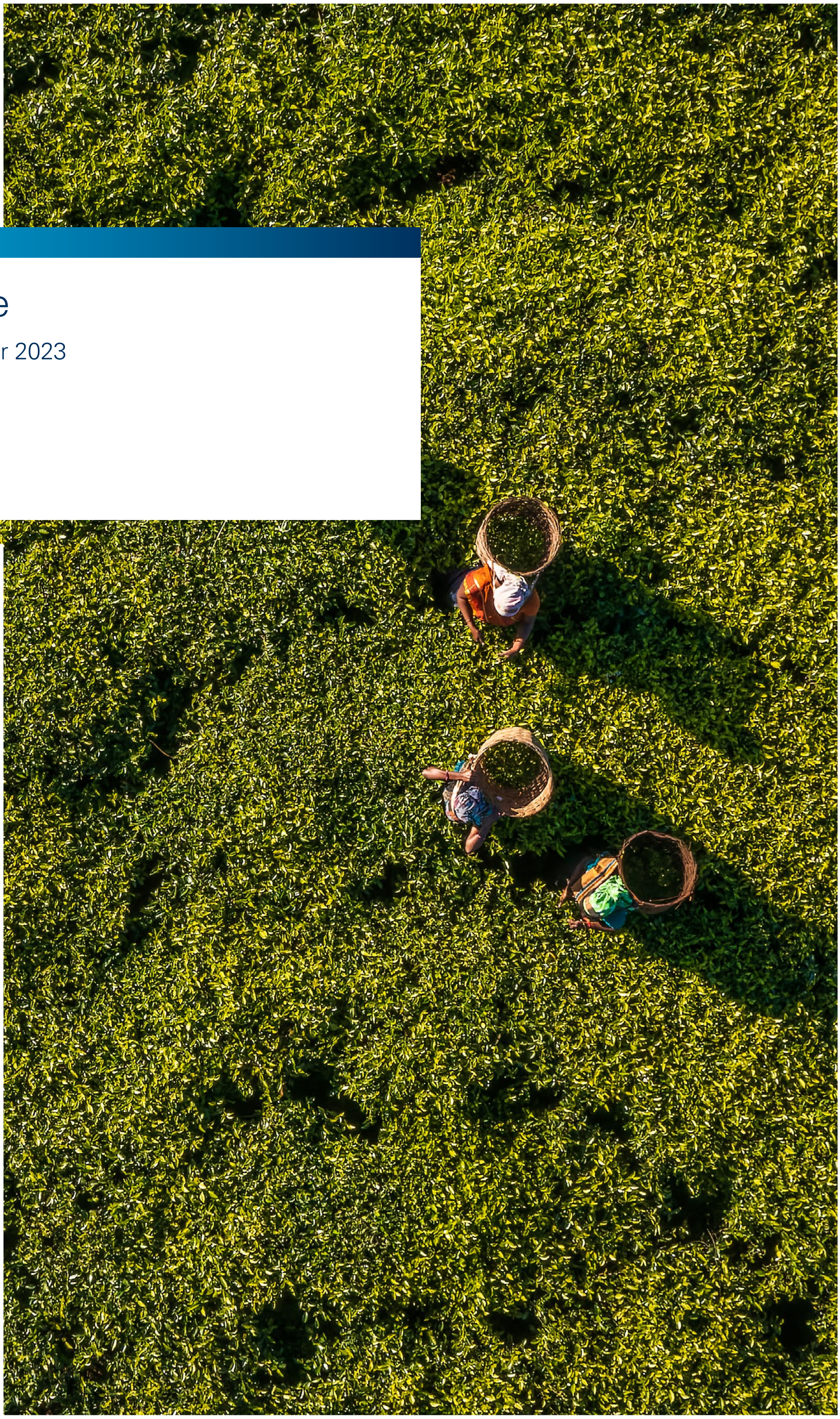
Ashmore

Stewardship Code

For year ending 31 December 2023



Statement from the CEO

Ashmore is a signatory to the UK Stewardship Code.

Ashmore is a specialist Emerging Markets investment manager with more than 30 years' track record of investing clients' capital in these markets. This success is inextricably linked with a deep understanding of Environmental, Social and Governance (ESG) factors, exercised via stewardship and engagement across a broad and diversified range of issuers.

Emerging and developing countries are likely to face a disproportionate impact from some of the sustainability challenges facing the world today, in particular 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.

The many facets of responsible investing continue to evolve, including the nature of engagements with issuers in the Emerging Markets and clients' expectations of effective stewardship of their capital. Ashmore's governance framework, strong team-based culture, and proven investment philosophy with ESG factors integrated into all equity, fixed income, and alternatives strategies, means it is well-positioned to continue to help its clients achieve their investment objectives.

Ashmore's approach to stewardship is well-established and explained in detail in this document. However, we are also aware that whilst we have taken several important steps over the years, this is a journey, and we welcome feedback so we can continue to refine our approach in the years ahead. Ashmore is proud of its responsible investment initiatives and remains committed to making further progress, including continuing to deliver stewardship of its clients' capital in accordance with the Principles of the UK Stewardship Code as described in this document.

Mark Coombs
Chief Executive Officer

October 2024

Contents

Source: Ashmore for all charts, graphs, and figures unless stated otherwise.

Purpose and governance

PRINCIPLE 1: Purpose, strategy, and culture

This section will outline how Ashmore's purpose, investment philosophy, strategy, and culture aim to enable stewardship that creates long-term value for its clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.

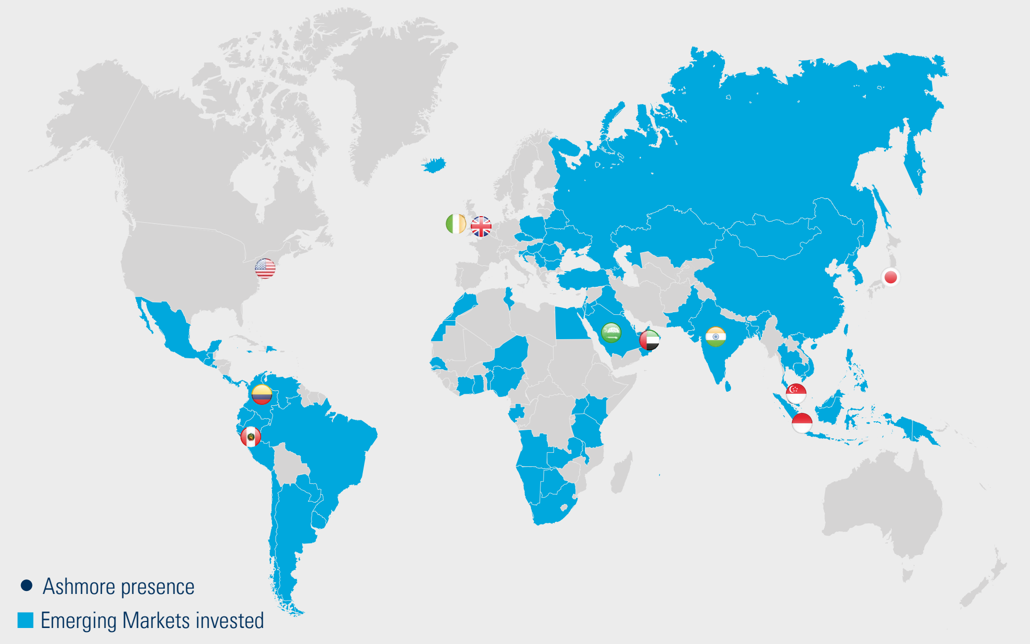
Context

Ashmore Group plc and its subsidiaries (Ashmore; the Group; the Firm) is a specialist investment manager with over 30 years' experience investing solely in Emerging Markets. The Group managed USD 54.0bn (as at 31 December 2023) on behalf of a broad range of institutional and intermediary retail clients, across six asset classes or investment themes: external debt, local currency debt and foreign exchange, corporate debt, blended debt, equities, and alternatives. For the purpose of this document, Ashmore refers to 'issuers' in a broad sense, including sovereign debt issuers, corporate debt issuers and equity issuers.

Figure 1: Diversified assets under management

Fixed Income	
Local currency	35%
Blended debt	23%
External debt	17%
Corporate debt	10%
Equities	
All cap	8%
Active	1%
Frontier	3%
Alternatives	
Alternatives	3%

Ashmore's Emerging Markets investments – a worldwide network



Ashmore recognises the role it plays in the deployment of its clients' capital and the impact this can have on issuers' governance, the sustainability of the environment and broader society. As such, the Firm has integrated sustainability and the understanding and consideration of ESG factors across its operations.

About Ashmore

Purpose

Ashmore's purpose is to deliver long-term investment outperformance for clients and to generate value for shareholders over market cycles, while ensuring it acts as a responsible investor and steward of clients' capital. Over three decades, Ashmore employees have established extensive relationships across the emerging world, which give the Group great insights into local economic and business developments. These contacts have been nurtured through Ashmore's ongoing research activities, investment activities, and business with local asset owners. As a significant investor in the developing world, Ashmore has become a partner for leaders, companies, and entrepreneurs through their economic and business life cycles.

Culture

Ashmore aims to ensure that its culture and working practices encourage effective stewardship and that it recognises the Firm's broader set of stakeholders, including employees, regulators, clients, shareholders, third-party service providers, society and the environment. It does this by requiring its employees to act ethically and to uphold clearly the high standards of conduct expected by the Group's stakeholders.

Ashmore has a distinctive, team-based culture that it has preserved since inception, growing from being a predominantly London-based firm with a relatively small number of employees to having approximately 300 employees in 11 offices worldwide today. This culture is instilled and maintained by factors such as the Group's performance-based remuneration philosophy with an emphasis on long-term equity ownership, a robust compliance and risk management framework, and a clear 'tone from the top' imparted by the Board of Directors and senior executives. Furthermore, the Group's investment committees oversee the management of client portfolios by investment teams that operate with collective responsibility. This team-based approach is echoed across Ashmore's operations including distribution and support functions, and its overseas offices. This results in a collegiate, collaborative, client-focused, and mutually supportive culture across the whole Group. Additionally, the equity ownership culture also means that Ashmore's employees are suitably incentivised to collaborate to achieve appropriate outcomes for clients, stakeholders, and the business as a whole.

Strategy and business model

Ashmore's three-phase strategy is designed to capitalise on the powerful long-term growth trends across Emerging Markets, to deliver value for clients, shareholders, and other stakeholders.

1	**Establish Emerging Markets asset classes** Ashmore is recognised as an established specialist Emerging Markets manager, and is therefore well positioned to capture investors' rising allocations
2	**Diversify investment themes and developed world capital sources** Ashmore is diversifying its revenue mix to provide greater revenue stability through market cycles. There is particular focus on growing intermediary retail, equity and alternatives AuM.
3	**Mobilise Emerging Markets capital** Ashmore's growth is enhanced through accessing rapidly growing pools of investable capital in Emerging Markets.

Ashmore's business model to deliver on this strategy focuses on the Group's principal competitive advantage, which is its history of investing in Emerging Markets. The diversity of the investment universe, spanning investment opportunities in more than 70 countries and multiple asset classes, requires specialist, active fund management skills to deliver returns across market cycles. The Group's well-established investment processes place an emphasis on liquidity and operate with the formal discipline of an investment committee approach.

The Group's worldwide distribution capabilities and its global operations provide a platform that is scalable and therefore capable of delivering further profitable growth. Global operating hubs in London, Dublin, New York, and Singapore, together with a distribution office in Tokyo, support fund management activities across multiple time zones, and six local Emerging Markets fund management offices benefit from the scale, efficiency, best practices, and resources of a global asset management group.

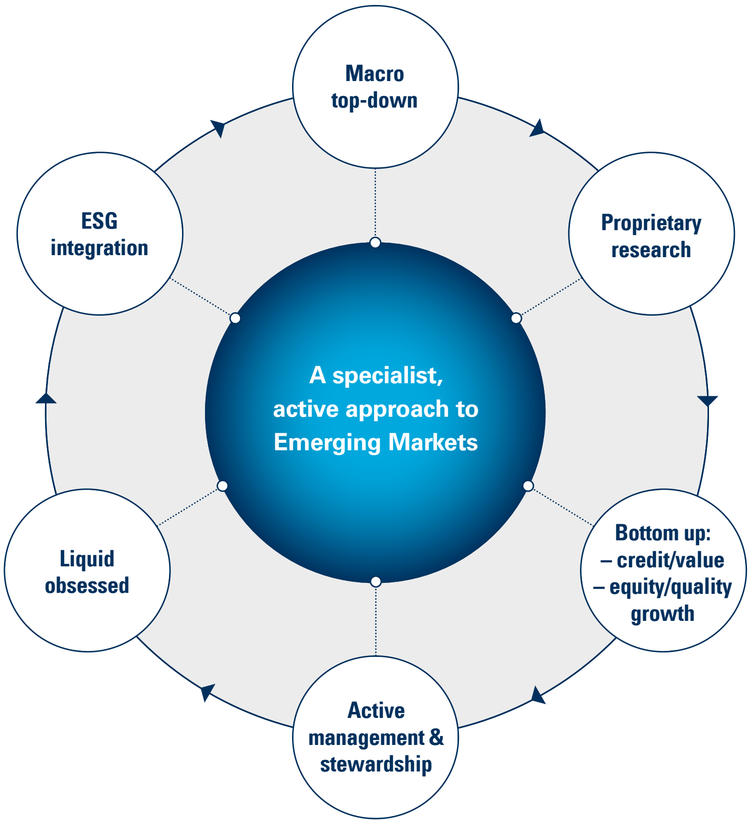
Furthermore, Ashmore's ability to act as a long-term steward of its clients' capital is underpinned by the principal financial characteristics of a flexible operating cost base delivering a high operating profit margin, and a well-capitalised and liquid balance sheet.

Investment philosophy

A fiduciary duty to its clients underpins Ashmore's investment philosophy. An integral part of this is Ashmore's commitment to enable the deployment of clients' capital in a manner that most appropriately meets their responsible investing considerations.

Ashmore's investment philosophy has been implemented consistently by investment committees since the Group launched its first fund in October 1992 and consists of common characteristics applied consistently across asset classes, as well as specific principles that recognise the key differences between them.

Figure 2: Principal characteristics of Ashmore's investment approach



Active management and stewardship

The Emerging Markets asset classes are large and diversified, but also inefficient compared with more mature capital markets in the developed world. This means index representation is relatively low and price volatility can be high, with short-term movements influenced by sentiment and factors other than underlying economic, political and company fundamentals. Active portfolio management also includes engagement with sovereign and corporate issuers, which Ashmore considers critical to delivering long-term outperformance for clients (see Principles 9-11).

