

## Sustainability-Related Disclosures

Ashmore SICAV Emerging Markets Impact Debt Fund (the “**Sub-Fund**”)

**Capitalised terms used herein but not defined otherwise will have the meaning given in the prospectus of Ashmore SICAV (the “Prospectus”).**

### 1 Summary

*This summary is also available to view in Italian on the following link:*  
<https://www.ashmoregroup.com/document/article-10-SICAV-it-summary-SICIDF>

*This summary is also available to view in Finnish on the following link:*  
<https://www.ashmoregroup.com/document/article-10-SICAV-fi-summary-SICIDF>

The Sub-Fund has a sustainable investment objective, which is to seek to generate positive, measurable environmental and / or social impact, aligned with the UN SDGs, alongside a total return, by investing in Emerging Market transferable debt securities and related instruments.

To avoid investments that significantly harm any sustainable investment objective, the Investment Manager completes a negative contribution test for all potential Impact Investments (defined in “*Appendix 1: Glossary*” below), excluding any investment where the Investment Manager determines that an issuer’s activities or practices cause significant harm to the UN SDGs. This includes, amongst other things, considering principal adverse impacts on sustainability factors and using norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Sub-Fund follows a best ideas approach across Hard Currency Emerging Market debt, targeting positive, measurable environmental and / or social impact aligned with the UN SDGs, alongside a total return. The Sub-Fund is focused on Corporates, but with flexibility to allocate to Sovereigns and Supra-Nationals.

The Sub-Fund will invest at least 50% (by net asset value (“**NAV**”)) in Impact Bonds.

The Investment Manager considers the applicable good governance practices of all issuers as part of its ESG Scoring Process, which is applied pre-investment and reviewed at a minimum every 12 months.

The Sub-Fund will invest at least 80% of its NAV in Impact Investments which have an environmental and / or a social objective. At least 5% of the Sub-Fund’s NAV will be invested in Impact Investments with an environmental objective that is not aligned with the EU Taxonomy, and at least 5% of the Sub-Fund’s net assets value will be invested in Impact Investments with a social objective. The remainder of the Sub-Fund’s Impact Investments may fluctuate between these two types of Sustainable Investment.

All Impact Investments will constitute sustainable investments under the Disclosures Regulation. The Sub-Fund is also allowed to invest up to 20% of its NAV in cash, cash equivalent assets, collective investment schemes that are used for liquidity purposes and/or hedging instruments (for such hedging instruments calculated using mark to market) under normal market conditions. Such limit may be exceeded in case of unfavourable market conditions or where it is in the best interest of Shareholders, subject to the provisions of the Prospectus. Such assets are excluded from the binding elements of the Sub-Fund’s sustainable investment objective.

Each of the Sub-Fund’s Impact Investments will have one or more output or outcome KPI assigned to monitor and measure its environmental and / or social contribution over time to at least one UN

SDG target. The sustainability indicators that will be used to measure the attainment of the Sub-Fund's sustainable investment objective are the aggregate outputs and / or outcomes associated with the Sub-Fund's Impact Investments, discounted based on the Sub-Fund's portfolio time weighted holding in each investment as a proportion of the total capital provided to that investment. As the Sub-Fund will allocate across the UN SDGs, a range of outputs and outcomes are expected to be reported.

The Investment Manager will use a number of data sources, including external data sources, company reports and direct engagement with issuers. There could be a number of limitations to data and methodologies which could impact the reliability or quality of data, including differences in methodologies adopted by different data providers or issuers, inaccuracies in estimates and misalignment in reporting timelines, but these are not expected to affect the attainment of the sustainable investment objective as a result of the mitigating measures taken by the Investment Manager.

The Investment Manager's investment process is fundamentals driven and issuer analysis encompasses a multitude of factors, including ESG and impact. ESG factor analysis is integrated into the investment processes in the same way as the assessment of macroeconomic risk, financial performance and credit metrics. The Sub-Fund's impact assessment combines qualitative and quantitative analysis to determine whether a potential investment meets both the positive contribution test and negative contribution test. An investment which is determined by Ashmore's impact investment team to pass the two tests are reviewed by Ashmore's Impact Debt Sub-Investment Committee, and if approved, will be classified as an Impact Investment.

