Sustainability-Related Disclosures

Ashmore SICAV Emerging Markets Sovereign Debt ESG Fund (the "**Sub-Fund**")

Capitalised terms used herein but not defined otherwise will have the meaning given in the prospectus of the Fund.

1 Summary

This summary is also available to view in German on the following link:

https://www.ashmoregroup.com/sites/default/files/2023-03/SICAV-ESG-Art-10-German-Summary-27-03-23.pdf

This Sub-Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

The Sub-Fund promotes environmental and social characteristics by way of 1) exclusion of issuers having low ESG scores using Ashmore's proprietary ESG scoring criteria, 2) reduction of exposure to Quasi-Sovereign issuers which are corporates operating in certain industry sectors as per the Investment Manager's exclusion policy and 3) in respect of Quasi-Sovereign issuers only, managing aligned with net zero by 2050.

Furthermore, the Investment Manager considers the good governance practices of all issuers, where relevant, as part of its ESG Scoring Process.

At least 80% of the Sub-Fund's investments exhibit the environmental and/or social characteristics promoted by the Sub-Fund. The Sub-Fund is also allowed to invest up to 20% of its NAV in cash and/or hedging instruments (for such hedging instruments calculated using mark to market) under normal market conditions. Such limit may be exceeded in circumstances where it is in the best interest of Shareholders, subject to the provisions of the Prospectus. Both such assets are excluded from the binding elements of the Sub-Fund's investment strategy for promoting environmental and/or social characteristics

The ESG Scoring Process is informed by and based on certain environmental and social indicators. The Investment Manager invests in issuers that score a combined score of at least 4 according to the ESG Scoring Process on any of the "E", "S" or "G" combined scores (the "ESG Scoring Threshold"). Issuers below this ESG Scoring Threshold are not permissible investments for this Sub-Fund.

The Investment Manager will use a number of data sources, including external data sources, company reports and direct engagement with investees and other stakeholders. There could be a number of limitations to data and methodologies which could impact the reliability or quality of data, including differences in methodologies, coverage gaps, misalignment in reporting timelines and discrepancies between estimated and reported emissions. The Investment Manager takes such steps as are reasonable to ensure that such limitations do not limit the ability of the attainment of the environmental and social characteristics promoted by the Sub-Fund.

The Investment Manager's investment process is fundamentals driven and issuer analysis encompasses a multitude of factors, including ESG. ESG factor analysis is integrated into the investment processes in the same way as the assessment of macroeconomic risk, financial performance and credit metrics. It acts as both a form of risk management and a potential source of alpha generation.

Ashmore's Engagement Policy outlines Ashmore's approach to investee engagement, which is integrated through its investment process and involves integrating investee engagement from the initial investment decision-making stage, monitoring issuers on relevant matters and conducting dialogue with issuers.

The Sub-Fund does not have a designated reference benchmark within the meaning of the Disclosure Regulation.

2 No sustainable investment objective

This financial product promotes environmental and social characteristics, but does not have as its objective sustainable investment.

3 Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Sub-Fund are:

1) The exclusion of issuers with low ESG scores through the application of Ashmore's ESG Scoring Process, which evaluates an issuer's ESG performance against certain ESG criteria, as described further in 7 "*Methodologies*" below;

2) With respect to investments in Quasi-Sovereign issuers which are corporates, the reduction of exposure to certain industry sectors (such as fossil fuels and tobacco), as further set out in 4 "*Investment Strategy*" below; and

3) Being managed aligned with net zero by 2050. The Sub-Fund falls within the scope of Ashmore Group's commitment under the Net Zero Asset Manager Initiative (NZAMI), meaning that the Sub-Fund will aim to be aligned with the expectations of this framework. However, at present date the framework does not include a methodology for how to apply decarbonisation targets for sovereigns, meaning that in effect this only applies to investments in Quasi-Sovereign issuers which are corporates.

4 Investment strategy

The ESG Scoring Process and industry sector exclusions are applied at the pre-investment stage, and the scores and application of the exclusions are formally reviewed at least annually.

ESG Scoring Process

The Sub-Fund adopts a responsible investment approach by applying binding ESG criteria to the portfolio (the "**ESG Scoring Process**").

The Investment Manager issues a score to each issuer, based on their historical and current performance, taking into account the environmental, social or governance aspects that an issuer may present that is drawn from a range of data sources.

Using the framework above, the Investment Manager assesses the quality of the issuer's policies and processes.

The Investment Manager's analysis is based on the disclosures in issuers' policy documents, sustainability reports and through direct engagement with the investee companies or sovereigns. This is complemented by the assessment of analysis provided by third-party data providers as selected at the discretion of the Investment Manager.