Proprietary research

Ashmore's long history of specialist investing in Emerging Markets and its extensive network of relationships mean that proprietary research is an important source of investment ideas. As significant asset owners in their own rights, Ashmore's institutional and intermediary clients in Emerging Markets help the Firm understand domestic financial conditions and investment trends. In addition, Ashmore's local office investment teams in countries such as Colombia, Saudi Arabia, India, and Indonesia also collaborate with the global investment committees and can provide valuable 'on the ground' insights as well as benefiting from global macro views to assist in their own independent investment and engagement processes.

ESG integration

Ashmore recognises that non-financial factors also play an important part in ensuring sustainable growth and in building a robust and comprehensive understanding of an issuer, whether sovereign or corporate. Consequently, ESG factors, which have seen increased focus across the investment management industry, are consistently integrated. How such ESG considerations are integrated in Ashmore's investment process is further explained in Principle 7.

Activities

Importantly, Ashmore seeks to ensure that its culture, values and strategy enable effective stewardship by ensuring a common investment philosophy is implemented through its investment committees. Across the firm, these committees have a consistent approach to stewardship, whether in fixed income, equity, or alternatives strategies. For example, fund managers are responsible for integrating ESG factors in the credit and financial analysis, resulting in a consistent view of an issuer with engagement topics identified and acted upon.

Ashmore's ESG Committee (ESGC) oversees all responsible investment and stewardship activities across the Group. This Committee is further supported by the Local Office Responsible Investment Forum (LORIF) to ensure consistent implementation of sustainability factors, including the approach to stewardship activities. This is further outlined in Principle 2.

Ashmore supports a range of industry initiatives focused on responsible investing. These facilitate interaction with peers and underpin the ongoing evolution in Ashmore's approach to the various facets of ESG across the Group, ensuring that its strategy is aligned with industry developments. These include:

- UN Principles for Responsible Investment (UN PRI)
- Climate Action 100+ (CA100+)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Net Zero Asset Managers Initiative (NZAMI)
- Mining 2030

Outcomes

Ashmore's primary objective is to be an efficient steward of its clients' capital, and this lies at the heart of its approach to stewardship, its investment strategy and its approach to decision-making. Ashmore believes that core to this is a consistent investment framework, a strong and effective culture, and a clear long-term strategy supported by a robust business model.

Throughout its 30-year history, Ashmore has demonstrated these characteristics and it continues to develop its capabilities to ensure that it remains a trusted long-term partner for its diversified client base.

Ashmore believes that through active management of portfolios delivering investment performance with appropriate consideration given to ESG factors, and by diligent application of stewardship activities, that it is fulfilling its responsibility to its clients.

Progress on stewardship and new developments

Over 2023 several changes took place to develop the Group's approach to stewardship, including:

- 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.
- Started a thematic engagement focus on deforestation given the relevance of this to Emerging Market issuers.

Over the coming years, Ashmore aims to make progress on the following topics:

- Deepen engagement efforts aligned with the Ashmore Engagement Strategy (Principle 8-12).
- Expand disclosures aligned with the TCFD framework.
- Working with clients and prospects on relevant product development.

PRINCIPLE 2: Governance, resources, and incentives

This section will outline how Ashmore's governance, resources and incentives are designed to support high-quality stewardship.

Activity

Governance structure and processes

Ashmore is listed on the London Stock Exchange with a unitary Board of Directors and an effective corporate governance framework. As of 31 December 2023, the Board comprised two executive directors, being the Chief Executive Officer (CEO) and Group Finance Director (GFD), and five independent non-executive directors (NEDs) including the Chairman.

The Board is responsible for the Group's strategy, management and control, and specialised management committees oversee the business, investments, and internal controls. Therefore, responsibility for stewardship activities ultimately rests with the Board of Directors, but on a day-to-day basis the authority is delegated to the executive directors and the specialised committees, of which the most relevant ones are described below.

Investment Committees (ICs)

Ashmore has independent investment committees responsible for management of client portfolios in the fixed income, equities, and alternatives asset classes. These operate along broadly consistent lines overlaid with variations to reflect the nature of each asset class. Ashmore's active management approach employs a combination of macro top-down views and rigorous bottom-up analysis with a focus on determining an issuer's financial and non-financial characteristics. For example, in relation to the Global Fixed Income IC, which accounts for approximately 85% of the Group's AUM, there is in-depth analysis to assess an issuer's ability and willingness to pay. Portfolio managers have geographic responsibilities that guide their research focus, which includes stewardship activities such as meetings with government officials, central banks, regulators, company management and other contacts within Ashmore's established network. Ashmore has integrated the consideration of ESG factors into all of its ICs.

ESG Committee (ESGC)

The ESGC has responsibility for setting out Ashmore's responsible investing framework and policy, and ensuring the appropriate implementation across Ashmore's corporate strategy and investment management activities, including control and oversight. The ESGC meets formally at least quarterly and is chaired by the CEO with the management of day-to-day activities conducted by the Responsible Investment & ESG Policy (RI) function. Furthermore, the Committee has representatives from across the Group, including investment teams, risk management, IT, distribution and corporate development.

The ESGC established the Local Office Responsible Investment Forum (LORIF) in 2021, with representatives from its local offices based in certain Emerging Markets, to enhance collaboration and to promote best practice across the Group. This recognises that an increasing proportion of client AUM is sourced and managed in accordance with Ashmore's network of local asset management platforms. The Forum meets monthly and reports to the ESGC.

Risk and Compliance Committee (RCC)

The Group's RCC meets monthly and is responsible for maintaining a sound risk management and internal control environment and for assessing the impact of Ashmore's activities on its regulatory and operational exposures. Responsibility for identifying risks is shared among the Firm's senior managers, with each individual responsible for the control of risk in their business area, and for appropriate reporting to the RCC. Please refer to Principles 4 and 5 for further information.

Resourcing stewardship activities

Ashmore aims to ensure it has appropriate resources to support stewardship activities. The ESGC has oversight of such activities and is chaired by a Board member (the CEO) with membership drawn from senior roles, such as desk or department heads, across the business.

The Group's 104 investment professionals (as at 31 December 2023) are responsible for fundamental analysis, portfolio construction, ESG scoring, and engagement; resulting in comprehensive and consistent views of sovereign and corporate issuers. They are further supported by a network of Ashmore support and subject matter experts, including on ESG-related matters. Ashmore's research is primarily proprietary in nature and is supplemented by third-party data and analysis where appropriate as outlined in Principle 8. The heads of the fixed income and equity investment teams are highly experienced, with each having spent more than two decades investing in the Emerging Markets.

Today there is one full-time RI headcount, the Head of Responsible Investment and ESG Policy, whose role is to drive the Group's responsible investment strategy and enable capacity building across Ashmore. This supports Ashmore's view not to silo 'ESG' but to truly integrate it in existing roles.

Diversity

Ashmore's ability to act as a responsible steward for its clients' capital is ultimately dependent upon its c.300 employees, and hence it aims to attract, develop, manage, and retain a diversified workforce of high-calibre people. Employee diversity can be considered through many lenses including gender, ethnicity, experience, skills, tenure, age, disability, and sexual orientation. Ashmore believes that the diverse nature of an organisation can help to mitigate the risks of 'groupthink' and to promote an appropriate culture that supports the achievement of commercial and strategic objectives. During 2023, 76% of new hires were considered 'diverse'. Ashmore recognises that the financial services sector has historically been a male-dominated industry and is keen to promote gender diversity both within the industry and its own employee base.

In accordance with the UK Corporate Governance Code and the UK FCA's Listing Rules, Ashmore's current Board of Directors is diverse with four of the five NEDs being female, one of the NEDs is from an ethnic minority background, and the Senior Independent Director is female. As at 31 December 2023, 35% of its employees were female and 29% of the firm-wide hires in 2023 were female.

Training and qualifications

Ashmore staff have access to a range of training and development resources including sponsorship of professional qualifications and in-house courses. This ensures that staff have the necessary qualifications needed to perform their duty as it relates to stewardship and further training is encouraged. Moreover, Ashmore organises mandatory training on a variety of relevant topics for all employees, including but not limited to whistleblowing, information security, tax evasion, and market abuse regulations.

Over 2023, Ashmore arranged a set of thematic educational sessions for its front office and client facing teams focused on sustainability topics of particular relevance to Emerging Markets. These included biodiversity & deforestation, climate scenario analysis, and best-in-class stewardship.

Incentivising stewardship

Ashmore's remuneration structure incentivises investment professionals and others within the Group with exposure to ESG and responsible investment to act appropriately on a range of stewardship activities, including the completion of ESG analysis and engagement activities. Senior roles, including the Board, Investment Committee, and relevant Department Heads including investment team heads responsible for managing responsible investment products, have formal objectives for responsible investment as part of their role.

Of these, the last two groups as well as all investment professionals have their variable remuneration linked to the extent to which they have embodied the principles of Ashmore's ESG Policy as an integral part of their relevant responsibilities.

Outcomes

Ashmore's governance framework, resourcing, and incentive system are not static. They evolve to consider prevailing risks and opportunities outlined above, and consequently they have been effective in supporting high-quality stewardship. However, Ashmore is conscious that this is a developing area as it relates to both regulation and client expectations. Therefore, the Firm keeps its approach under review to ensure that it is well-positioned to adapt to such changes.

PRINCIPLE 3: Conflicts of interest

This section will outline how Ashmore manages its conflicts of interests with the aim to put its clients and shareholders first.

Context

Ashmore recognises the need to ensure that conflicts of interest are always effectively identified and managed in the course of its business, as between the Group, including its directors, managers, employees, clients and other stakeholders.

When managing its business, it is inevitable that scenarios can arise where the interests of Ashmore's clients, shareholders, employees or itself may be at odds with each other. The Group's guiding principles are that it will always put the interests of clients and shareholders ahead of itself and its employees.

Ashmore values its reputation for doing business with integrity and shareholders and clients are entitled to expect that whenever a conflict of interest arises it will be managed effectively or disclosed to give full transparency to all parties concerned.

Activity

Ashmore has procedures in place designed to identify and manage any instances of actual or potential conflicts of interests, including those relating to stewardship.

Conflicts of Interest Officer – A member of Ashmore's senior management performs this role and is the first point of reference when a conflict matter arises. They may deal with the matter directly or perform other steps as needed to reach the desired outcome. Additional steps may involve consultation with other members of senior or executive management or seeking pre-clearance from other governing bodies associated with the matter.

Annual Conflicts of Interests Report – At least annually, a report is presented to the Ashmore Group plc Board on conflicts arising for the Group relating to the relevant reporting period.

Conflicts of Interest Table – Ashmore maintains a detailed conflicts of interest table that identifies potential conflicts within the Group into the categories of governance and corporate conflicts; employee conflicts; client conflicts; and operational conflicts. Under these headings, over 30 potential conflicts of interest have been identified detailing who they could affect, conflicting interests, and procedures to monitor and, handle the conflict as deemed appropriate. The table is reviewed on an annual basis. Actual conflicts are then identified in a conflicts of interest register.

Training and Attestation – All Employees make attestations on a quarterly basis in relation to various conflicts of interest including gifts and entertainment, political contributions and personal account dealing.

Ashmore's Conflicts of Interest Policy is reviewed typically annually and is available on Ashmore's website.

Outcome

All employees share the responsibility for conducting Ashmore's business in accordance with the highest standards in keeping with its obligations under multiple regulatory regimes and its duty to treat investors' interests as paramount.

Approach to conflicts management

Ashmore's organisational approach to handling conflicts is multi-faceted reflecting the importance the Group places on handling these matters appropriately.

A selection of areas identified as potentially exposed to conflicts of interests is outlined below.

Remuneration

Ashmore's remuneration policies aim to align the interest of its business with those of clients. This is achieved through significant deferrals of variable compensation and, in certain circumstances, forfeiture on leaving the company.

Wall-crossings

Ashmore has established and operates procedures to ensure the careful handling of inside information relating to investment opportunities presented to Ashmore to reduce the risk of any conflicts of interest. Where a wall-crossing event has occurred, these procedures include adding the relevant security to a restricted list that prevents all Ashmore accounts from dealing in the security until the information is cleansed or expires.

Personal dealing

Ashmore's personal dealing procedures are designed to prevent conflicts of interest from arising. Training is conducted periodically and all breaches of this policy result in a disciplinary hearing (internal) the outcome of which will vary in severity depending on the circumstances and reasons for non-compliance.

External business interests and directorships

Ashmore management and staff are required to seek approval before these activities are undertaken. An annual reminder is sent group-wide and quarterly declarations are completed to confirm that employees have complied with these requirements or declare any cases that may have been missed. Any activity that is judged to conflict with Ashmore's business or interests will not be permitted.

Gifts and entertainment

The giving and receiving of gifts or entertainment has the potential to create a conflict of interest. Ashmore employees are not permitted to give or receive any form of inducement that may impair their and/or Ashmore's duty to conduct its business in the best interests of its clients. The receipt of modest gifts is permitted but subject to surrender to the Ashmore Foundation. Entertainment received is subject to pre-approval. Ashmore does not provide entertainmentto clients other than lunches or dinners are permitted where appropriate and subject to reasonable spending rules per person as set out in Ashmore's internal expenses policy.

Whistleblowing

Ashmore's whistleblowing policy is designed to ensure that all employees across the Group are able to raise concerns relating to potential wrongdoing or matters of public interest in a safe and protected manner. Employees receive an annual reminder providing details of the policy including the independent hotline that operates in all jurisdictions where Ashmore conducts its business. The Chair of the Group Audit and Risk Committee is the nominated Board Director for whistleblowing.

PRINCIPLE 4: Promoting well-functioning markets

This section will outline how Ashmore aims to identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Activity

As an Emerging Markets focused investment manager, Ashmore's success is inextricably linked with the achievement of sustainability goals in the markets in which it operates and invests. Ashmore recognises its role as a responsible investor in making capital allocation decisions that benefit the transition towards a sustainable economy, and to identify and mitigate market-wide and systemic risks in the markets in which the Firm operates. The Group has 'three lines of defence' against unintended outcomes both in terms of the principal and emerging risks that it faces and the potential effects its actions may have on the broader market. Further details of the Group's 'three lines of defence' are outlined in Principle 5.