Ashmore's Engagement Policy and annual engagement report outline Ashmore's approach to direct engagement, collaborative and collective engagement, escalation strategies, and the exercising of voting rights and responsibilities across Ashmore's strategies. For Ashmore's impact strategies, Ashmore believes in undertaking targeted engagements; the Investment Manager's engagements with respect to the Sub-Fund will be focussed around four themes: (i) enhancing positive contribution to the UN SDGs, (ii) reducing negative contribution to the UN SDGs, (iii) improving disclosure of contributions to the UN SDGs and (iv) increasing allocations to impact investments in Emerging Markets.

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

## **2 No significant harm to the sustainable investment objective**

The Investment Manager completes a negative contribution test for all potential Impact Investments (defined in "*Appendix 1: Glossary*" below), excluding any investment where the Investment Manager determines that an issuer's activities or practices cause significant harm to the UN SDGs, using the following criteria:

- Issuers in breach of the EU Paris-Aligned Benchmark exclusion criteria (the "**PAB Exclusions**");
- Issuers involved in activities or controversies causing significant harm to the UN SDGs, including considering Principal Adverse Impacts (defined below) and controversy screening against the UN Guiding Principles on Business and Human Rights;
- Issuers that do not score a combined score of at least 4 according to the Investment Manager's ESG scoring process (the "**ESG Scoring Process**") on two out of three of the "E", "S" or "G" combined scores; and
- Issuers that the Investment Manager determines do not follow good governance practices, namely those that do not meet a combined score of at least 4 for governance in accordance with the ESG Scoring Process.

The ESG Scoring Process is further described below in "*Appendix 2: ESG Scoring Process*".

More information on the negative contribution test is available within Ashmore's Impact Investment Framework.

### **Principal Adverse Impacts on Sustainability Factors**

The mandatory and voluntary indicators for principal adverse impacts on sustainability factors in Annex I of the RTS ("**Principal Adverse Impacts**") are considered as part of the negative contribution test. They are incorporated, as applicable and measurable, including any mitigating actions taken by an issuer, in determining whether an investment is causing significant harm to the UN SDGs.

### **OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights**

The Sub-Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

## **3 Sustainable investment objective of the financial product**

The Sub-Fund seeks to generate positive, measurable environmental and / or social impact, aligned with the UN SDGs, alongside a total return, by investing in Emerging Market transferable debt securities and related instruments.

The UN SDGs are a series of global, holistic, measurable goals published by the United Nations which recognise that ending poverty and other deprivations must go hand-in-hand with improvements in health, education, and economic growth, and a reduction in inequalities, all whilst tackling climate change and working to preserve the planet's oceans and forests.

The Investment Manager considers each UN SDG to be important and interdependent with the other UN SDGs, with all 17 goals requiring additional capital before they can be achieved. As such, the Investment Manager seeks to allocate across the UN SDGs (with no minimum or target allocations for any one UN SDG) with a view to optimizing impact and financial performance in portfolio construction.

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

## **4 Investment strategy**

The Sub-Fund follows a best ideas approach across Hard Currency Emerging Market debt, targeting positive, measurable environmental and / or social impact aligned with the UN SDGs, alongside a total return. The Sub-Fund is focused on Corporates, but with flexibility to allocate to Sovereigns and Supra-Nationals.

For the avoidance of doubt, the Sub-Fund excludes investments in issuers in accordance with the PAB Exclusions.

