EFFECTIVE DATE: 22 April 2025

Ashmore

Ashmore Impact Investment Framework

FIXED INCOME: IMPACT DEBT

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Version Control

We will continue to refine this Framework considering data availability and best practice. Each version is reviewed and approved by the Impact Debt Sub-IC.

Version Number	Description of Changes	Approval Date
1.0	Initial Framework	22 April 2025

Introduction

Our ambition is to contribute to a step change in Emerging Markets ('EM') impact investing, by designing scalable strategies that help to address the world's most pressing environmental and social challenges, while delivering emerging market risk-adjusted financial returns.

This Framework outlines how we define, assess and report on impact for strategies that make an explicit allocation to Impact Investments (as defined below). It may be summarised as follows:

What	Impact Investment Framework
Why	USD 24trn EM UN SDG funding gap (Source: UNCTAD, October 2024)
Governance	Impact Debt Sub-Investment Committee
Impact Objective	Positive, measurable environmental and/or social impact aligned with the UN SDGs
Investor Contribution	Finance specific activities contributing towards the UN SDG targets
Measurement	Report annually on outputs and outcomes at security and portfolio level
Style	Long-term, fundamental, active

Ashmore's Impact Debt Sub-Investment Committee is responsible for oversight of this Framework, our Impact Investment Methodology which details the internal implementation of this Framework, and our associated impact investing activities. Impact investing is a rapidly evolving area, which has not yet coalesced around an industry standard. As such, we have sought to incorporate best practice in our Framework, including the following (to the extent applicable and, in the case of the Impact Principles, incorporating principles one to eight only, as we have not yet sought independent verification of alignment with the principles):

- Norms of Impact Management
  (facilitated by the Impact Management Project and now stewarded by Impact Frontiers)
  https://impactfrontiers.org/
- Impact Principles
  https://www.impactprinciples.org/
- The GIIN Core Characteristics of Impact Investing
  https://thegiin.org/publication/post/core-characteristics-of-impact-investing/

All our impact strategies are underpinned by, and follow, this Framework.

Impact Objective

Our 'Impact Objective' is to generate positive, measurable environmental and/or social impact aligned with the UN Sustainable Development Goals ('UN SDGs').

The UN SDGs are a series of goals for 2030 published by the United Nations in 2015, 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. They are global, holistic, and measurable:

Global	Adopted by all UN member states in 2015
Holistic	Balance environmental, social and economic sustainability
Measurable	17 goals, 169 targets, 232 indicators

The 169 SDG targets encompass everything from achieving universal health coverage, ensuring equal access to affordable and quality education, developing quality, reliable, sustainable and resilient infrastructure, and halving per capita global food waste, to combating deforestation, reducing marine pollution, and substantially increasing the share of renewable energy in the global energy mix. For further details see the UN website: https://sdgs.un.org/goals.

Since 2015 there has been material progress towards the SDGs. Two thirds of the world's population now have access to the internet. The number of new HIV infections globally has fallen by an estimated 27%. In most regions of the world, girls have reached parity with boys in completing schooling at all levels. But there is much to be done. The challenges in reaching the goals remain significant, particularly in EM. As of its last update, UNCTAD estimated the financing gap to achieving the SDGs in EM at over USD 4trn per year, across such critical areas as clean energy, water and sanitation, infrastructure, food and agriculture, biodiversity, health and education. Over 80% of the 169 SDG targets are behind schedule, and all 17 SDGs behind schedule.[1] These needs are pronounced throughout EM, with specific unmet needs varying by country and region, depending on environmental, social and economic development, and geography, among other factors.

Addressing these needs requires trillions of dollars in capital to be diverted to EM, across regions, and across the SDGs, targeting both environmental and social impact. Therefore, our Impact Objective is deliberately broad, encompassing all 17 SDGs and all 169 SDG targets. We consider 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, we seek to allocate across the UN SDGs (with no minimum or target allocations to any one UN SDG) with a view to optimizing impact and financial performance in portfolio construction. For segregated accounts, we can tailor the Impact Objective (to specific themes, targets or goals within the UN SDGs), and the asset class focus, to client preferences.

