jharkhand, a state marked by poverty and unemployment, faces profound social and gender inequalities. 32.2% of women aged 20-24 marry before 18, revealing widespread child marriages, while only half of school-aged girls have educational opportunities, indicating significant barriers to learning. Through establishing supportive environments that facilitate girls staying in school, Aangan's objective is to forge safer lives, equipping them with resilience, essential knowledge, and agency for more fulfilling lives. The organisation's efforts have shown promising outcomes. In Pakur from 2018 to 2022, Aangan successfully reintegrated 68.8% of 4,151 identified out-of-school children back into classrooms. Notably, the proportion of girls aspiring to pursue education beyond graduation increased from 16% to 45%.

The Ashmore Foundation

**WHY** we do it

## Mission & model

To equip people with the skills and resources they need to generate income and meet their basic needs as well as drive system change and have a positive environmental impact.

**HOW** we do it

## Partnership model

Build long-term relationships with small to mid-sized local NGOs to create systems change.

However, we want to ensure these NGOs do not become reliant on the Foundation.

**WHO** we do it for

## Beneficiary groups

- WOMEN & GIRLS
- CHILDREN & YOUNG PEOPLE
- DISADVANTAGED COMMUNITIES
- CARBON & OTHER GREENHOUSE GAS REDUCTION

**WHAT** we do

## Impact themes & grant programmes

- SKILLS & TRAINING
- FINANCIAL RESILIENCE
- GENDER EQUALITY
- SYSTEMS CHANGE
- INCOME GENERATION ACTIVITIES
- CARBON / ENVIRONMENTAL
- ACCESS & INCLUSION TO ECONOMIC PARTICIPATION
- EMERGENCY RESPONSE

**WHERE** we invest

## Geographic areas

Where Ashmore has a local presence, invests or has existing networks, with a focus on where we have a physical presence.

Current priority:

- Colombia
- India
- Indonesia
- Peru

**Note:** Geographical focus does not apply to emergency responses.

# Contact us

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