### **Binding Elements of Investment Strategy**

The binding elements of the investment strategy used to select the investments to attain the sustainable investment objective are as follows:

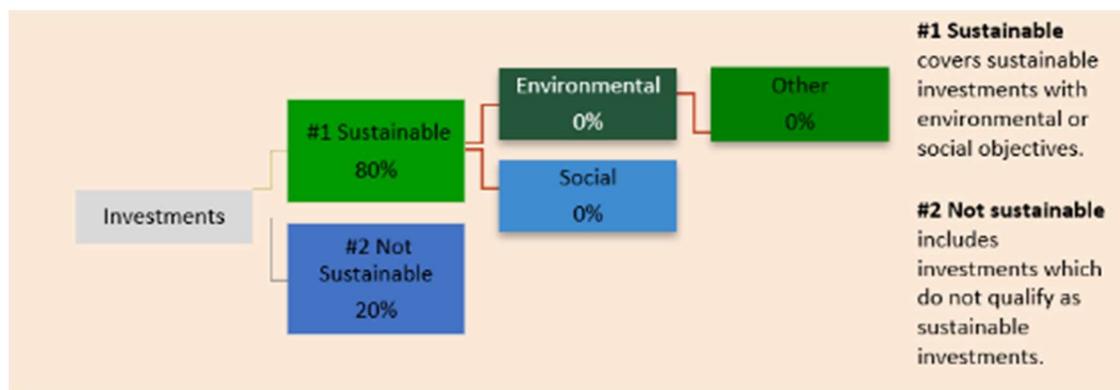
- The Sub-Fund will invest at least 80% (by net asset value ("**NAV**")) in Impact Investments.
- The Sub-Fund will invest at least 50% (by NAV) in Impact Bonds.
- All investments – except those intended for specific purposes of hedging or liquidity and assets being disposed – must be classified as Impact Investments.

### **Assessment of Good Governance Practices**

The Investment Manager considers the applicable good governance practices of all issuers as part of its ESG Scoring Process, which is applied pre-investment and reviewed at a minimum every 12 months. The Sub-Fund will not invest in issuers that do not meet a combined score of at least 4 for governance as described in more detail at “Appendix 2: ESG Scoring Process” below.

## 5 Proportion of investments

### Minimum Proportion of Investments used to Attain the Sustainable Investment Objective



The Sub-Fund will invest at least 80% of its net asset value in Impact Investments which have an environmental and / or a social objective (#1 Sustainable). At least 5% of the Sub-Fund’s net assets value will be invested in Impact Investments with an environmental objective that is not aligned with the EU Taxonomy, and at least 5% of the Sub-Fund’s net assets value will be invested in Impact Investments with a social objective. The remainder of the Sub-Fund’s Impact Investments may fluctuate between these two types of Sustainable Investment. All Impact Investments will constitute sustainable investments under the Disclosures Regulation.

The Sub-Fund is also allowed to invest up to 20% of its NAV in cash, cash equivalent assets, collective investment schemes that are used for liquidity purposes and/or hedging instruments (for such hedging instruments calculated using mark to market) under normal market conditions. Such limit may be exceeded in case of unfavourable market conditions or where it is in the best interest of Shareholders, subject to the provisions of the Prospectus. Such assets are excluded from the binding elements of the Sub-Fund’s sustainable investment objective (#2 Not Sustainable).

In addition to the preliminary assessment of investment opportunities against the binding elements of the Sub-Fund’s sustainable investment objective described herein, the Investment Manager will monitor the invested positions on an ongoing basis. Should an invested security not fulfil or meet the binding elements of the Sub-Fund’s sustainable investment objective, the Investment Manager will take appropriate actions deemed necessary (including but not limited to portfolio rebalancing), within a reasonable timeframe and in such manner that is in line with the interest of the Sub-Fund. For as long as such a security remains in the portfolio of the Sub-Fund, the Investment Manager will implement a remediation plan, which may include engaging with the issuer, to mitigate negative impacts. This plan will remain in place until the security either realigns with the binding elements of the Sub-Fund’s sustainable investment objective or is otherwise disposed of.

If a security cannot be sold due to temporary restrictions (e.g. restructuring or sanctions), it will remain in the portfolio until the Investment Manager is able to dispose of it and will continue to be monitored and subject to a remediation plan.