Industry sector exclusions

Investments must be in compliance with the Investment Manager's industry exclusion policies. The list of exclusions may be amended from time to time by adding other sectors. The exclusion policy including an up to date list of industry exclusions is available on the Investment Manager's website here: https://ir.ashmoregroup.com/corporate-governance/sustainability

The application of the exclusions of certain industry sectors by the Sub-Fund is assessed based on the proportion of the Sub-Fund's investments which breach such exclusionary screenings. Accordingly, none of the Sub-Fund's investments currently are in violation of the Investment Manager's industry sector exclusion policies.

Net Zero scope
The Quasi-Sovereigns which are corporates in the portfolio are managed according to the Investment Manager's NZAMI Interim Target.

Binding Elements of Investment Strategy

The binding elements of the investment strategy are:

1. the exclusion of issuers rated below 4 (the "**ESG Scoring Threshold**") based on the application of the ESG Scoring Process; and
2. the exclusion of the sectors covered by the Investment Manager's industry exclusion policies.

Assessment of Good Governance Practices

The Investment Manager considers the good governance practices of all issuers, where relevant, as part of its ESG Scoring Process and will not invest in issuers that do not meet the ESG Scoring Threshold (including a combined score of at least 4 for governance as described in more detail above). The Investment Manager assesses good governance of companies on the basis of the following criteria:

- Transparency and disclosure
- Governance structure
- Minority interests fair representation
- Separation of executive roles
- Management accessibility
- Long-term Incentive scheme KPIs

5 Proportion of investments

Minimum Proportion of Investments used to attain the Environmental or Social Characteristics

At least 80% of the Sub-Fund's investments exhibit the environmental and/or social characteristics promoted by the Sub-Fund in accordance with the binding elements of its investment strategy.

The Sub-Fund is also allowed to invest up to 20% of its NAV in cash under normal market conditions. In addition, the Sub-Fund may also have hedging instruments an accurate asset allocation for which is not practicable to assess given their nature. Both such assets are excluded from the binding elements of the Sub-Fund's investment strategy for promoting environmental and/or social characteristics.

The Sub-Fund does not invest in Sustainable Investments and the investments underlying the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the EU Taxonomy.

Use of Derivatives to attain the Environmental or Social Characteristics

The Sub-Fund may use financial derivative instruments and related synthetic structures. The ESG Scoring Process, ESG Scoring Threshold and industry sector exclusions will be applied to such derivative instruments except for derivatives used for hedging purposes.

Type of Exposure to Entities

Due to the nature of the asset class, the Sub-Fund will invest directly into the issuers.

6 Monitoring of environmental or social characteristics

The Investment Manager will use the sustainability indicators set out below under 7 "*Methodologies*" to monitor the attainment of the environmental and social characteristics promoted by the Sub-Fund.

The Investment Manager also considers the following issues when monitoring the environmental and social characteristics of the Sub-Fund:

1) The factor used to assess the attainment of the ESG score threshold (as outlined under 7 "*Methodologies*" below) is the internal issuer-specific ESG scores.

2) The factor used to assess the attainment of the successful sector exclusions for Quasi-Sovereign issuers which are corporates is 'exposure to excluded sectors'. Compliance with this factor is maintained on a consistent basis as these exclusions are applied pre-investment and also monitored post-investment on an ongoing basis.

3) The factor used to measure the attainment of whether the Sub-Fund is aligned with 'net zero by 2050' in respect of investments in Quasi-Sovereigns are the Sub-Fund's Weighted Average Carbon Intensity (WACI) in respect of such issuers, which should be compliant with Ashmore Group's Interim Targets for 2025 and 2030, and engagement coverage as per the applied NZAMI methodology applicable for Quasi-Sovereigns.

These factors might change as the approach is reviewed.

7 Methodologies

The ESG Scoring Process is informed by and based on the following sustainability indicators (as amended from time to time):

Environment	
Corporate issuers	**Sovereign issuers**
Impact on the global environment (including GHG emissions)	Environmental footprint
Local impact (including water and waste management)	Clean energy initiatives
Incidents of environmental pollution	Utilisation of natural resources
Use of green energy	Natural disasters risk
Policies and innovations to limit negative environmental impact	Incidents of environmental impact
Social	
Corporate issuers	**Sovereign issuers**
Employee diversity and inclusion	Inequality and social disparity
Impact on customers	Ability to meet populations' basic needs

Impact on community	Social stability
Labour practices (including health and safety)	Political liberties
Supply chain management (including risk of child labour)	
Materiality of philanthropy spend	
Governance	
Corporate issuers	**Sovereign issuers**
Transparency and disclosure	Societal infrastructure and delivery of services
Governance structure	Government effectiveness and accountability
Minority interests fair representation	Regulatory environment
Separation of executive roles	Strength of institutions (including corruption)
Management Accessibility	Rule of law
Long-term Incentive scheme KPIs	Measures to improve sustainability (e.g. habitat protection)

The above sustainability indicators are not each individually scored. Instead, the Investment Manager uses them in their issuer assessment by asking two questions for each of the Environmental (E), Social (S) and Governance (G) aspects:

1) the issuer's current level of performance against considered global best ESG practice; and
2) the quality of their policies and initiatives designed to improve their ESG performance.