[1] UNCTAD, 2024.

Contribution

We expect our impact strategies to contribute to the UN SDGs through our investee contribution and investor contribution as detailed below.[2]

Investee Contribution

The main impacts associated with our investments are generated by investee activities.

Every Impact Investment we make, as outlined below, must contribute materially and measurably to one or more SDG target, with overall practices broadly aligned with the SDGs, while not causing significant harm to any other SDG. We seek to measure and report on investee contribution annually, as outlined under 'Security level reporting'.

Investor Contribution

In simple terms, our principal contribution is in providing capital to investees to undertake the specific activities we have determined as generating positive, measurable impact in line with our Impact Objective.

An investment's impact is a function of the outcomes generated by investees as well as the contribution investors make to support those outcomes. This contribution can be financial and/or non-financial, intended and unintended, positive and/or negative. There continues to be debate on investor contribution within impact investing, including whether investors should describe investment results relative to what would likely have happened in their absence.

Investments made or increased via primary markets directly provide issuers with the capital required to undertake those activities. Investments made or increased via secondary markets increase the portfolio's share of the activity financed, may affect an issuer's cost of capital and demonstrates support for the issuer's strategy, but do not directly change the overall impact that activity generates. We currently focus on the outputs and outcomes associated with the activities financed by the portfolio, without claiming they only occurred due to our investment. Hence, we talk in terms of financing specific activities which contribute to the UN SDGs. This may change as market standards regarding investor contribution emerge.

Alongside this, framing investor contribution within the four strategies outlined by Impact Frontiers (see: https://impactfrontiers.org/norms/investor-contribution/), we expect to focus on:

1. signalling that impact matters;
2. engaging actively; and
3. growing new or undersupplied markets.

Over the past few years, the EM impact debt universe has grown rapidly to become a large-scale opportunity set. However, it remains a small portion of overall EM debt outstanding, and well below the scale needed to meet the SDGs, with few dedicated impact strategies participating in the market and supporting the growth of the universe. We believe the EM impact universe could expand significantly, if:

1. investors educate market participants on the impact and return opportunity in EM;
2. issuers receive technical assistance in developing their impact frameworks, targets and reporting; and
3. issuers receive appropriate, long-term funding in primary transactions.

[2] With thanks to Impact Frontiers for their important work in this area. Much of this section draws directly on their Implementation Guide: Investor Contribution.

Contribution (continued)

We aim to contribute to each of these, taking into account the size of our impact strategies, alternative providers of capital, regulatory developments, investor willingness and ability to allocate to EM, and investee willingness and ability to allocate capital to and report on impact activities.

We explicitly incorporate investor contribution within the positive contribution test (as defined below), as we seek to establish and document a credible narrative on our contribution to the achievement of impact for each investment, whether financial and/or non-financial, in clear terms, and supported, as much as possible, by evidence.[3] Over time we aim to incorporate our activities in these three areas as part of our Impact Measurement and Reporting, if appropriate industry standards emerge.

[3] Impact Principles, Principle Three.

Impact Investments

We define 'Impact Investments' 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.[4]

All potential investments must pass two tests to be classified as an Impact Investment:

1. Positive contribution test.
2. Negative contribution test.

Investments which pass the two tests are reviewed and approved by Ashmore's Impact Debt Sub-Investment Committee, to ensure they meet Ashmore's impact standards, following which they will be classified as Impact Investments. We review Impact Investments at least annually, including (where available) the outputs and outcomes achieved, to ensure investments continue to pass the positive and negative contribution tests. Where there is uncertainty if an investment meets either of the two tests through our periodic or event driven review, we will follow our escalation process which may include our impact engagement process. Where we determine 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.

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 SFDR Sustainable Investments as they meet the requirements and definition outlined in SFDR Article 2, point 17.

Impact Investments will only be purchased and held where they also pass our fundamental and valuation assessment, and thus offer both positive impact and financial return. Ashmore's ESG scoring process, that aims to capture ESG risks, is embedded within the fundamental assessment.