Ashmore believes that the Group's overall culture and conduct in relation to market integrity and being stewards of clients' assets are critical roles in achieving the investment objectives, including contributing to the stability of financial markets in which we participate. All employees receive annual training on market conduct and the relevant laws designed to avoid abusive practices.

More generally, systems of internal control required to identify and respond to market-wide and systemic risks cannot be static and as such, Ashmore is committed to continually strengthening and evolving its risk management activities to ensure these are aligned with the evolving market environment as well as client expectations. A key factor in the Firm's ability to manage through challenging market conditions and significant business change is its risk-aware culture and integrated and global approach to risk management. This risk management framework enables the investments to be aligned accordingly, given the market-wide and systemic risks identified. Ashmore's internal controls also includes monitoring of all trading activity to further underpin the Firm's desire to responsibly deliver value in the context of the wider market.

Identification and response to market-wide and systemic risks

Market-wide and systemic risks are broad in nature, and the identification and response to these are organisational responsibilities which requires close collaboration across the Firm's different departments and their respective areas of responsibility and these can often be complex and long-term in nature.

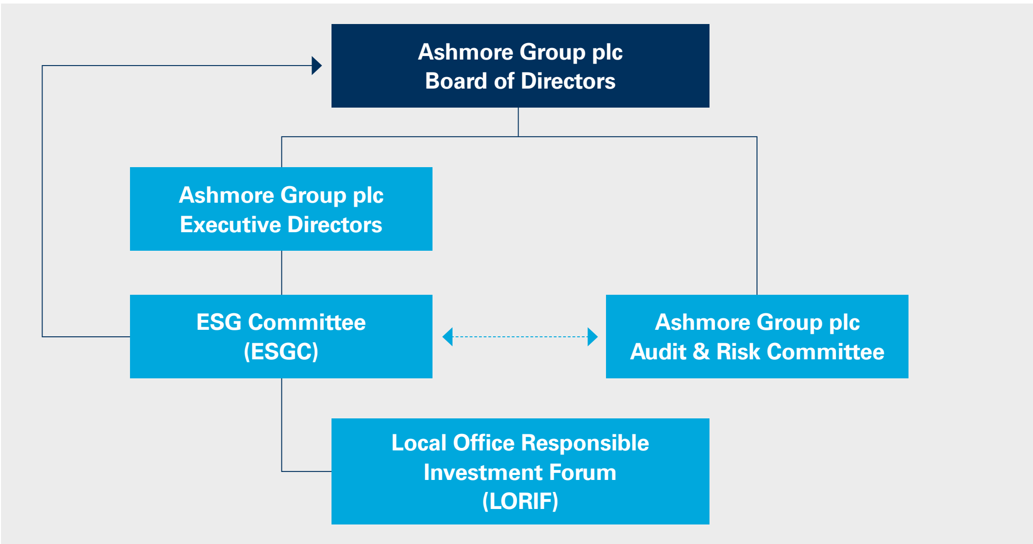
The investment process comprises top-down macro and bottom-up idiosyncratic analyses. This takes into account macro-economic and geopolitical risks and general trends, including ESG factors that may impact our responsible investment approach. In so doing, Ashmore's approach is to develop relationships with key stakeholders in the markets in which the Firm operates and invests. These stakeholders are diverse and include government officials, industry forums, regulators, NGOs, advisers, as well as the boards and management teams of investee companies. This approach is supplemented by investment in third-party ESG data sets that are used in the analysis of long-term sustainability risks relating to the Group's investments.

Ashmore's internal control framework provides an ongoing process for identifying, evaluating, and managing the Group's emerging and principal risks. The 'principal risk framework' includes climate risk and identifies associated controls and mitigants and is subject to regular review by the Board's Audit and Risk Committee.

Figure 3: Risk management structure

Ashmore Group plc Board of Directors	The Board and its committees, including the Audit and Risk Committee, are ultimately responsible for the Group's risk management and internal control systems, and for reviewing their effectiveness, in the context of wider markets.		
↑ **Group Risk and Compliance Committee**	Maintains a sound risk management and internal control environment and assesses the impact of the Group's activities on its regulatory and operational exposures as well as in relation to our clients' expectations.		
↑ **Chairman**	Head of Risk Management and Control		
Members	Chief Executive Officer Group Finance Director Group Head of Compliance	Group General Counsel Group Head of Human Resources	Group Head of Finance Group Head of Distribution Head of Internal Audit

Figure 4: Overseeing climate-related issues



The ESGC receives frequent and regular updates on legal and regulatory developments relating to sustainability issues including climate risk, covering both operational and investment activities. This enables the Committee to address actual or potential risks and to consider opportunities, whether from an investment, marketing, or operational viewpoint.

Selected principal and emerging risks and mitigants

A subset of certain of the Group's principal and emerging risks and related mitigants is included in the table below.

Principal and emerging risks	Mitigants
Failure to understand and plan for the potential impact to the business of investor sentiment and regulatory changes relating to sustainability and climate change, and the impact to fund products.	Oversight by ESGC, which has overall responsibility for Ashmore's sustainability and responsible investing framework across its corporate and investment activities. The Product Committee periodically reviews existing products as well as the approval of new ESG products and funds.
Sustainability risks, including those relating to climate change and the suitability of climate metrics especially in Emerging Markets, have implications for individuals, businesses, and investors.	ESGC has oversight of risks, and the RI function updates the Board regularly. Dedicated ESG funds with minimum ESG scoring thresholds. Using our platform in Emerging Markets to emphasise climate concepts and data to market participants.
Ongoing geopolitical and sanctions risk as well as supply chain issues and cyber treats.	Ashmore has more than 30 years investing in Emerging Markets and during that time, the Investment Committee has developed significant experience of managing macroeconomic and geopolitical risks across Emerging Markets, including the use of Ashmore's proprietary ESG scorecard to evaluate both sovereign and corporate issuers.

Stakeholder collaboration

Constructive collaboration with other financial market stakeholders with the aim to promote continued improvements in the functioning of financial markets is an important part of how Ashmore responds to market-wide and systemic risks. For example, the systemic risk of lack of progress on climate change remains an area in which Ashmore pays close attention given the vulnerability of Emerging Markets to the damaging consequences of climate change and the important role these markets play as part of climate mitigation. Therefore, Ashmore continues to participate in industry initiatives such as Climate Action 100+ engaging with large GHG emitters, TCFD which specifically focuses on the identification and management of climate-related risks, as well as NZAMI which aids Ashmore in evolving its own decarbonisation strategy. This is further detailed in Principle 10. The Firm believes that its commitment to these initiatives is important both for its business and for Emerging Markets more generally and acknowledges this is expected to remain an ongoing pursuit in future years.

Impact of market-wide and systemic risks considerations on the investment process

The consideration of ESG factors, including climate risks, is integrated into all of Ashmore's investment processes covering the fixed income, equities, and alternatives asset classes. Importantly, the Group does not consider ESG risks and opportunities in a silo, rather the Investment Committee in each asset class oversees ESG analysis in a cohesive manner alongside fundamental macro-economic, financial performance and credit analysis for sovereign and corporate issuers. The analysis is based primarily on proprietary research, including engagement with issuers to identify potential investment opportunities. This is further outlined in Principle 7.

Investment risks

Ashmore's Investment Committees and portfolio management teams are supported by a combination of the Group's Risk Management and Control Department and the RI function to carry out thematic macro and issuer specific analysis to understand and assess the suitability of ESG metrics (including climate change concepts) and risk factors of its portfolio investments. In so doing, the Firm can create detailed knowledge of material market-wide and systemic risks, including sustainability risks and opportunities. This knowledge is then used to further:

- assess the risks and opportunities afforded by the investment, including those related to responsible investing;
- consider any mitigating factors that may be present;
- highlight the need to use appropriate climate change concepts; and
- explore the opportunity to engage with and constructively influence issuers and investee companies.

Outcome

The below examples aim to illustrate Ashmore's assessment of the effectiveness of the identification and response to certain principal risks, which could adversely impact Ashmore in particular, and the promotion of well-functioning markets more generally.

Example 1:
Longer-Term Viability

The promotion of a well-functioning financial system requires Ashmore to have robust processes in place to identify and manage market-wide and systemic risks and remained relevant as an example during the 2023 reporting period. This is achieved by having a strong control culture, a focus on internal controls, and a clearly defined risk management framework.

As noted in the 2023 Annual Report, the Ashmore Group plc Board is ultimately responsible for oversight of the Group's system of internal control and risk management and during the period, the Board has conducted an annual review and assessment of the effectiveness of the Group's risk management and internal control systems and has not identified any significant failings or weaknesses during this review.

Furthermore, in accordance with Provision 31 of the UK Corporate Governance Code, during 2023 the Board had assessed the current position and prospects of the Group over a three-year period, which is consistent with the planning and stress testing timeframe used in the ICARA. This included an assessment of Strategic and Business risks, in which aspects of climate change and sustainability risks and mitigants are specifically referenced.

The stress tests included the impact of negative investment performance, failure to comply with regulations, breach of client mandate guidelines or restrictions, a substantial decline in AuM and ineffective third-party services.

Additional reverse stress testing was also performed to identify extreme scenarios that would cause Ashmore Investment Management Limited's (AIML's) business model to become unviable.

The reverse stress test was conducted by taking a hypothetical combination of severe circumstances. These included factors that could be a result of a war between two or more geopolitically significant nations, or other significant global risk event that results in widespread investor risk aversion and a dramatic shift in portfolio allocations to 'safe haven' assets, leading to a severe downturn in EM markets, and therefore resulting in a material loss of assets under management; a cyber-attack resulting in sustained failure to access critical systems and the Firm is unable to provide/receive services to/from its clients/counterparties; or a severe regulatory breach resulting in significant reputational damage for the Firm, substantial fines and material litigation claims being settled.

The Group delivers a high level of profitability together with healthy cash flows and has a strong and liquid balance stress that is able to withstand the financial impact of the range of adverse planning scenarios. Consequently, in the 2023 Annual Report, the Board of Directors had confirmed they have a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and maintain sufficient regulatory capital over the next three years.

Example 2:
Advocating for a fair transition in Emerging Markets

It is increasingly being recognised just how difficult it would be to achieve the goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, without significant investment and technological support for Emerging Markets countries. To do this significant capital needs to flow into these markets. The challenge is to direct investment capital in a pragmatic way that promotes the energy transition in order to materially reduce the carbon footprint of the global economy, rather than a narrow objective of decarbonising one's individual portfolio.

Developed nations have been slow to meet their obligations under the Paris Agreement to take the lead in providing financial assistance to countries that are less endowed and more vulnerable and there continues to be an increasing acknowledgement that 'ESG investing' could have the unintended consequence of directing money away from Emerging Markets, as such markets are perceived to be too risky from an ESG perspective or, depending on the metric being used, fail various GHG emission tests.

Consequently, care must be taken to ensure that ESG investment efforts actively consider the complex role of Emerging Markets in this transition, as well as the wide variety of circumstances between countries that make up Emerging Markets (typically low- and middle-income countries).

The role of advocacy cannot be overestimated in promoting:

i) a **'Just Transition'**, defined by EBRD as *"a just transition seeks to ensure that the substantial benefits of a green economy are widely shared, while also supporting those who stand to lose economically – be they countries, regions, industries, communities, workers, or consumers"*; and

ii) **'Climate Equity'**, which seeks to address the inequalities stemming from the imbalance between those having benefitted from historical emissions (predominantly today's high-income countries) and those suffering the most from the consequences of the effects of climate change (predominantly low- and middle-income countries).

Both these concepts are essential to pursue responsible investment allocations, and consequently to raise awareness.

The voices advocating for a fair and just transition remain in the minority. Ashmore continues to champion these causes and during the period, Ashmore has continued to actively promote these concepts with our clients and where possible, also with ESG third-party data providers and policy makers. This included previous feedback to investment frameworks such as ASCOR (Assessing Sovereign Climate-related Opportunities and Risks), as it relates to the treatment of sovereign debt and during 2023 Ashmore has continued to focus resources on developing methodologies in this area following the guidance in the most recent PCAF publication in December 2022.

Example 3:
Artificial Intelligence

Artificial Intelligence ('AI') is broadly defined as a field of computing dedicated to building machines, or models, that have the ability to solve for problems otherwise requiring human intelligence. There are several types of AI, from basic natural language processing (NLP) dating back to the 1960s to the more recent LLMs such as GPT-4.

Two of the most common types of AI are 'Discriminative' and 'Generative'. Discriminative AI has been around for years and works by identifying rules and boundaries and requires manually labelled data. Labelling is done by humans and the output is typically in the form of classifications or pattern recognition. Generative AI ('Gen AI') learns by understanding patterns so as to use those patterns to create new and unique observations e.g. text, data, code, etc.

The world of technology continues to evolve rapidly with Gen AI currently at the fore, spawned from microchip advancements and the exponential growth in computing, storage, and the cloud. According to press publications, "Gen AI is expected to perform at a median level of human performance by the end of this decade. And its performance will compete with the top 25 percent of people completing any and all of these tasks before 2040. In some cases, that's 40 years faster than experts previously thought."

Gen AI is a big step forward even though it represents a small piece of the value potential from AI. Traditional advanced analytics and machine learning continue to account for the lion's share of task optimisation. Organisations undergoing digital and AI transformations need to keep an eye on Gen AI, but not to the exclusion of other AI tools. Because of the current way these models work, they aren't naturally suited to all applications.

For example, they can be prone to 'hallucination', or answering questions with plausible but untrue assertions. Additionally, the underlying reasoning or sources for a response are not always provided. This means firms need to be careful of integrating Gen AI without human oversight in applications where errors can cause harm or where explainability is needed.

Whilst the use of Gen AI has been a consistent theme during the period, the situation is more nuanced and differs by geography and industry sector with different approaches to regulation emerging. The EU's AI Act looks at classifying risks to users and places emphasis and responsibilities at the feet of Gen AI developers; whilst the UK has adopted a non-statutory framework based on a set of common principles designed to inform the responsible development and use of AI across the economy.

Ashmore recognises both the opportunities and potential risks and has taken a balanced and prudent approach. During the period, the firm set up a working group to participate in industry forums, adopted a 'sandbox' approach to perform trials in a controlled environment. The testing of Gen AI tools continues and accordingly, the broader use of Gen AI remains under review.

PRINCIPLE 5: Review and assurance

This section will outline how Ashmore has processes in place enabling the review of its policies, assurance of its procedures and assessment of the effectiveness of its activities.

Activity

All Ashmore's policies, statements, and disclosures with respect to stewardship have a formal owner and are reviewed annually, with core policies signed off annually by the ESGC.