The issuer is then scored for each of the six questions on a scale of 1 – 5 (very poor to very good). Thus, the combined score for "E" is the addition of two scores, each on a scale of 1-5. Likewise for the combined scores for "S" and "G".

The Investment Manager invests in issuers that score a combined score of at least 4 according to the ESG Scoring Process on any of the "E", "S" or "G" combined scores (the "**ESG Scoring Threshold**"). Issuers below this ESG Scoring Threshold are not permissible investments for this Sub-Fund. This is recorded in a dedicated ESG scorecard.

8 Data sources and processing

The Investment Manager will use any of the following sources to obtain data to attain the environmental and social characteristics promoted by the Sub-Fund, as relevant and applicable:

- External data sourced from third party data provider services;
- Company reports and corporate disclosures (including information on policies and processes); and
- Direct engagements with investee management, and other stakeholders.

The information gathered through the process outlined above and in Ashmore Group's ESG Policy is incorporated into investment decision-making through the Investment Managers' proprietary ESG scoring methodology as set out above.

Where there are gaps in data coverage, a certain proportion of the data used to assess the attainment or the environmental and social characteristics promoted by the Sub-Fund may be estimated due to a lack of reliable data. The Investment Manager is not currently able to confirm the exact proportion which will be estimated given the nature of investments in Emerging Markets and the fact that such proportion may change constantly. Such data will be kept under review by the Investment Manager and will be replaced with other data when available (such as from third party data providers or from directly from investees).

9 Limitations to methodologies and data

There are a number of limitations which could impact the reliability or quality of data, including differences in methodologies adopted by different data providers, coverage gaps (including across geographies), reporting timelines for data which do not align with regulatory reporting timelines under the Disclosure Regulation and discrepancies between estimated and reported emissions.

The issue of data coverage due to lack of reporting is particularly an issue in Emerging Markets where reporting frameworks and standards differ in granularity from those of Developed Markets and as a result there is often a higher reliance on proxy data. In order to address such issues with data quality the Investment Manager also relies on information gathered directly from issuers.

10 Due diligence

The Investment Manager's investment process is fundamentals driven and issuer analysis encompasses a multitude of factors, including ESG. ESG factor analysis is integrated into the investment processes in the same way as the assessment of macroeconomic risk, financial performance and credit metrics. It acts as both a form of risk management and a source of potential alpha generation.

As described under 3 "*Environmental or Social Characteristics of the Financial Product*" above, the Investment Manager applies its ESG Scoring Process to the Sub-Fund, further details of which are set out above.

11 Engagement policies

Ashmore's Engagement Policy outlines Ashmore's approach to investee engagement, which is integrated through its investment process as follows:

- Integrating investee engagement from the initial investment decision-making stage – the initial investment decision-making process will generally involve meetings with management. The outcome of the relevant Investment Committee discussions will inform the nature of ongoing dialogue and engagement with a relevant issuer. This initial process sets out the foundations of the Investment Manager's approach to stewardship and the basis of its relationship with its investees post-investment.
- Monitoring issuers on relevant matters – investment teams will correspond directly with issuers on specific material topics, including both financial and non-financial performance and risks. Discussions with issuers will focus on governance, strategy, capital structure and allocation, as well as environmental and social factors and their improvement.
- Conducting dialogue with issuers – the Investment Manager's dialogue with issuers is undertaken by investment teams and is ongoing through the life of the investment and can cover any issue that may affect an issuer's ability to deliver long term performance and to create shareholder value. Where appropriate, investment teams log and record the details of engagement activities, including final outcomes. A summary of such activities is disclosed on an annual basis in the Investment Manager's engagement report.

Furthermore, Ashmore may engage and act collectively with other investors, where appropriate and in the interests of clients, and permitted by regulations. Ashmore may also cooperate and collaborate with relevant stakeholders who bring together issuers to engage and discuss focussed issues, such as through collaborative engagement organised by industry bodies such as the Emerging Markets Trade Association and the United Nations Principles for Responsible Investment. For further details of the Ashmore's approach to engagement, please refer to the Engagement policy available here.

12 Designated reference benchmark

The Sub-Fund does not have a designated reference benchmark within the meaning of the Disclosure Regulation.

Glossary

- "**Disclosure Regulation**" means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector;
- "**EU Taxonomy**" means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088;
- **"ESG"** means environmental, social and governance;
- **"Investment Committee"** means the investment committee appointed by the Investment Manager with the composition, duties and functions as set out in the Sub-Fund's prospectus;
- **"Sustainable Investment"** means a sustainable investment within the meaning of Article 2(17) of the Disclosure Regulation.