Our Impact Investment process may be summarised as follows:

<table>
<tr><th>Step</th><th>Category</th><th colspan="6">Criteria</th></tr>
<tr><td>1</td><td>Unmet needs</td><td colspan="6">UN SDGs</td></tr>
<tr><td>2</td><td>Impact opportunity set</td><td colspan="2">Impact Bond</td><td colspan="2">Impact Issuer</td><td colspan="2">Improving Issuer</td></tr>
<tr><td>3</td><td>Impact assessment: positive contribution</td><td colspan="2">Practices, Strategy</td><td colspan="2">Activity Contribution</td><td colspan="2">Measurable KPIs</td></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Impact assessment: negative contribution</td><td colspan="3">Practices</td><td colspan="3">Activities</td></tr>
<tr><td colspan="6">Including Good Governance, DNSH, PAIs, PAB</td></tr>
<tr><td>5</td><td>Impact Investment classification</td><td colspan="6">Sub-IC Approval</td></tr>
</table>

[4] Aligned with the GIIN's definition: "Noun: Impact investments are investments made with the intention to generate positive, measurable social or environmental impact alongside a financial return."

Impact Investments (continued)

Positive Contribution Test

Our positive contribution test assesses firstly whether an issuer's practices – including their strategy – broadly align with the principles of the UN SDGs, and secondly whether the specific activities being financed contribute to one or more of the 169 targets beneath the 17 UN SDGs. We consider three types of activity, at the project, revenue, or investment plan level, as follows:

Type	Activity
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)*

Our analysis incorporates the five dimensions of impact as defined by the Norms of Impact Management, to understand, as far as reasonably possible:

1. what outcomes the investment contributes to;
2. who is experiencing the outcomes;
3. the scale, depth and duration of the outcomes;
4. the contribution compared to what would otherwise have been achieved; and
5. the level of risk that those outcomes will not be achieved.

Each potential investment will be scored as high, medium or low for each dimension, helping us to optimise impact allocation over time:

Dimension	Key question	Ashmore assessment	Scale	
What	What outcomes does the activity relate to, and how important are they to people or planet experiencing it?	Maps the activity and outcome to one or more of the 169 SDG targets, using internal and external taxonomies.	Important	Unimportant
			Positive	Negative
Who	Who experiences the effect, and how underserved are they in relation to the outcome?	Evaluates the level of need for the activity and outcome, at country, industry and/or beneficiary level.	Underserved	Well-served
How much	How much of the effect occurs in the time period?	Assesses the current and expected impact of the activity, against specific KPIs along the impact pathway.	Deep effect	Marginal effect
			Large scale	Small scale
			Long-term	Short-term
Contribution	How does the effect compare and contribute to what is likely to occur anyway?	Evaluates investee contribution, including the uniqueness of the activity, and investor contribution, both financial and non-financial.	Likely better	Likely worse
Risk	Which risk factors are material and how likely is the outcome different from the expectation?	Examines the ten impact risks, identified by the Norms of Impact Management, that could hinder positive outcomes.	Low risk	High risk

Within the 'how much' dimension, each activity assessed as contributing to the Impact Objective will have one or more output or outcome KPI assigned to monitor and measure the environmental and/or social contribution of the investment over time to at least one UN SDG target.

Impact Investments (continued)

Negative Contribution Test

No issuer is perfect. We do not believe in 'netting' positive and negative contributions which often occur across different timeframes, affect different stakeholders, and may not be possible to measure or quantify. We exclude any investment where we determine 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
- Issuers involved in activities or controversies causing significant harm to the UN SDGs, including considering Principle Adverse Impacts and controversy screening against the UN Guiding Principles on Business and Human Rights (the 'UNGPs')
- Issuers that do not score a combined score of at least 4 according to our ESG scoring process on all three of the 'E', 'S' and 'G' combined scores
- Issuers that we determine do not follow good governance practices, namely those that do not meet a combined score of at least 4 for governance in accordance with our ESG scoring process

We aim, as far as reasonably possible, to consider whether an issuer's activities or practices cause significant harm to the UN SDGs from the perspective of both the issuer (e.g. the share of revenue generated by a harmful activity) and the stakeholders affected (e.g. displacing a vulnerable people group).