As described in Principle 4, Ashmore's key controls are documented in the Principal Risk matrix overseen by the Risk Management & Control department and compliance with regulatory requirements is monitored by the Group Compliance function.

Three lines of defence

Ashmore has three lines of defence against unintended outcomes arising from the risks it faces:

1. Risk Ownership – This rests with line managers, whether they are in portfolio management, distribution, or support functions.
2. Risk Control – Provided by Group Risk Management and Control and Group Compliance.
3. Group Internal Audit – The Head of Internal Audit reports to the Chair of the Audit & Risk Committee and provides independent assurance over agreed risk management, internal control, and governance processes.

Ashmore's Group internal audit function operates as the 'third line' to provide assurance to the Group's Audit & Risk Committee and, by extension, shareholders. The internal audit function operates independently but in association with the 'first' and 'second' lines to provide assurance to key stakeholders regarding the management of risks, the system of governance and the system of internal control. The annual internal audit plan is designed to ensure that there is an appropriate mix of review of 'first line' and 'second line' activities. The plan is reviewed regularly to ensure it remains relevant. Each internal audit is individually planned to address the audit objectives and, where appropriate, relevant elements with respect to Ashmore's Responsible Investment and ESG framework are included in the audit scope.

Internal and external assurance

Each internal audit report includes formal confirmation on the operation of the controls which management has identified to mitigate the relevant Principal Risks, and to which management attests quarterly. There is a separate annual exercise to ensure all controls on the Principal Risk Matrix are independently assessed by internal audit on a rolling three-year basis.

Given the independence of Ashmore's Group internal audit function and the level of internal involvement of Executive/senior management in Ashmore's Sustainability and ESG policies and processes, the Firm does not use external assurance to evaluate its Responsible Investment & ESG framework. Whether this will continue to be the case is something which Ashmore will monitor as it assesses the most appropriate method for assuring the effectiveness of its stewardship activities on behalf of its clients.

Review of stewardship policies

Our stewardship-related policies, as published on the Group's website, include:

- ESG Policy
- Proxy Voting Policy
- Engagement Policy (SRD II)
- Ashmore Exclusion Policy
- Supplier Code of Conduct
- Conflicts of Interest Policy Statement
- Slavery and human trafficking statement

Our policies, including those listed above, are reviewed annually by the Policy Owner, taking into consideration whether they still represent best practice and whether they need to be updated to better reflect our stewardship practices. The Policy Owner will be the subject-matter expert and is responsible for the oversight and review of these policies.

Outcome

The Firm's 'three lines of defence' model ensures that stewardship activities are subject to review on a risk-based frequency basis approved by the Group's Audit & Risk Committee. Through independent reporting lines to executive management and the Audit & Risk Committee, Ashmore ensures that any recommendations for improvement are tracked to completion to ensure the agreed management action plans are implemented in a timely manner and address the issue identified.

Example: Review of stewardship reporting

The Sustainability Report is reviewed by the Global Head of Distribution; the Head of Risk Management and Control; and the Group Head of Investor Relations. It was formally signed off by the Group Chief Executive Officer. Those elements of reporting which are included in the Group's Annual Report and Accounts were additionally reviewed by the Group Finance Director, Group Company Secretary, and the Group's external auditors, KPMG, as part of a further fair, balanced and understandable exercise.

Investment approach

PRINCIPLE 6: Client and beneficiary needs

This section will outline how Ashmore considers clients and beneficiaries' needs and communicates the activities and outcomes of its stewardship and investments to them.

Context

AUM breakdown by client type

The Firm values its diversified client base, which includes a wide range of sophisticated asset owners. As at 31 December 2023, 96% of Ashmore's investor base comprised long-term institutional investors including public and private pension funds, insurance companies, endowments, financial institutions, government-related entities (sovereign wealth funds, central banks, pension schemes), and corporate clients. The balance of AUM is sourced from retail clients via intermediaries. Figure 5 provides an overview of Ashmore's client base by investor type.

Figure 5: AUM breakdown by client type

Central banks	22%
Sovereign wealth funds	21%
Governments	1%
Pension plans	22%
Corporates / financial institutions	20%
Funds / sub advisers	9%
Intermediary retail	4%
Foundations / endowments	1%

Source: Ashmore. Data as at 31 December 2023.

AUM breakdown by investor geographies

Headquartered in London, Ashmore has a worldwide footprint and a local presence in some of the largest Emerging Markets, with offices in Colombia, India, Indonesia, Peru, Saudi Arabia, Singapore, UAE, as well as in Ireland, the United States and Japan. This brings with it the following benefits:

- Local knowledge in a global firm brings a competitive advantage as the value added is critical to understand local markets and to deliver better outcomes for clients and stakeholders.
- Local offices benefit from the support and resources of a global firm.
- Integration of local offices through Ashmore's global infrastructure facilitates efficient communication and dissemination of information throughout the Group and with clients and stakeholders.

Ashmore's client base is global and geographically diversified across all continents, as highlighted in Figure 6.

Figure 6: AUM breakdown by geography of clients

Europe (ex UK)	36%
Asia Pacific	24%
Middle East & Africa	22%
Americas	13%
UK	5%

Source: Ashmore. Data as at 31 December 2023.

Lastly, please find below a breakdown of assets under management across asset classes.

Figure 7: AUM breakdown by asset classes (primary investment themes)

Fixed Income	
Local currency	35%
Blended debt	23%
External debt	18%
Corporate debt	10%
Equities	
All cap	8%
Active	2%
Frontier	2%
Alternatives	
Alternatives	2%

Source: Ashmore. Data as at 31 December 2023.

Ensuring an appropriate investment time horizon aligned with clients' needs

As outlined in Principle 7, Ashmore has a large proportion of institutional clients with long investment horizons, allocating to Emerging Markets for the length of the corresponding market cycle. Depending on the client and the strategy in which they are invested, investment horizons may vary from up to 3 years for EMD Short Duration Strategies, to 3-5 years for core approaches such as EMD external debt, local currency debt, corporate debt, blended debt and EM Equities, to over 5 years for EM ESG equity strategies and alternative portfolios. Consequently, this alignment ensures that Ashmore's decision-making process is designed to take a similar view, keeping in mind issues linked to the Tragedy of the Horizons.[1]

Ashmore aims to keep an open dialogue with its clients to ensure that the way the Group invests is truly aligned with the needs of its clients.

[1] Breaking the tragedy of the horizon – climate change and financial stability'. Speech by Mr Mark Carney, Governor of the Bank of England and Chairman of the Financial Stability Board, at Lloyd's of London, London, 29 September 2015

Activity

Bespoke relationship management

Ashmore works in partnership with its clients and keeps a regular and ongoing dialogue. Portfolio reviews are typically conducted on a quarterly basis, with the Account Manager and a member of the portfolio management team. Ad-hoc calls and meetings take place to discuss significant market and portfolio events. Clients (and Ashmore) benefit from extensive discussions during portfolio review meetings and other exchanges. These occasions are also the opportunity for Ashmore to learn about and understand client thinking and their feedback.

Examples of how client views have been considered, include:

- Client input to define and frame the development of new investment strategies
- Updates/changes to client guidelines (for clients invested in segregated accounts)
- Design of reporting, including carbon reporting

Ashmore's relationship with its clients is proactive, iterative, and evolving. The Firm recognises that client needs change over time due to their own circumstances or outside factors (such as regulations) or new objectives such as alignment with the Net Zero Asset Owner Alliance (NZAOA) or other industry frameworks. Therefore, Ashmore continuously listens to the client needs and strive to incorporate those in the way relationships are serviced and portfolios are managed.

Extensive research on Emerging Markets

Ashmore prides itself on its comprehensive research programme on Emerging Markets, which is made accessible to clients via a wide-ranging suite of research publications, as follows:

- Weekly research piece, covering major developments across all main Emerging Markets, including country updates, macro, politics, and any other significant events in the global macro landscape. Available on the Firm's website and by email.
- Monthly Emerging Markets Insights, focused on debt, equities, or a specific market theme.
- Ad-hoc market commentaries to keep clients informed of market and corporate events across the Emerging Markets.
- Annual Market Outlook, outlining the views of Ashmore's investment teams for the year ahead.

Client reporting

Ashmore's aim is to provide timely, dedicated administration and reporting services tailored to clients' requirements. The strength of the Group's relationship with existing clients is derived from a constant re-evaluation of those requirements to provide a professional and competitive service. Ashmore provides a comprehensive standard suite of reporting for investors:

- Monthly Reports, providing performance information, portfolio characteristics versus the benchmark, top country attribution, etc.
- Quarterly Investment Reports, offering more detailed data on portfolios, as well as customised commentary on performance and positioning for each individual portfolio.

Depending on specific requirements, Ashmore offers an enhanced ESG reporting package to consider the evolving needs of clients around sustainability metrics, which includes the following:

- Carbon intensity and carbon footprinting metrics.
- A detailed Engagement Report.
- A stand-alone TCFD Report.

In 2023, Ashmore provided further detail to the above-mentioned reports. In addition, various customised client reporting requests were met through expanded reporting on ESG-related matters.

The Group also publishes details of its engagements and proxy voting activities for equity and debt portfolios in its annual Sustainability Report and in its Engagement Report, and also provides clients with additional details on request. This includes completing the engagement reporting template created by the Investment Consultant Sustainability Working Group (ICSWG), providing case studies with reference to engagement themes and topics, rationale for the engagement, action taken, outcomes, and next steps.

The Group regularly assist clients with ad hoc reporting requirements as they arise from time to time. Such tailored reporting forms part of its client service package and can be refined to meet client specific feedback, needs, and expectations; particularly as they evolve over time.

Ad hoc seminars/webinars, conferences, and training programs

Prior to the Covid-19 pandemic, Ashmore hosted several local and regional seminars and client events that brought together clients with experts from Emerging Markets, other regular commentators, and Ashmore professionals. At these forums, Ashmore discussed the broader macro-economic drivers of asset allocation, exploring the individual asset classes of Emerging Markets equities, external sovereign debt, local currency and corporate debt. Post pandemic, Ashmore noticed that online webinars have become a preferred option for clients and prospects as they better suit the needs of remote working. During 2023, Ashmore hosted 16 online webinars addressing various topics, including the outlook, Emerging Markets equities and frontier markets.

In addition, Ashmore hosts a training programme for central banks, sovereign wealth funds, social security funds and government pension funds, designed in cooperation with Bayes Business School. This week-long programme offers both academic lectures by Bayes' finance professors, and practical insights by Ashmore's portfolio managers and research staff into key aspects of the management of Emerging Markets portfolio assets. The initiative was launched in 2010 and October 2023. Historically, this programme has received positive feedback with several participants from different institutions in Africa, Asia, Europe, and Latin America including from central banks and leading sovereign wealth funds.

Outcome

Several of Ashmore's client relationships have a history of more than ten years, which is an indicator of the Firm's ability to adapt and respond to clients' changing needs over time. This includes not only meeting financial risk and return objectives, but also providing transparent reporting, meeting regulatory requirements, and assisting clients in framing and working towards their sustainability objectives for instance through the TCFD and NZAOA frameworks.

Below are three case studies of the outcomes Ashmore delivered for clients during 2023 and one example of the work conducted with a prospective client on a topic of important relevance for Ashmore as an investor in Emerging Markets.

Case study 1:
Middle East Sovereign Wealth Fund

In 2023, Ashmore worked with a Sovereign Wealth Fund in the Middle East to assist in developing their domestic financial centre.

One outcome of this was for Ashmore to take over the management of part of their domestic equity portfolio. We designed in consultation with the client, a custom benchmark to achieve the objective of increasing liquidity in mid- and small-cap stocks in that country.

In addition, we advised on international standards on issues such as proxy voting, investor relations by listed companies, and trading practices on and off-exchange.

We have since on-boarded local counterparties for trading domestic stocks and have educated them on international standards and best practice for dealing with international institutional investors.

Case study 2:
European insurance company

Ashmore manages an EM Corporate Debt mandate for a European client.

The client is committed to achieving Net Zero by 2030 and asked Ashmore to manage down the carbon footprint of their portfolio in line with their overall corporate target.

Ashmore worked with the client and agreed on certain interim carbon reduction targets.

To achieve them, Ashmore focused on three distinct directions:

1) divestment from high-emitting issuers;
2) engagement with issuers to steer them towards a more sustainable path; and
3) investment in green bonds, after having agreed with the client to apply a discount on the carbon footprint of the issuer when investing in a green bond compared to 'no discount' for standard bonds.

In line with those action vectors, Ashmore exited 15 exposures, conducted over 70 climate change focused engagements and purchased 20 new green bonds. Those actions resulted in almost a 20% reduction in owned emissions at the portfolio level in the period to year end 2022.

In 2023 we continued with these three directions and achieved further reductions in owned emissions at the portfolio level.

Case study 3:
South African pension fund

This client has been invested in Ashmore's Africa ex South Africa (ex SA) equity strategy for the last eight years.

A recent change in South Africa regulations meant that a regulatory carve-out for Africa ex SA investments was removed, and instead the general limit on non-South African investments was raised to 45%.

Ashmore engaged with the client to review their investment requirements in light of these new regulations. The client confirmed that they would continue to look at a separate asset allocation to Africa ex SA, but would also be happy to consider alternative investment solutions.

In addition, they already have exposure to global Emerging Markets equities. Ashmore provided a number of options for the client's consideration, including: retain the existing Africa ex SA equity mandate; add Africa ex SA fixed Income; or broaden the equity scope to include Global Frontier equity markets.

In 2023, in discussions with the client, we narrowed down the various options to a possible switch out of the Africa ex SA fund into the EM Frontier Equity fund. However, the client has so far not made a decision on this and continues to be invested in the Africa ex SA fund. The client also mentioned that they have some other investments in Africa ex SA funds from other managers.

Case study 4:
UK pension fund

The prospective client is one of the twelve leading UK pension funds, representing a total of GBP 400bn in assets in aggregate, announcing in May 2022 that they would collaborate in support of climate transition in Emerging Markets.

Ashmore responded to the consultation launched by one of the members of the group on the 'Guiding Principles on Emerging Markets Just Transition Investment Initiative' and subsequently opened discussions with the individual organisations to identify practical investment solutions to help deliver the Just Transition.

During these discussions, Ashmore and the prospective client came up with specific objectives for a bespoke Emerging Markets Equity Portfolio, centered around Net Zero targets and climate solutions, and the investment horizon over which they sought to achieve those objectives.