The Sub-Fund does not commit to invest in any EU Taxonomy aligned investments.

### Use of Derivatives to Attain the Sustainable Investment Objective

As at the date of this disclosure, the Sub-Fund does not intend to use derivatives for investment purposes, but this may change in the future. Consequently, derivatives are not currently used to attain the sustainable investment objective.

### **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 sustainable investment objective**

As explained under 7 “*Methodologies*” below, the sustainability indicators that will be used to measure the attainment of the Sub-Fund’s sustainable investment objective are the aggregate outputs and / or outcomes associated with the Sub-Fund’s Impact Investments, discounted based on the Sub-Fund’s portfolio time weighted holding in each investment as a proportion of the total capital provided to that investment.

Where practically available, the Investment Manager intends to collect outputs and/or outcomes data for each Impact Investment held, at the end of their fiscal year, which varies by issuer (as such, the Sub-Fund’s impact reporting reflects the estimated impact achieved over a year, rather than the exact impact achieved during a specific annual fiscal year). The Investment Manager expects to collect at least one output or outcome metric annually for each holding. If no data is available – for both outputs and outcomes – more than 18 months after purchase, the Investment Manager will follow the Sub-Fund’s escalation process, which may include divestment or Ashmore’s impact engagement process, as appropriate.

In addition to the preliminary assessment of investment opportunities against the binding elements of the Sub-Fund’s sustainable investment objective described above under 4 “*Investment Strategy*”, the Investment Manager will monitor the invested positions on an ongoing basis. Where there is uncertainty if an investment meets either of the positive contribution or negative contribution tests through the Investment Manager’s periodic or event driven review, the Investment Manager will follow its escalation process which may include its impact engagement process. Where the Investment Manager determines an investment no longer passes both tests, such investment will cease to be classified as an Impact Investment and will be excluded from impact strategies, subject to any ongoing remediation process or temporary restrictions on sale as outlined below. Any decision to proceed with escalation, including any decision to cease to classify an investment as an Impact Investment, must be agreed by Ashmore’s impact investment team and approved by Ashmore’s Impact Debt Sub-Investment Committee.

For as long as a security that ceases to be classified as an Impact Investment remains in the portfolio of the Sub-Fund, the Investment Manager will implement a remediation plan, which may include engaging with the issuer, to mitigate negative impacts. This plan will remain in place until the security either realigns/requalifies as an Impact Investment or is otherwise disposed of. If a security cannot be sold due to temporary restrictions (e.g. restructuring or sanctions), it will remain in the portfolio until the Investment Manager is able to dispose of it and will continue to be monitored and subject to a remediation plan.

## **7 Methodologies**

Each of the Sub-Fund’s Impact Investments will have one or more output or outcome KPI assigned to monitor and measure its environmental and / or social contribution over time to at least one UN SDG target. Ashmore’s analysis incorporates the five dimensions of impact as defined by the Impact Management Project, to understand, as far as reasonably possible, what outcomes the investment contributes to, who is experiencing the outcomes, the scale, depth and duration of the outcomes, the contribution compared to what would otherwise have been achieved, and the level of risk that those outcomes will not be achieved.

The sustainability indicators that will be used to measure the attainment of the Sub-Fund’s sustainable investment objective are the aggregate outputs and / or outcomes associated with the

Sub-Fund's Impact Investments, discounted based on the Sub-Fund's portfolio time weighted holding in each investment as a proportion of the total capital provided to that investment. As the Sub-Fund will allocate across the UN SDGs, a range of outputs and outcomes are expected to be reported.

## 8 Data sources and processing

### Data sources

The Investment Manager uses a combination of external and internal data in measuring and reporting on Impact Investments and the attainment of the sustainable investment objective, including:

- External data sourced from third party data providers;
- Company reports and corporate disclosures (including information on policies and processes); and
- Direct engagements with issuers.