Impact Bonds, whose proceeds help to resolve the above exclusions, and where the issuer has a clearly defined plan to address the exclusion, remain eligible for investment. This does not apply for issuers determined to be in violation of the OECD Guidelines, the UNGPs or the UN Global Compact principles.

Sovereigns will fail the test where we determine that they are involved in practices or activities that cause significant harm to the UN SDGs. Corporate issuers operating in a country where the sovereign is excluded, but where there is no evidence of the corporate issuer itself being involved in the relevant controversy, and appropriate safeguards are in place, remain eligible for investment.

For issuers involved in nuclear power generation, the investment must not specifically fund nuclear activity, and the issuer must fulfil nuclear, health and environmental safety requirements.

Impact Measurement and Reporting

We believe that robust, transparent impact reporting is vital to assess performance properly against our Impact Objective. As such, we intend to measure and report annually the impact associated with Impact Investments, at both security level and portfolio level, based on data from the most recently available full, prior fiscal year. We aim to report data as far along the impact pathway as reasonably possible, i.e. not just activities, but also outputs, and outcomes too where available.

We believe impact can only be truly achieved and measured over the long-term, hence our typical holding period of at least three to five years for each Impact Investment.

We use a combination of external and internal data in measuring and reporting on Impact Investments. In relation to external data, we are dependent upon information from third parties which may be incomplete, inaccurate or inconsistent, in which case internal analysis will be undertaken using reasonable efforts to identify and assess the data required.

We are a participant in the Impact Performance Reporting Norms Pilot Program facilitated by Impact Frontiers (see: https://impactfrontiers.org/work/impact-performance-reporting), aiming to develop and refine our own impact reporting and help establish impact reporting norms for the wider industry, particularly in public markets.

Security Level Reporting

At security level, we expect to report annually on:

- **Type:** Impact Bond, Impact Issuer or Improving Issuer.
- **Alignment:** The UN SDG(s) that the issuer's activities contribute to.
- **Activities:** The activities being financed.
- **Outputs:** The direct result of the investment's activities.
- **Outcomes:** The social wellbeing or environmental condition resulting from the investment's activities, as well as from external factors.
- **Negative Contribution:** Areas where the investment may be causing harm to the UN SDGs.
- **Case Studies:** Examples of detailed impact rationales for a selection of investments.

Quantifying impact is not always straightforward, with no industry standardisation yet in how issuers report the impact of their strategy, activities or practices. Where practically available, we intend to collect all the above data, for each Impact Investment held, at the end of their fiscal year, which varies by issuer. As such our impact reporting reflects the estimated impact achieved over a year, rather than the exact impact achieved during a specific annual fiscal year. We expect to collect at least one of output or outcome metric annually for each holding. If no data is available – for both outputs and outcomes – more than 18 months after purchase, we will follow our escalation process, which may include divestment or our impact engagement process, as appropriate.

Impact Measurement and Reporting (continued)

Below we provide examples of security level reporting for Star Energy and Helios Towers, both held in the EM Impact Debt Model Portfolio:

Issuer	Region	Type	Activities	UN SDG alignment	Outputs*	Outcomes*
Star Energy	Asia	Impact Bond	Renewable energy	7 AFFORDABLE AND CLEAN ENERGY	1,854 GWh in clean energy produced	1.5 million metric tons of CO_2e avoided
Helios Towers	Middle East & Africa	Impact Issuer	Telecoms connectivity	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	14,247 telecoms tower sites operated	144 million people covered with 3G signal

*The outputs and outcomes included in security level reporting are absolute figures, which have not been discounted based on the portfolio's holding.
Source: Ashmore.

Portfolio Level Reporting

At portfolio level, we aim to report annually on the aggregated outputs and / or outcomes financed by the strategy, where data is available and material, expecting to provide both the impact associated with the portfolio and the portfolio's effectiveness as outlined below. As impact strategies may allocate across the UN SDGs, a range of outputs and outcomes are expected to be reported.

Some calculations as a practical point, may require some conversion to allow for aggregation across the portfolio, e.g. from cubic metres to litres.