Taking into account the prospective client's feedback and their specific investment needs, Ashmore designed a customised EM Equity model portfolio of which over one third of investments are directly related to companies providing cutting edge climate solutions. The prospective client was positively surprised with this outcome, having originally set a target of 20%.

Ashmore's proposal may be implemented if the client increases their allocation to EM equities, or if they decide to replace one of their existing EM Equity managers.

Such an appointment would be for a minimum of three years, but the underlying investment and climate objectives are considered over a longer time horizon, at least until the interim targets in the client's Net Zero commitment, by 2030, and beyond that all the way to achieving Net Zero by 2050.

The client invited us to pitch for a formal mandate in 2023 and issued a Request for Proposal to Ashmore and other candidates, including their incumbent managers. We responded to this RFP. No decision had been taken by the client by the end of 2023.

PRINCIPLE 7: Stewardship, investment and ESG integration

This section will outline how Ashmore systematically integrates stewardship and investment, including material environmental, social, and governance issues, and climate change, to fulfil its responsibilities as stewards of assets.

Context

Ashmore has explicitly integrated the analysis of ESG factors into its investment processes recognising its critical role to the success of the Group. The Group's philosophy is underpinned by a belief that such 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.

Prioritised ESG issues

Ashmore's approach to ESG integration is applied and implemented consistently across all the strategies managed by the Group. These 'ESG 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. The investment teams approach ESG factors in the form of a questionnaire, where every issuer that is either owned or considered for investment, is scored. The ESG scores are both historical and forward-looking and assess issuers on a global absolute basis.

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

Figure 9: Factors considered in the ESG scorecard

	Corporate	Sovereign
Environmental E	Global impact including GHG emissions, local impact including water and waste management, incidents of environmental pollution, energy management, and use of green energy, policies, and innovations to limit negative impact.	Carbon emissions, clean energy development, climate adaption strategies, natural disasters risk and preparedness, resource use, and environmental regulations.
Social S	Employee diversity and inclusion, customer welfare, human rights and community relations, labour practices including health and safety, supply chain management, materiality of philanthropy spend, and product quality and safety.	Basic needs of population, societal stability, human development, economic freedom, labour rights, and inequality.
Governance G	Transparency and disclosure, governance structure, fair representation of minority interests, public listing and reporting, management accessibility, long-term incentive scheme KPIs, and strategies to mitigate the impact of ESG risks.	Progress to sustainability, institutional strength, rule of law, democratic processes, and corruption.

Interaction between different teams

Responsibility for ESG analysis lies with the investment teams, with support from the RI function, and is undertaken alongside the traditional economic and financial assessment of an issuer. Importantly, this enables the Portfolio Manager, who understand an issuer best, including its credit profile, business model, and its management team, to have a comprehensive and consistent view of an issuer's ESG profile.

Exclusions

Ashmore believes that investments that do not meet certain minimum standards should be excluded from client portfolios. One such standard is compliance with applicable government authorities, including screening all investments against the UN Security Council, EU/UK sanctions and the US Office of Foreign Assets and Control lists. The Group has implemented two value-based exclusions: companies engaged in the manufacture, distribution, and maintenance of controversial weapons, and those with significant involvement in the manufacture, distribution, or sales related to pornography. Additionally, for the Group's 'ESG fund ranges', additional industry exclusions are applied as per the Ashmore Exclusion Policy.

Activity

Differences in approach across funds, asset classes and geographies

All of Ashmore's strategies managed globally across fixed income, equity, and alternatives explicitly integrate ESG into their investment approach using the above outlined ESG scorecard process. In addition, as described above, there are firm-wide exclusions for issuers that generate revenues derived from the production or trading of controversial weapons and pornography as the Firm considers these areas non-redeeming and does not believe it can engage to change their practices.

Ashmore has managed dedicated EM ESG strategies since 2019. The approaches considers sustainability issues and opportunities in more depth and apply a selection of industry and issuer exclusion criteria such as defence, gambling, tobacco, and fossil fuels as outlined in detail in the Ashmore Exclusion Policy. For segregated mandates Ashmore has the flexibility to incorporate individual client requirements to exclude certain geographies, industries, and issuers of bonds or equities.

Sovereign issuers are scored by Ashmore's sovereign debt investment teams. The corporate debt and equities teams share the responsibility for the evaluation of the issuers that have issued both debt and equity instruments, resulting in Ashmore having one common, joint corporate ESG assessment across the Firm. All the ESG scoring sheets, notes and engagement activities are shared across Ashmore.

During the period, 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.

Process used to ensure alignment with clients' time horizons and to ensure clear communication with service providers

Ashmore has aimed to align its investment approach, including how ESG issues are integrated, with the investment horizon of its clients. As outlined in Principle 6, this is primarily done through dialogue with the clients to account for liquidity requirements, performance objectives, and sustainability concerns.

As outlined in Principle 8, Ashmore complements primary research with some third-party service providers to facilitate its delivery of stewardship responsibilities. Where relevant, Ashmore share with the third-party provider how they intend to use the data to ensure that it is appropriate.

Outcome

Ashmore's assessment of issuers' ESG performance, as outlined above, is integral to the determination of their fair value. ESG factor analysis acts as both a form of portfolio risk management and a source of alpha generation, ensuring the Firm best serves its clients. The information gathered is systematically structured via Ashmore's ESG scorecard process and is incorporated in portfolio construction through the investment teams' financial estimates and/or the valuation assessment. Consequently, this ESG assessment directly impacts the decision to invest or exit a position, as well as its portfolio position sizing. Please find below some examples of how this was done in practice during 2023.

Example: Sovereign Fixed Income
Eastern European Country

In December 2023, Ashmore's sovereign Investment Team updated the ESG scorecard for an East European Emerging Markets country, with an upgrade of the forward-looking Governance score.

This change to the forward-looking score was chiefly motivated by the changes in the government coalition following the previous general election.

Under the previous administration led by the conservative party since 2015, the country had been at loggerheads with the European Commission owing to the party's meddling with the independence of the judicial system.

Following the election victory of a centre-left coalition of three opposition parties, the new government started reversing some of the previous party's policies exposing justices to disciplinary action.

The changes were expected to help the Prime Minister secure billions of euros in frozen EU development funds.

These expectations were met in early 2024, when the EU Commission concluded that they had fulfilled specific milestones on judicial independence and fraud prevention.

This led to immediate disbursement of over EUR 6bn under the Recovery and Resilience Facility (RFF), out of a total of EUR 59.8bn available in loans and grants. Furthermore, the country is also eligible for Cohesion Policy funds.

Example: Corporate Fixed Income
Latin American transportation company

The company carries out all the activities associated with passenger transportation in metropolitan railways or other complementary electrical vehicles. The corporate ESG scorecard was upgraded in 2023 via an increase in the score for Current Environmental performance. The forward-looking Environmental score was left unchanged.

The main reasons for this upgrade were the improvements made in reducing the company's GHG emissions. The GHG emissions had decreased from 633 in 2021 to 590 in 2022 for scope 1, and from 165 to 139 for scope 2 emissions.

Another strong positive indicator was that in 2022 95% of the energy matrix came from clean energy. Currently the electricity supply is carried out through three companies that use PV and wind power.

In 2022, company management reported that they have managed to fully comply with 22 of their 31 environmental goals (set out in the 'Strategy for the Global Decarbonization of Transportation by 2050'), and making progress on three additional goals, including the need to validate their goals with the Science Based Target Initiative.

Management have also proposed that their supply comes from 100% certified clean energy by 2024.

Example: Equity
South Korean chemical manufacturer

The company scores poorly, notably across several environmental ESG factors, as highlighted by the completion of our proprietary ESG score framework.

The company is involved in resource intensive process industries and there has been little change to the company's environmental footprint over time. Moreover, there has been limited evidence of target setting to improve longer-term environmental performance.

This has been a focus of our engagement, which has included the request for a publicly reported net zero strategy, as well as science-based targets. Limited progress led us to escalate our engagement and in 2023 we voted against the election of all directions at the annual general meeting.

We monitor for improvements in the company's environmental policy and actions. Meanwhile, our poor scoring of the company in our ESG scorecard directly weighs on our 'Quality' view, a key stock attribute targeted. In turn, this weighs on our overall 'Stock Rating' which is the primary driver of portfolio position sizing.

Related, the stock is not currently considered for our dedicated ESG strategy .

PRINCIPLE 8: Monitoring service providers

This section will outline how Ashmore monitors and hold to account its service providers.

Activity

The efficiency and scalability of Ashmore's operating platform relies in part on high-quality third-party service providers. Ashmore maintains a broad range of service providers ranging from investment research, risk management, ESG analytics, pricing, and valuation services, legal and financial, fund administration and custody services, as well as proxy voting service. The Group's main supplier relationships were substantially unchanged during the year.

Ashmore conducts due diligence on all new third-party service providers, and monitors and reviews its relationships with existing providers. The Group's Supplier Code of Conduct Policy, which is published on the Group's website, outlines the minimum ethical standards that must be met to do business with the Group. Ashmore expects its suppliers, and their subsidiaries, affiliates, employees, agents, and subcontractors (collectively, Ashmore's 'suppliers') to operate in accordance with this Code as well as all applicable laws and regulations and has established and implemented appropriate policies and procedures to ensure they do so.

Figure 10: Main stages of due diligence and monitoring of third-party service providers

In selecting its third-party service providers, the Group considers the nature and materiality of the service type and consider specific factors including those relating to sustainability. For example, Ashmore expect its service providers to adhere to high standards in the way that they operate, including key social issues such as modern slavery. More details of how the Firm manages issues relating to modern slavery are provided in the Modern Slavery Statement.

A register of the Group's third-party service providers is maintained and updated on a quarterly basis as part of the Group's Principal Risk Review. As part of this review of the "Database of Outsourcing and Other Related Dependencies", relevant department heads are responsible for identifying suppliers handling the Group's Key Information Assets (KIAs) as defined in the Group Information Security Policy. No significant issues were reported during 2023.

Monitoring of ESG service providers

Generally, Ashmore prefers to develop its own proprietary view rather than solely relying on third-party ESG ratings. The Firm believes an external third party may not always be able to match Ashmore's understanding of a particular sovereign or corporate issuer, particularly in Emerging Markets where data availability, its transparency and accuracy are generally limited. Moreover, in the absence of regulatory standards, a strong reliance on third-party ESG metrics could provide an inconsistent basis for ESG scoring due to the risk that the methodology they are based on changes without the Firm's approval.

Considering the integration of ESG factors into Ashmore's investment processes, there has been an increasing focus on third-party ESG related data and services with respect to investment, regulatory, and client requirements. This includes third-party vendors who provide a combination of ESG-related research, scoring or rating, as well as underlying ESG data. Ashmore uses some third-party providers for ESG matters, namely MSCI, Bloomberg, and ISS, to complement its proprietary analysis which is carried out for every proposed investment. These third-party sources may alert the Firm to areas of change or provide historical context to equip investment professionals in their research. As the quality and depth of these services is variable, Ashmore maintains a close dialogue with these providers to make sure the data is appropriate for its intended use. This review and monitoring includes:

- Regular analysis of the evolving landscape of current and new third-party ESG data providers.
- Understanding the impact of changing regulation and working collaboratively with the providers to develop related solutions.
- Highlight and request correction of data inaccuracies.
- Push for increased issuer coverage, which is an issue particularly relevant to the Emerging Markets.
- Close dialogue with the ESG data providers to provide feedback e.g. to highlight data anomalies or potential areas of focus.
- Ensure the accuracy and quality of the services by the proxy voting technology provider.

The Group continues to have a constructive and mutually supportive relationship with service providers and the regular dialogue and feedback with those providers means that the Firm can achieve favourable outcomes for clients and broader market participants.

Outcome

Example: Proxy voting process

Ashmore continues to use ISS Proxy Exchange to manage the workflow for proxy voting. Ashmore's Operations team is responsible for the processing of proxy voting, while the decision-making is the responsibility of Portfolio Managers. To ensure, as far as can reasonably be achieved, that voting is successfully achieved, the following steps have been established:

- Work with custodians to ensure relevant documentation is in place to facilitate proxy voting.
- Ensure votes are sourced and captured by the proxy voting provider, across all applicable custodians
- Manage the workflows associated with sharing votes and research with Portfolio Managers.
- Make sure that Portfolio Managers make a decision on eligible every vote.
- Process the Portfolio Managers' votes and monitor for completeness.
- Produce reports to verify the completion of voting.
- Manage relationships with custodians and vendors to support the above processes.

The Operations team monitors the reporting from ISS which verifies the completeness of the process. Once the votes have been cast, these reports are available within ISS. These reports are shared either periodically or on an ad-hoc basis as requested, including internally for committees and externally for fund boards.

Furthermore, there is a regular Compliance Monitoring Program overseen by the Compliance department, which on a periodic basis, reviews the accuracy of the proxy voting process.

The process is also subject to internal and external audits. The Operations team also works with custodians to ensure that the appropriate processes operate smoothly and remain optimal. For example, this includes working with custodians on an ongoing basis to ensure market specific Powers of Attorney documents (POAs) are in place.

Furthermore, where there are additional company or market requirements, such as event-specific POAs when there is no regulatory market requirement or market practice to do so, the Operations team will engage with the Portfolio Management team to provide feedback to issuers on the impact of these requirements.

PRINCIPLE 9: Engagement

This section outlines how Ashmore engages with its issuers in order to maintain and/or enhance the value of investments.

Activity

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 opportunities as well as 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.

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

As a longstanding investor in Emerging Market economies Ashmore recognises the importance of ongoing issuer engagement in its investment strategy. In markets where, historically, both corporate and sovereign disclosure have been less transparent than in developed markets, effective stewardship to promote high standards of governance has been shown 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 opportunities as well as a lever to have an impact on sustainability matters.

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

Selecting and prioritising engagement

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

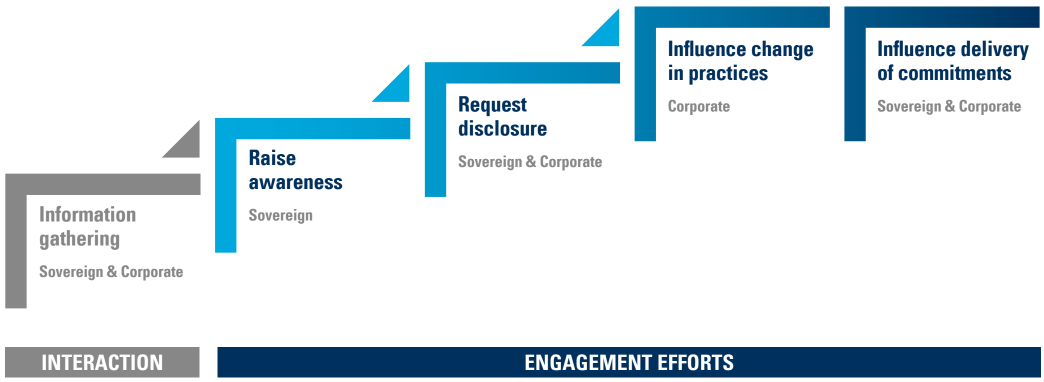
"a purposeful, targeted communication with an entity on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk."