### Data quality

To ensure data quality, the Investment Manager seeks to understand the methodology and assumptions behind the data that it collects and in the case of external reporting, information on such methodologies and assumptions will be provided in the reports where reasonably practicable. For further measures to ensure data quality, see 9 "*Limitations to methodologies and data*" below.

### Data processing

Data collected by the Sub-Fund is used as part of each investment's impact assessment, which combines qualitative and quantitative analysis and is conducted before initial investment and as part of ongoing monitoring, with a dedicated review at least annually. Reviews are also conducted on an event led basis, where required.

Impact assessments for each Impact Investment are stored and recorded in the impact dashboard. The database is used as a monitoring dashboard, allowing for comparison of expected and actual impact, as well as a source for reporting.

### Estimated data

Data on an investment's outputs and/or outcomes is based solely on each investment's publicly reported data for the prior fiscal year. At present, the Investment Manager does not estimate such data where it is not available from the issuer.

In terms of other data used to assess attainment of the sustainable investment objective (e.g. data relating to Principal Adverse Impacts), the Sub-Fund may estimate such data where reliable actual data is unavailable. 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 issuers).

## 9 Limitations to methodologies and data

There are a number of limitations to the data sources and methodologies referred to above which could impact the reliability or quality of data, but these are not expected to affect the attainment of the sustainable investment objective as a result of the mitigating measures outlined below.

Limitation	Mitigating Measures
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There may be differences in methodologies adopted by different data providers.	The Investment Manager seeks to understand the methodology and assumptions behind the data that it collects and in the case of external reporting, information on such methodologies and assumptions will be provided in the reports where reasonably practicable.
Data from third party data sources may be estimates which are incomplete or inaccurate. In particular in Emerging Markets, there may be a higher reliance on proxy data than in Developed Markets.	The Investment Manager will undertake internal analysis on third party data to determine reliability, and where data quality issues are identified, seek to collect the relevant data directly from issuers where reasonably possible.
There is a lack of standardisation in how investees measure and report on the impact of their strategy, activities and practices.	The Investment Manager seeks to understand the methodology and assumptions behind the data that it collects and in the case of external reporting, information on such methodologies and assumptions will be provided in the reports where reasonably practicable.
Investee reporting timelines may not align with the reporting timelines of the Sub-Fund.	The Sub-Fund's impact reporting will clearly state that it reflects the estimated impact achieved over a year, rather than the exact impact achieved during a specific annual fiscal year. As the typical holding period for each Impact Investment will be three to five years, this approach is not expected to materially affect the accuracy of the impact disclosures over the course of the Sub-Fund's investment.

## 10 Due diligence

The Investment Manager's investment process is fundamentals driven and issuer analysis encompasses a multitude of factors, including ESG and impact. 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. The Sub-Fund's impact assessment combines qualitative and quantitative analysis to determine whether a potential investment meets both the positive contribution test (as explained in the definition of "Impact Investment" in "Appendix 1: Glossary" below) and negative contribution test (as described in 2 "No significant harm to the sustainable investment objective" above). An investment which is determined by Ashmore's impact investment team to pass the two tests are reviewed by Ashmore's Impact Debt Sub-Investment Committee, and if approved, will be classified as an Impact Investment.

## 11 Engagement policies

Ashmore's Engagement Policy (available [here](#)) and Ashmore's engagement report (published annually on Ashmore's website) outline Ashmore's strategy of direct engagement, collaborative and collective engagement, escalation strategies, and the exercising of voting rights and responsibilities across Ashmore's strategies.