While the two calculations provide an indication of the impact of the portfolio, they are vulnerable to the lack of standardisation in how underlying investments measure and report on the impact of their strategy, activities and practices.

Both calculations involve the following steps:

1. Impact Reported:
   Collect the outputs and/or outcomes data from each Impact Investment held during the prior year. Data is based on each investment's publicly reported data for the prior fiscal year. At present, we do not estimate data where it is not available.
2. Portfolio Time Weighted Holding:
   Calculate the portfolio's time weighted holding in each Impact Investment over the past year.
3. Total Capital:
   Calculate the total capital that is financing each Impact Investment:
   a. For Impact Bonds this is the bond's proceeds
   b. For Impact Issuers and Improving Issuers this is the issuer's enterprise value (including cash)

Impact Measurement and Reporting (continued)

Portfolio Associated Impact

This shows the impact associated with the portfolio's investment, discounted based on the portfolio time weighted holding in such investment as a proportion of the total capital provided to such investment. We expect to aggregate and report at portfolio level, where appropriate, calculated as follows:

$$\text{Portfolio associated impact} = \sum_{i}^{n} \text{impact reported}_i \times \left(\frac{\text{portfolio time-weighted holding}_i}{\text{total capital}_i} \right)$$

Portfolio Effectiveness

This shows the impact associated with each million of portfolio base currency invested. We expect to aggregate and report at portfolio level, where appropriate, calculated as follows:

$$\text{Portfolio effectiveness} = \left(\frac{\text{portfolio associated impact}}{\text{portfolio NAV millions}} \right)$$

Impact Engagement

Ashmore's engagement report (published annually on our website) outlines our strategy of direct engagement, collaborative and collective engagement, escalation strategies, and the exercising of voting rights and responsibilities across Ashmore strategies.

For our impact strategies, we believe that targeted engagements, focussed on real-world outcomes, are more effective than blanket engagement activities with no tangible result. Thus, our engagements in impact strategies are focussed around four themes, linked to our investor contribution (as defined above):

1. Enhancing positive contribution to the UN SDGs
2. Reducing negative contribution to the UN SDGs
3. Improving disclosure around contributions to the UN SDGs
4. Increasing allocations to Impact Investments in EM

For engagement themes 1-3, we will often engage with an issuer prior to investment, to ensure they pass our positive and negative contribution tests, for instance helping an issuer to design a robust and transparent green bond framework, or to develop their sustainability reporting. We will engage with current holdings in areas where there is an opportunity to meaningfully improve impact outcomes. Engagement may also be used as part of our escalation process.

For our fourth engagement theme, we seek to encourage the wider adoption of impact investing in EM, by participating in industry initiatives, events, research and publications, particularly targeting impact investors not yet allocating to EM, and EM investors not yet allocating to impact.

Glossary

Term	Definition	Adapted from
Activities	Everything that organisations do, including operations, the procurement of inputs, the sale and provision of products and / or services, as well as any supporting activities.	Impact Management Platform
Impact	The change in an outcome caused by an organisation. It can be positive or negative, intended or unintended.	Impact Management Platform
Impact Pathway	The sequence that links organisations' actions with their effects on people and the natural environment. It describes the link between organisations' inputs, activities and outputs with their effects on people and the natural environment – notably their outcomes and impact.	Impact Management Platform
Inputs	The resources and relationships that organisations draw upon for their business activities, as well as the contextual elements that define their business activities.	Impact Management Platform
Intention	The social and/or environmental goals that an investor has for an asset.	GIIN
Investor Contribution	How an investor's actions help to achieve their objectives or intentions.	Ashmore
Measurement	How an investor measures and reports the impact of their investments.	Ashmore
Objective	The social and/or environmental goals that an investor has for its strategies or products, also known as an Impact Objective.	Impact Frontiers
Outcomes	The level of well-being experienced by people or condition of the natural environment that results from the actions of the organisation, as well as from external factors.	Impact Management Platform
Outputs	The direct result of an organisation's activities, including their products, services and any by-products.	Impact Management Platform
Practices	How an organisation undertakes its activities.	Ashmore
Problem	The unmet needs which an investment aims to help address.	Ashmore

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