The majority of Ashmore's engagement efforts are conducted through 'bilateral efforts' led by the relevant portfolio manager and typically triggered by the identification of idiosyncratic ESG risks or sustainability issues. In addition, thematic engagement efforts are conducted, prompted by Ashmore's involvement in initiatives such as the Net Zero Asset Management Initiative (NZAMI) or related to sustainability themes significant to Emerging Markets; and overseen by the Ashmore ESG Committee.

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. This marked a significant increase from 2022, when only 46% of such dialogues were considered 'engagements' according to the above definition. In previous Ashmore Engagement Reports, Ashmore has reported on both engagement efforts and interactions combined. This year, the reporting will consider only engagement efforts unless otherwise specified. As a result, the quantity of engagements reported will reduce but these will represent efforts of a higher quality in line with the Group's Engagement Strategy. Throughout the year, Ashmore also continued to follow up on 47 engagement efforts initiated in 2022.

Engagement objectives

Ashmore aims for each engagement effort to have clear, pre-determined objectives. These will vary depending on the asset class. For example, when engaging with corporate issuers it might be considered appropriate to influence changes in practices, while for sovereign issuers it is often more natural to frame engagement efforts around the delivery of existing commitments. Efforts to gather information on ESG and sustainability issues, or monitoring, continues to be tracked as interactions.



Methods of engagement

Each engagement effort consists of one or more activities designed to achieve the engagement objective. Methods used for such activities with issuers include:

• Conferences	• Phone/video calls	• Formal letters
• Email correspondence	• Questionnaires	• In-person meetings

During 2023, 61 in-person meetings took place. Of the remaining engagement activities, 32% were done over calls and video calls, 11% as part of email correspondence, and the remaining during conferences, by letter or questionnaire. Ashmore engaged with the following groups:

• Board of Directors	• ESG / Sustainability team	• Investor relations
• Executive Management	• Senior management	• Government representative

103

Number of issuers with which Ashmore engaged.

125

Number of engagement efforts undertaken by Ashmore.

Direct engagement during 2023

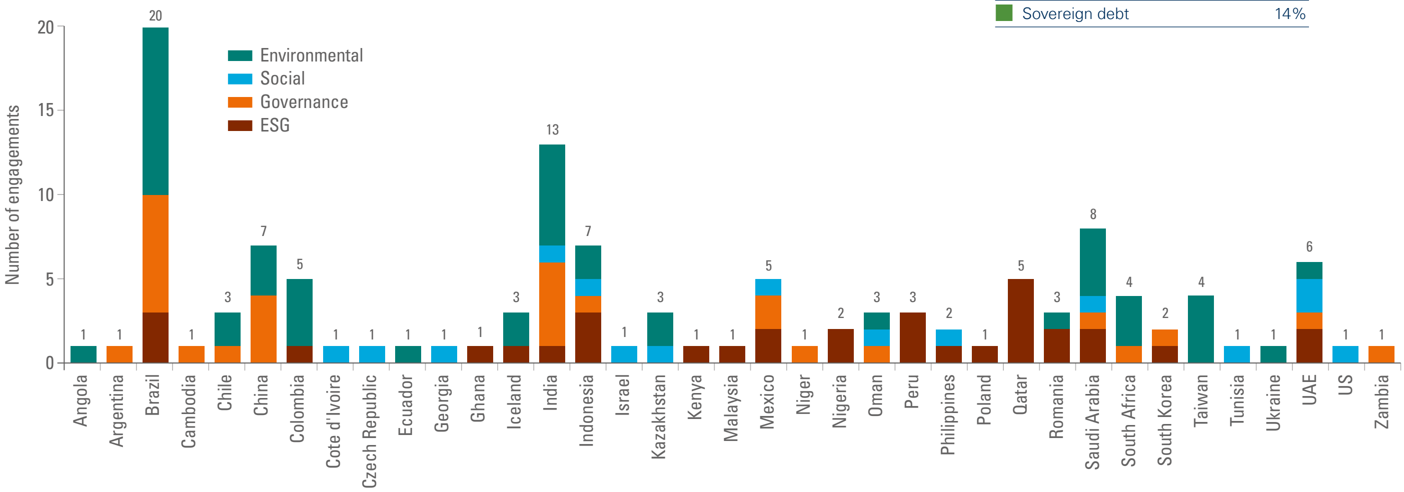
Figure 11 shows how Ashmore's engagement efforts are distributed across equities, corporate debt, and sovereign debt. A heightened focus on sovereign engagements over 2023 resulted in an increase in sovereign-related engagement efforts, up from 6% in 2022 to 14% in 2023.

In 2023 Ashmore engaged with corporates and sovereign issuers in 37 different countries as shown in Figure 12. The most frequent were in Brazil, India, and Saudi Arabia.

Figure 11

Corporate debt	28%
Equities	58%
Sovereign debt	14%

Figure 12



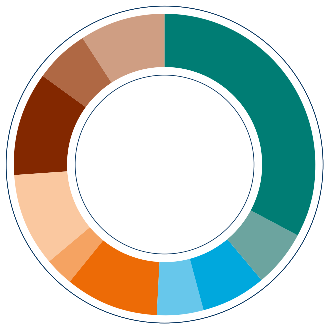
Key engagement issues

While Ashmore invests exclusively in Emerging Markets, the countries making up this investment universe are all unique and face their own set of sustainability challenges. Yet, there are certain sustainability issues that are particularly relevant to investors, and Ashmore believes it can benefit from engaging with issuers on such matters.

Climate change, both the physical consequences of a warming climate and challenges related to mitigating action, is an issue which directly affects many Emerging Market countries. It becomes an important engagement topic partly because it is considered a multiplier issue, meaning that action on climate change (SDG 13) can also have positive impact on many of the other Sustainable Development Goals.

Furthermore, Ashmore is committed to address system-level sustainability issues, such as the risks associated with worsened climate change and potential policy action taken to meet the Paris Agreement (as outlined in the Group's *Climate Change Position Statement*), as it

Figure 13: Engagement themes



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

recognises how climate change can pose systemic risks to its clients' portfolio returns (as outlined in Ashmore's TCFD Report). The thematic engagement focus on decarbonisation is aligned with Ashmore's net zero commitments (as outlined in its NZAMI targets), enabling better understanding actions taken by issuers to address climate-related concerns.

Climate change affects countries in Emerging Markets differently to those in Developed Markets. For example, many Emerging Market countries have the added challenge of having to balance their GHG emission reduction targets with an ambition to expand energy access to their population. It is also not unusual for Emerging Market countries to significantly rely on natural resources; be that fossil fuel related or commodities such as timber, beef, or soy; adding an additional challenge to aligning their economies with climate and biodiversity goals.

Furthermore, many Emerging Market countries are in the difficult situation of both being the countries most exposed to physical impacts as global warming worsens, while also being the ones with the least resources to adapt. These markets are in urgent need of finance to enable them to leap-frog the energy transition, making it a fascinating area of engagement with potential for positive impact. Furthermore, this must be done in a way that considers the social implications of the energy transition i.e. it must be a Just Transition for it to succeed. Understanding this complexity and how climate change is likely to impact Emerging Market issuers, is essential when investing in Emerging Markets.

The mining and processing of critical minerals essential for the energy transition largely take place in Emerging Markets countries. Dominant countries include the Democratic Republic of the Congo (cobalt), Chile (copper and lithium), Indonesia (nickel), South Africa (platinum, iridium) and China (graphite, rare earths, processing stage). While underpinning many of the activities needed for this energy transition, mining activities are also linked to environmental degradation, and despite being a potential source of employment the sector has also been linked to human rights issues as well as adverse impact on the local community.

Forests represent one of the world's most important carbon sinks and tropical forests are home to some of the most biodiverse areas in the world. By far, the majority of deforestation is occurring in Emerging Markets countries where the causes of the loss of forest are linked to commercial agriculture, extractive activities, and habitat expansion. Ashmore has identified deforestation as a future thematic engagement focus, spending the latter part of 2023 developing its approach with the aim to start these activities in 2024.

The above issues are closely interlinked. Mining drives deforestation, ecosystem degradation, and biodiversity loss yet has to be part of the solutions to mitigate climate change. Forests are inextricably linked to climate change due to their ability to store carbon. Deforestation, or reforestation, are therefore important levers when addressing climate action.

Ashmore believes that it is just this complexity that makes the Emerging Markets such an interesting and rewarding place to invest from a sustainability point of view. These are the markets where the biggest gains and rewards will be found and Ashmore's depth and expertise of investing in Emerging Markets enables it to bring industry best practice to these markets through its engagement efforts.

Engagement themes

E	**ENVIRONMENTAL – 48 engagement efforts**	
	Climate change	**41**
	• Decarbonisation	30
	• Strategy and other	11
	Environment	**7**
	• Natural resource and biodiversity	3
	• Pollution, waste, recycling	4
S	**SOCIAL – 15 engagement efforts**	
	Society	**9**
	• Health and education	4
	• Inequalities	5
	Workplace	**6**
	• Ethics (corruption / bribery / lobbying)	1
	• HR (inclusion / diversity / safety)	5
G	**GOVERNANCE – 29 engagement efforts**	
	Board	**13**
	• Diversity	2
	• Independence & oversight	10
	• Expertise and time commitment	1
	Core Governance	**4**
	• Cyber security	2
	• Other (leadership / tax)	1
	• Policy	1
	Other	**12**
	• Strategy, financial and reporting	12
ESG	**ESG – 33 engagement efforts**	
	• Reporting	14
	• Sustainability and ESG other	8
	• Sustainable financing	11
	Total engagement efforts	**125**

Examples

Bilateral engagement – Equities

What was the key issue/trigger for the engagement?	In December 2023, an Indian private hospital operator that some of our equity funds were invested in, was named in an international organ transplant scandal where it was reported that kidney transplants had taken place from non-related donors. The company publicly denied this. India's Transplantation of Human Organs Act stipulates organs may be donated by living donors who are near relatives with donations between strangers forbidden. These rules should be enforced by independent hospital medical boards who must sign off each case before a transplantation proceeds and this is consistent with international laws.
What became of the engagement objective?	Ashmore appreciated the swift denial and refutation of the allegations by the company, yet believed there was an important opportunity for introspection and enhancement of operational protocols. Consequently, the engagement specifically targeted: 1. Confirmation of the existing controls in place, in terms of document verification, ethics reviews and ensuring compliance with local laws. 2. Whether or not the company operated business in Myanmar (the origins of the scandal), and whether this could be addressed if wrongdoing is found. The company was also asked to review and comment on examples of 'best-in-class' practice based on the investment team's experience with other hospital operators. Namely: 1. Independent Audit and Compliance Review: Conduct an independent audit of the transplant processes at hospitals to ensure compliance with legal and ethical standards. This review should also encompass the vetting processes for donors and recipients with a special focus on international cases. 2. Strengthened Overseas Patient and Donor Screening: Enhance the screening processes for international donors and recipients, ensuring that all parties are fully informed and consenting, and that no exploitative practices are involved. 3. Transparent Reporting Mechanisms: Establish clear and transparent reporting mechanisms for any unethical activities. Encourage a culture of accountability and openness, where staff can report concerns without fear of retribution. 4. Regular Updates to Shareholders and Stakeholders: As shareholders, Ashmore requests regular updates on the measures being implemented and their effectiveness. This transparency is crucial for maintaining trust and confidence in the hospital's brand.
What activities did Ashmore do over the year?	Following an initial telephone contact by the Ashmore Mumbai team with the hospital's Investor Relations, an electronic correspondence was sent to the hospital management team jointly by Ashmore London and Mumbai offices outlining our expectations.
What was the outcome?	The company reaffirmed their denial of the allegation and their strict adherence to international as well as domestic transplant laws. They highlighted that the patients' names in the report were not patients of the hospital. The hospital affirmed that their transplant committee is appointed by state government and comprises seven members; two of which are government members, three doctors from the hospital, as well as two independent members serving in society (reputed professionals such as judges or government representatives). The committee interviews both donor and recipient and has independent decision making. Every transplant must be approved by the committee, which is recorded in a state transplant registry. The hospital has experience historically with cases of identity fraud, especially associated with international patients. They had responded by tightening their international patient protocols, including carrying out their own DNA testing, interviews, and screening process.
What were the implications for Ashmore's investment?	In this instance Ashmore was satisfied with the detailed nature of the response and arm's length verification process. The engagement has been closed, although further evidence of adherence to transplant policy will be a source of ongoing monitoring. The exercise also prompted the team to contact another investment in an UAE hospital operator to ensure high transplant policy standards were in place and being adhered to as certified by third-party verification.

Bilateral engagement – Sovereign Debt

What was the key issue/trigger for the engagement?	In the months following the election of President Lula da Silva, the Brazilian government rolled out a number of initiatives related to the country's sustainability objectives. One of them was Brazil's Sovereign Sustainable Bond Framework, released in September 2023. This is a reference document for the issuance of sovereign debt securities using resources backed by budgetary expenses that aims to align the country's debt issuance strategy with the growing interest of non-resident investors and the expansion of the thematic bond markets. Ashmore considered the document to be a step in the right direction, but believed the document contained some important gaps.
What became of the engagement objective?	The specific objective of our engagement on this issue has been to get the government to issue, at least annually an impact report authored and certified by an independent third party detailing the use of its green/social/sustainable bond proceeds, and the impact of such proceeds on the government's sustainability targets.
What activities did Ashmore do over the year?	Following the release of the Sovereign Sustainable Bond Framework, Ashmore sat down with government's debt management office representatives to review the document and to share Ashmore's expectations. Subsequently, Ashmore has followed up with the team and gave further indications on the expectations.
What was the outcome?	The Brazilian government confirmed that it is in dialogue with multilaterals and private investors regarding enhancements to the new sustainability bond framework. Government officials have shared some detail with the team on the practical challenges they are facing and have agreed to keep a dialogue regarding the framework's setup and implementation.
What were the implications for Ashmore's investment?	Ashmore is waiting to hear from the government on details regarding the methodology and the robustness of the annual impact report. Ashmore will continue pushing for more frequent publication.