For Ashmore's impact strategies, Ashmore believes that targeted engagements, focussed on real-world outcomes, are more effective than blanket engagement activities which may have limited tangible results. Thus, the Investment Manager's engagements with respect to the Sub-Fund are focussed around four themes:

1. Enhancing positive contribution to the UN SDGs
2. Reducing negative contribution to the UN SDGs
3. Improving disclosure of contributions to the UN SDGs
4. Increasing allocations to impact investments in Emerging Markets

For engagement themes 1 to 3 above, the Investment Manager expects to engage with issuers prior to investment, to ensure they pass the positive and negative contribution tests required to qualify as an Impact Investment. The Investment Manager will engage with current holdings in areas where there is an opportunity to meaningfully improve impact outcomes. If a potentially substantial controversy or potentially material changes arise with respect to an issuer, this will trigger a review and the Investment Manager will follow the Sub-Fund's escalation process, which may include divestment or Ashmore's impact engagement process, as appropriate.

Under the fourth engagement theme, the Investment Manager will seek to encourage the wider adoption of impact investing in Emerging Markets, by participating in industry events, research and publications, particularly targeting impact investors not yet allocating to Emerging Markets, and Emerging Markets investors not yet allocating to impact.

## **12 Attainment of the sustainable investment objective**

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

## Appendix 1: 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;
- “**Impact Investments**” are defined as those made with the intention to generate a positive, measurable environmental and / or social impact, aligned with the UN SDGs, alongside a financial return. All Impact Investments must pass both the positive contribution and negative contribution tests detailed in Ashmore’s Impact Investment Framework. The positive contribution test requires that, in respect of an investment: (i) the issuer’s practices broadly align with the principles of the UN SDGs; and (ii) the specific activities being financed contribute to one or more of the 169 targets beneath the 17 UN SDGs. The Investment Manager considers three types of activity, at the project, revenue or investment plan level, as follows:

Impact Bonds	Where proceeds are exclusively applied to finance or refinance in part or in full projects which contribute to the Impact Objective (including at least one UN SDG target)
Impact Issuers	Where over 50% of an issuer’s revenue contributes to the Impact Objective (including at least one UN SDG target)
Improving Issuers	Where an issuer’s investment plan, affecting over 50% of revenue, operating expenditure or capital expenditure, contributes to the Impact Objective (including at least one UN SDG target)

The negative contribution test is explained in 2 “*No significant harm to the sustainable investment objective*” above. In passing the positive and negative contribution tests, all Impact Investments contribute to an environmental and / or social objective, do not cause significant harm to any environmental or social objective, and follow good governance practices and therefore are deemed to be Sustainable Investments as they meet the requirements and definition outlined in Article 2(17) of the Disclosure Regulation;

- “**Impact Objective**” means seeking to generate positive, measurable environmental and / or social impact, aligned with the UN SDGs;
- “**RTS**” means Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing the Disclosure Regulation, as amended;
- “**Sustainable Investment**” means a sustainable investment within the meaning of Article 2(17) of the Disclosure Regulation; and
- “**UN SDGs**” means the UN Sustainable Development Goals.

## Appendix 2: ESG Scoring Process

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

<b>Environment</b>	
<b>Corporate issuers</b>	<b>Sovereign issuers</b>
Global climate impact including GHG emissions and net zero targets	Climate profile including GHG emissions, sovereign warming potential, and energy consumption
Local impact and water and waste management	Utilisation and protection of natural resources including environmental externalities, water and deforestation
Incidents of environmental pollution	Exposure to natural disaster risk and incidents
Energy management and use of green energy	
Policies and innovations to limit negative environmental impact	
<b>Social</b>	
<b>Corporate issuers</b>	<b>Sovereign issuers</b>
Employee diversity and inclusion	Inequality and social disparity including gender inequality, unemployment, and income distribution.
Impact on customers and community	Ability to meet populations basic needs including higher education
Labour practices including health and safety	Social stability and peace
Supply chain management including child labour	
Materiality of philanthropy spend	
<b>Governance</b>	
<b>Corporate issuers</b>	<b>Sovereign issuers</b>
Transparency and disclosure	Government effectiveness and accountability
Governance structure including separation of executive roles	Quality of the regulatory environment including corruption control
Minority interests fair representation	Strength of institutions and rule of law
Public listing and reporting	
Management Accessibility	

The above sustainability indicators are not each individually scored. Instead, the Investment Manager uses them in its 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".