Bilateral engagement – Sovereign Debt

What was the key issue/trigger for the engagement?	The trigger for this engagement effort was a set of research meetings with high-level representatives of the Omani government.
What became of the engagement objective?	The specific objective of the engagement was to encourage continued focus on the government's Employment Programme. With half of the population under the age of 30, ensuring gainful employment to avoid mass unemployment and social unrest is of serious importance. Engaged correctly, the young population can be a significant asset for the country, but mismanaged it becomes a risk. The Employment Programme attempts to match education to private sector needs. This needs to remain a key focus and to be tracked and eventually delivered on over a multi-year period.
What activities did Ashmore do over the year?	The engagement centred on face-to-face meetings with government officials, where the team took advantage of the opportunity to share some of the concerns, as investors in Omani government bonds, about social development indicators (health and education).
What was the outcome?	At the time of the meeting, the interlocutors vowed to take the team's input onboard, which was an encouraging response. One month later, the government announced a USD5.2bn 'Oman Future Fund' to bolster non-oil growth and create jobs over the next two decades. It also announced several social support measures, including the creation of a new city for low-income Omanis, which aims to ensure that more marginalised segments of the population have access to better education and employment opportunities.
What were the implications for Ashmore's investment?	Ashmore considers this specific engagement to have been successful and will continue tracking progress on this issue.

Bilateral engagement – Corporate Debt

What was the key issue/trigger for the engagement?	A large private company in Brazil focused on providing clean water and sanitation services. Currently holds 56% of the market share in the country, serving more than 30 million people.
What became of the engagement objective?	Ashmore believed the company was already doing an important job in providing clean water and sanitation to the population in Brazil and wanted to see whether they could expand their sustainability efforts further.
What activities did Ashmore do over the year?	During regular engagements with the management, Ashmore suggested that the next bond should be issued as a sustainable labelled instrument, given their strong ESG credentials.
What was the outcome?	The company took the feedback onboard and the new bonds they issued in September 2023 was categorised as both Sustainable and Sustainability Linked. The company has expanded the scope of their sustainability efforts to include specific Sustainable Performance Targets (SPT) embedded in the documentation for the 2023 bond issuance. These are: • SPT1: Reduce specific energy consumption by 7% the company's water production and distribution and sewage collection and treatment units by 2025 to a total of 0.36 kWh/m3; 10% reduction by 2027 and a further 15% by 2030. • SPT2: Increase the percentage of women in leadership position to at least 38% by 2025; to at least 41% by 2027 and to at least 45% by 2030. • SPT3: Increase the percentage of leadership positions filled by black employees to at least 22% by 2025; to at least 24% by 2027 and to at least 27% by 2030.
What were the implications for Ashmore's investment?	The interaction confirmed Ashmore's prior expectations that the company was a market-aware issuer, receptive to investor input and ready to commit to appropriate sustainability goals. The company's willingness to take Ashmore's feedback onboard and adjust the structure of the bonds reinforced Ashmore's view on the company's strong commitment to sustainability. Those factors contributed to the decision to invest in the bonds.

Thematic engagement

What was the key issue/trigger for the engagement?	Building on the thematic engagement focus on climate change in 2021 and 2022, which centres on corporate decarbonisation strategies, relevant disclosure, and appropriate target setting, the focus for 2023 turned to developing structured engagements with the companies representing the top 65% of Ashmore's owned emissions as recommended by the Net Zero Asset Owner's Alliance (NZAOA)'s Target Setting Protocol, which is the methodology adopted by Ashmore in the implementation of its Net Zero Asset Manager's Initiative (NZAMI) commitment.
What became of the engagement objective?	The top 65% of owned emissions equated to the identification of 12 corporate issuers to focus Ashmore's stewardship efforts. For each, an assessment of their decarbonisation efforts was conducted applying the ClimateAction 100+ Net Zero Benchmark. It was considered important to link the objectives to an established accountability framework that would be recognised by the issuer to aid them identifying investor expectations. Each issuer was measured against the 10 criteria; where available the ClimateAction 100+ (CA100+) assessment was used and where no assessment was available for the issuer an internal assessment was conducted based on the same framework structure. The criteria for engagement was then agreed with the portfolio manager covering the issuer.
What activities did Ashmore do over the year?	Much of this work took place in the last half of the year, with the majority of the activities consequently being related to the identification of the issues and the design of the engagement plan. However, additional climate-focused engagements did take place with some of these companies over the year including one with a Mexican company where the engagement objective was for them to issue a green bond instead of another conventional bond. This topic was raised at an in-person meeting, and at a later occasion when Ashmore was asked to speak on a panel at their annual global executive meeting on Ashmore's view of the company and how Ashmore incorporates ESG into its analysis, including what Ashmore would like to see from the company in terms of decarbonisation and ESG strategy. The desire for the company to issue a green bond was reiterated.
What was the outcome?	The outcome of this project has been issuer-specific engagement plans focused on achieving specific CA100+ benchmark criteria. Continuing into 2024, Ashmore will use these to engage with the group of issuers on their decarbonisation journey.
What were the implications for Ashmore's investment?	This project has led to a greater awareness of the issuers who contribute the most to the firm's owned emissions. The issuers are from a range of sectors including the oil & gas sector, cement production, and petrochemicals. These are companies which will have to take part in the low-carbon transition and Ashmore will engage with them to better understand how they intend to do this and consequently what role they will continue to have in its investment portfolios.

PRINCIPLE 10: Collaboration

Ashmore believes that there is value in collaborating with investor and industry groups when engaging with issuers. Furthermore, 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 definition provided by the Investment Consultants Sustainability Working Group (ICSWG) on collaborative and collective engagement as:

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

Activity and Outcome

Ashmore is willing to engage and act collectively with other investors, where appropriate and in the interests of clients, and permitted by regulations. In addition to collaborating with other investors, Ashmore will look to join collective engagement opportunities with relevant initiatives who bring together investees to engage and discuss. Ashmore is a member of the Climate Action 100+ collaborative investor initiative, as well as Mining 2030 which it joined in 2023.

Ashmore is a member of the UN Principles of Responsible Investment (UN PRI) and the Net Zero Asset Managers Initiative (NZAMI). These groups conduct some forms of policy engagement on behalf of their members. Ashmore will, when it considers it relevant, also respond to policy consultations and on topics relevant to its strategy support public letters focused on sustainability issues initiated by such initiatives.

Although the nature of such initiatives means that it is not always possible to measure the contribution to the success of the initiatives themselves, the below examples are included to highlight some reflections of the outcome of the Group's involvement.

Ashmore has engaged with the Climate Action 100+ initiative as part of three collaborative engagement efforts. The nature of such initiatives means that it is not always possible to measure precisely the contribution to the success of the initiatives themselves but below are some reflections of the outcome of the Firm's involvement. Opportunities to engage collaboratively with sovereign issuers are much rarer than those of corporate issuers, and during the reporting period Ashmore has not had cause for specific collaborations with sovereign fixed income issuers. However, with the aim to take a holistic approach to its collaborative engagement efforts, Ashmore has taken steps to approach its CA100+ engagement activities across asset classes.

Examples of collaborative engagement efforts over 2023

Climate Action 100+

About	**Climate Action 100+** (CA100+) is a global investor initiative to address climate change, focused on the world's top GHG emitters. Ashmore became a signatory to CA100+ in 2019.
Type	Collaborative engagement
Ashmore's involvement in 2023	Ashmore is a member of three working groups as part of the initiative, including with one Latin American state-owned energy provider, one focused on a Middle Eastern state-owned energy provider, and one focused on a Latin American pulp and paper company. Over 2023, Ashmore participated in several CA100+ dialogues with these issuers. With exposure to these issuers across sovereign debt, corporate debt, and equity strategies, Ashmore representatives from both fixed income and equity teams participated in these engagement efforts. One example is the pulp and paper company: Ashmore participated in two meetings with the CA100+ group where the group decided to focus the engagement efforts on the company's decarbonisation strategy and climate transition plan, target setting, and a Just Transition. Separately, Ashmore hosted a call with the company where it discussed the company's participation in COP28, its performance on the CA100+ benchmark and why there were some misalignments. These discussions are continuing. Another example is the Middle Eastern energy provider: The issuer published its Sustainability Report over the summer, a document which had been significantly revamped. A meeting was held with the company in autumn 2023 with the aim to engage on the failed benchmark criteria. The company is targeting remaining a low-cost strategic producer of oil and gas considering itself as globally best placed to deliver this. During the meeting Ashmore particularly pushed the disclosure of scope 3 GHG emission data but expects this to take time to materialise.
Outcome	Ashmore has seen some progress on the CA100+ benchmark criteria for the three issuers, however notes that by their nature these are companies with intrinsic material emissions and that progress will likely take time. The engagement dialogues have been useful to gain a better understanding of how the issuers approach climate action and their decarbonisation efforts. Ashmore will continue to engage with these issues over 2024.

Mining 2030

About	**Mining 2030** is a collaborative investor-led initiative seeking to define a vision for a socially and environmentally responsible mining sector overall by 2030, and to develop a consensus about the role of finance in realising this vision. Ashmore joined Mining 2030 not long after it launched in H2 2023. See page 7 for why mining was considered an important engagement focus.
Type	Collaborative engagement
Ashmore's involvement in 2023	Due to joining the initiative not long ago, there has been limited opportunity for direct involvement in 2023 with the group. However, over 2023 Ashmore did engage with some of the mining companies on their target list. In particular, engagement efforts have been ongoing with a large Brazilian miner. This company has signed up to adhere to the Global Industry Standard on Tailing Management (GISTM), a Mining 2030 initiative. Tailings management has been an area of consistent engagement between Ashmore and the company, and consequently the opportunity to escalate these efforts further through structured collaborative engagement was welcomed. The specific engagement objective has been to: 1. follow the progress of the de-characterisation and reparation projects; and 2. to educate the company on the importance the investor community places on safety and progressing towards zero dams in emergency* level. These efforts have continued into the early part of 2024, where a recent meeting with their technical team allowed Ashmore to better understand the changes in culture and safety implemented after a significant incident some years ago, as well as a detailed explanation of the technical progress of the de-characterisation plan.
Outcome	Ashmore looks forward to working with Mining 2030 to establish best practices in the mining sector. In relation to the above example, the number of dams at various emergency levels has real investment consequences. Furthermore, it has triggered MSCI to list them on their United Nations Global Compact violator list, making the continued investment in the issuer challenging in some portfolio cases. The company is on track to deliver on their commitments but needs to balance the urgency of reaching zero dams in emergency level with achieving this in a safe way as too high a pace could compromise the structure of the dams.

*Emergency: A condition that develops unexpectedly, which endangers the structural integrity of a dam and/or downstream human life or property, and requires immediate action.

GFANZ

About	**The Glasgow Financial Alliance for Net Zero (GFANZ)** is a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy. Ashmore is involved with GFANZ as a result of being a signatory to the Net Zero Asset Managers initiative (NZAMI).
Type	Collaborative engagement
Ashmore's involvement in 2023	Ashmore joined the GFANZ Mobilizing Capital to Emerging Markets & Developing Markets Workstream in early 2023 and has been a regular participant in the consultations organised by the group. Ashmore representatives have attended the majority of monthly meetings organised by the Workstream's Secretariat over the period, to become familiar with the work undertaken and contribute with questions and remarks. Ashmore's most significant contributions have been in two areas: • Firstly, to represent the voice of the public market participants in a forum sometimes dominated by banking sector participants. This notably represented the bulk of its feedback on the 'Joint Statement on Private Capital Mobilization' co-signed by NZAOA and others last November. • Secondly, Ashmore participated in a specific discussion group on the management of FX risk and promoted the view that natural FX hedges (in the business model and pricing mechanisms) can be superior to centralised guarantee mechanisms that require the intermediation of the Multilateral Development Banks (MDB) for instance.
Outcome	Ashmore has valued being involvement in the policy discussions and advocacy activities of the group and all things equal, will continue to participate and support these discussions.

PRINCIPLE 11: Escalation

Ashmore prefers to conduct its engagement efforts as part of confidential and constructive dialogue with issuers yet 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 achieving the original engagement objective although through stronger means. In certain 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 Group may make its position public should it consider this to be the appropriate action to achieve the objective.

Activity

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 Directors
- 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. For example, while throughout 2022 there has been increased guidance and public expectations when it comes to issuer engagement, including escalation, in the UK and northern Europe, this is not the case in many developed and Emerging Markets.

Outcome

For sovereign issuers, there were no cases of escalation during the period. For corporate issuers, there were a number of escalations, two of which are described below.

Example of escalation – Equity

What was the key issue/trigger for the engagement?	Several years ago, the investment team owned a Chinese property service manager, which was exited on investment grounds. The stock was then reconsidered for investment towards the end of 2022, and consequently the company's ESG performance was reviewed as framed by Ashmore's proprietary ESG scorecard. A change in auditor and independent director was noted and the review highlighted several other areas of governance deterioration, especially around board independence and oversight. There had also been an increase in related party transactions, including evidence of poor capital allocations. This triggered a series of engagements with company management through the course of 2023, which was ultimately escalated given lack of improvement in business practice.
What became of the engagement objective?	On board independence, several explicit enhancements were proposed based on the investment team's experience and global 'best-in-class' standards. This included: advocating a majority independent board; recruiting or promoting internally more experienced executive directors; and recruiting more capable independent directors. On related party transactions, proposals included stipulating a maximum volume of business through related parties and giving minority shareholders, or independent directors, voting rights should the annual exposure reach beyond a certain threshold.
What activities did Ashmore do over the year?	The engagement and subsequent escalation followed several interactions with investor relations and company management, including the Chief Financial Officer.
What was the outcome?	Poor governance was penalised in Ashmore's ESG scorecard and an additional 100 basis points of cost of capital was applied to our financial model. This weighed on the team's 'Quality' as well as the 'Valuation' scores and led the stock to have an overall much lower Stock Rating than would have otherwise been the case. This directly capped the investment size in the stock. In July 2023, Ashmore voted against all resolutions at the Extraordinary General Meeting, including the re-election of directors. This was contrary to the recommendation of the third-party voting adviser reflecting Ashmore's high hurdle for quality of governance oversight.
What were the implications for Ashmore's investment?	Ashmore's business practice proposals were acknowledged by the company, yet after no sign of meaningful action and limited confidence in future action, the team exited the position in Q4 2023. The engagement is considered closed.

Example of escalation – Corporate Debt

What was the key issue/trigger for the engagement?	The company is an integrated energy and chemical company, as well as one of the largest petrochemical companies in South Africa, developing technologies for the production of synthetic fuels, different types of liquid fuels, chemicals, coal tar, and electricity. On both measures considered by Ashmore in its evaluation (carbon footprint and carbon intensity), the company reports extremely poor metrics.
What became of the engagement objective?	The objective was to encourage the company to consider how to reduce its coal usage, to commit to a reduction, and to publicise both the strategy and the commitment.
What activities did Ashmore do over the year?	During an in-person meeting with senior management Ashmore representatives raised the issue of the company's commitment to continued coal reduction and related target. During the meeting, while discussing the 25% coal usage reduction target, their Chief Financial Officer stated that their commitment to coal usage reduction was dependent on the relative prices of gas and coal, as well as on the impact of local employment. Ashmore found this disappointing, which was shared with them and highlighted the view that they needed to keep to the target. However, they appeared to be significantly more committed to the financial side of operations than to the environmental impact.
What was the outcome?	Ashmore considered their response disappointing, and continue to rate them at 1 on E (the lowest level of a scale of 1-5). Furthermore, in 2023 the company also published their annual report for the 2022 financial year, reporting 5 casualties from work-related accidents. As a result, we reduced their ESG social score from 3 to 2. The next key date for an update is in 2026, when the 4mm tpa coal purchase contract expires, and it will become clear whether they need to replace it or will have optimised their processes.
What were the implications for Ashmore's investment?	These two issues, combined with continued weakness in financial performance, led to Ashmore's decision to initially reduce the exposure to the company and in the case of some funds, exit the position altogether.

Exercising rights and responsibilities

PRINCIPLE 12: Exercising rights and responsibilities

This section outlines how Ashmore exercise its rights and responsibilities and how this differs for funds, assets, or geographies.

Context

Ashmore sees voting, and more broadly, stewardship 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 Engagement Strategy.

As far as practically possible, Ashmore's aim is to vote on all proxies presented by portfolio companies. If the portfolio manager 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 on the ESG Committee's agenda. The voting process is kept as consistent as possible across Ashmore's offices, appreciating local variations.

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, taken individually or as a whole.

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

Ashmore discloses its firm-wide Proxy Voting Policy on its website. The policy outlines how, here Ashmore is given responsibility for proxy voting, it will take reasonable steps under the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore in determining how to protect such interests. This generally means proxy voting with a view to enhancing the value of the securities held by or on behalf of Ashmore's clients, through maximising the value of securities, taken whether individually or as a whole.

Client overrides

Ashmore has a long-standing tradition of supporting institutional clients who wish to instruct the voting. The Group 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.

Stock lending and empty voting

Ashmore does not undertake securities lending in its commingled funds; however, it permits securities lending on behalf of segregated accounts at the discretion of the underlying client.

Activity

Fixed income

As a bondholder, Ashmore has a responsibility to exercise its rights and responsibilities. Whilst as bondholders, the portfolio manager does not regularly vote on governance issues, it frequently uses engagement to inform its investment decisions, which ultimately has an impact on issuers. The fixed income approach in seeking amendments to terms and conditions, contracts, and other legal documentation depends on the issue in question, type of security held, investment strategy and the fiduciary duty to act in clients' best interests. Bondholder meetings tend to be less frequent but follow a similar approach to that of listed equities. The following forms of proxy votes are typical of those presented to Ashmore for debt: accelerations, exchanges, corporate reorganisations, restructurings, events of default, bankruptcy proceedings, and buy-backs.

Ashmore's in-house Legal team is responsible for all contractual matters and where appropriate, will use external advisers. Additionally, the Legal team manages the more complex private debt and alternatives transactions. The lawyers responsible for these areas work alongside portfolio managers as well as other departments to ensure transactions are structured and executed in a highly professional manner and to ensure the legal documents reflect the commercial objectives and have the rights and protections necessary to protect the investment made by the funds and accounts.

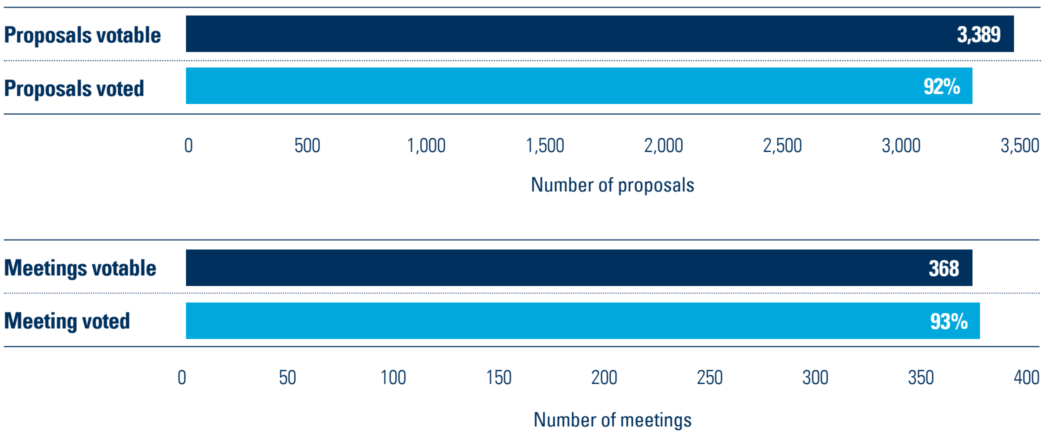
Listed equities

The following forms of proxy votes are typical (but not exhaustive) of those Ashmore is presented with: election of directors, ratification of auditors, management and director remuneration, changes to capital structures, takeovers, mergers and corporate restructurings, and corporate policy issues. There are usually only a limited number of social and environmental related votes.

During the year, Ashmore voted on 92% of votable proposals. Reasons for why the Group did not vote on the remaining 8% include situations where votes could not be completed due to sanctions prohibiting Ashmore from voting, or where voting would have led to Ashmore being blocked from selling the stock until the upcoming meeting, or where Ashmore exited the company before the votes took place.Ashmore Group plc Engagement Report 2023.

Figure 14: Voting Statistics

92%
Percentage of votable proposals on which the Firm voted.



Direct voting

All voting decisions are made by the portfolio manager responsible for the investment. This process is supported by the Operations team, which manages the proxy voting process. Ashmore's equity portfolio managers aim to vote on all proxies presented to them, using the ISS platform or equivalent to submit votes.

Figure 15 shows Ashmore's voting record for 2023. While 86% of votes were for the proposal, the Firm abstained from 5% of the votes, voted against 10%, with no votes withheld.

Proxy advisers

ISS research and voting recommendations are available to the Ashmore portfolio managers to help inform voting decisions. While portfolio managers take into account this independent advice from ISS, they maintain full discretion as to how to vote on any one resolution or as in-line with client instructions.

During 2023 Ashmore applied ISS's house policy, which was followed for 95% of the resolutions. For the remaining 5% the portfolio managers chose to vote against ISS's advice, believing this to be in the best interests of clients.

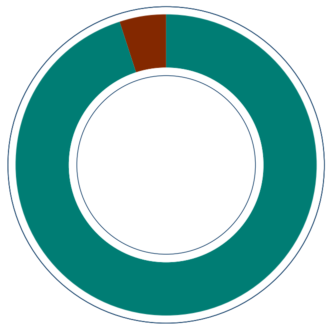
In cases where Ashmore's voting decision was either against management's recommendations or shareholder resolutions, this would be either based on ISS recommendations or where the portfolio manager believed these not to be in clients' interests.

For example, as shown in Figure 17, Ashmore voted against management on 11% of resolutions. This type of active management is encouraged at Ashmore.

Figure 15: Vote cast statistics[1]

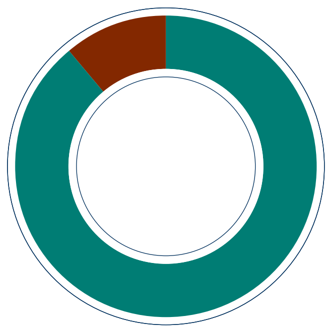
For	86%
Abstained	5%
Against	10%
MSOP	2%
Withheld	0%

Figure 16: Vote alignment with ISS Policy



Votes with policy	95%
Votes against policy	5%

Figure 17: Vote alignment with Management



Votes with management	89%
Votes against management	11%

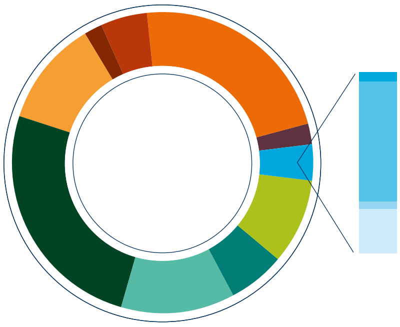
1 Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Among the resolutions put to Ashmore, there is a clear lack of shareholder proposals, accounting only for 1% of all the votable proposals.

Figure 18: Proposal categories

Management proposals

	Votes	%
Audit related	539	4
Capitalisation	1,112	9
Company articles	800	6
Compensation	1,503	12
Director election	2,970	25
Directors related	1,391	11
Miscellaneous	216	2
Non-routine business	649	5
Routine business	2,689	22
Strategic transactions	269	2
E&S blended	9	–
No research	4	–
Social	28	–
Takeover related	2	–



Shareholder proposals

	Votes	%
Audit related	8	0.06
Director election	99	0.80
Directors related	6	0.05
Miscellaneous	37	0.30

Outcome

Ashmore has embraced the work by the Pensions and Lifetime Savings Association (PLSA) to standardise voting reporting to institutional investors. The outcome of the equity resolutions Ashmore voted on in 2023 can be found below using the PLSA format.

Figure 19: 2022 voting

PLSA Question	Ashmore
How many meetings were you eligible to vote at?	**368**
How many resolutions were you eligible to vote on?	**3,389**
What % of resolutions did you vote on for which you were eligible?	**92%**
Of the resolutions on which you voted, what % did you vote with management?	**89%**
Of the resolutions on which you voted, what % did you vote against management?	**11%**
Of the resolutions on which you voted, what % did you abstain from voting?	**5%**
In what % of meetings, for which you did vote, did you vote at least once against management?	**43%***
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser?	**5%**

*This number also includes votes withheld and abstained.

Please find some examples below, aligned with what Ashmore considers 'significant votes' as per PLSA guidance.

Figure 20: Voting examples

Company sector	REAL ESTATE	CONSUMER STAPLES	CONSUMER DISCRETIONARY	INDUSTRIALS	REAL ESTATE
Date of vote	**20 July 2023**	**31 March 2023**	**23 August 2023**	**21 September 2023**	**27 April 2023**
Approximate size of fund's/mandate's holding as at the date of the vote (based on % of portfolio)	1%	3%	1%	3%	2%
Summary of the resolution	**Election of directors**	**Election of directors**	**Election of independent directors**	**Executive compensation**	**Election of directors**
How Ashmore voted	**AGAINST**	**AGAINST**	**AGAINST**	**AGAINST**	**ABSTAIN**
Whether Ashmore communicated its intent to vote against management to the company ahead of the vote	Ashmore's concerns were highlighted.	Ashmore's concerns were highlighted.	Ashmore's concerns were highlighted.	Ashmore's concerns were highlighted.	Ashmore's concerns were highlighted.
Rationale for the voting decision	Ashmore voted against the resolutions at the EGM on account of the company's weak governance structure, their handling of related party transactions, and concerns over capital allocation. Prior to the EGM, Ashmore had repeatedly engaged with the company on these areas.	Ashmore voted against the resolution on account of poor capital allocation as well as concerns relating to the Board, including its small size, too long tenue of board members, and its weak independence given the presence of family board members.	Ashmore voted against the re-election of the independent directors on account of concerns over the tenure of the existing board members and their independence.	Ashmore voted against a proposed increase in executive compensation as it seemed excessive in the context of company performance and peer comparisons.	The company failed to provide requested disclosures ahead of the voting deadline, so an assessment of the proposed appointments was not possible.
Outcome of the vote	**FOR**	**FOR**	**FOR**	**FOR**	**FOR**
Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome	Ashmore's engagement was acknowledged by the company and passed on to their Board. However, following further engagement, no improvements and low confidence in positive change, Ashmore exited the position. Governance was a key weakness undermining the 'Quality' view.	Following continued engagement, the company improved capital allocation and enhanced shareholder returns. Discussions remain ongoing with the aim of improving the board composition further.	Whilst Ashmore continue to engage further with the company, they have not yet committed to any changes.	The company acknowledged Ashmore's concerns but justified the higher compensation on account of strong medium-term performance.	Inaction eroded the 'Quality' view of the company.
Criteria used to assess the vote as 'most significant'	ESG relevance.	Significant position size in portfolio.	Significant position size in portfolio.	Significant position size in portfolio.	Significant position size in portfolio.

Note: Instructions of Do Not Vote are not considered votes, and in cases of different votes submitted across ballots for a given meeting, votes cast are distinctly counted by type per proposal where total votes submitted by type may be higher than unique proposals voted.

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Contact us

Ashmore Group plc

61 Aldwych, London WC2B 4AE

T: +44 (0)20 3077 6000

www.ashmoregroup.com

Important information: This document is issued by Ashmore Group plc, whose subsidiaries Ashmore Investment Management Limited and Ashmore Investment Advisors Limited are authorised and regulated by the Financial Conduct Authority. The information and any opinions contained in this document have been compiled in good faith, but no representation or warranty, express or implied, is made as to accuracy, completeness or correctness. Save to the extent (if any) that exclusion of liability is prohibited by any applicable law or regulation, Ashmore, its officers, employees, representatives and agents expressly advise that they shall not be liable in any respect whatsoever for any loss or damage, whether direct, indirect, consequential or otherwise however arising (whether in negligence or otherwise) out of or in connection with the contents of or any omissions from this document. Past performance is not a reliable indicator of future results. This document does not constitute and may not be relied upon as constituting any form of investment advice and prospective investors are advised to ensure that they obtain appropriate independent professional advice before making any investment.'

This document does not constitute an offer to sell or an invitation to buy shares in Ashmore Group plc or any other invitation or inducement to engage in investment activities. Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The value of investments, and the income from them, may go down as well as up, and is not guaranteed. Past performance cannot be relied on as a guide to future performance. Exchange rate changes may cause the value of overseas investments or investments denominated in different currencies to rise and fall. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this document.