

Environmental and Social Policy: AshmoreAVENIDA Impact Framework

Globally, the construction sector represents more than 50 percent of the world's wealth¹ and as an industry is one of the largest in terms of economic output and environmental impact. It accounts for almost 40 percent of the energy consumption in the world and up to 30 percent of all the Greenhouse Gases emissions annually, that number increases up to 80 percent when considering only developments within cities. It is also a sector that generally employs large numbers of people at the base of the pyramid usually living in substandard conditions and poverty. Thus, there is a huge potential to be realized in terms of environmental and social contributions from the industry.

At AshmoreAVENIDA, being one of the largest private equity real estate investors in Colombia, we have decided to move to the forefront of the issues and become agents of change. We do it by considering Environmental, Social and Governance (ESG) factors in our investment decisions and project management processes, as well as by encouraging our employees, business partners, investors, and clients to join us to tackle the aforementioned challenges.

Integrating ESG considerations into our investment decisions and project management processes is smart business for AshmoreAVENIDA as it is part of our strategy to mitigate risks and uncover opportunities to create long-term value. It goes beyond our fiduciary duty with our investors to deliver superior risk-adjusted returns, it is part of our responsibility as citizens, with the society and the environment.

We have a responsibility with our investors, with our communities and with the generations to come and considering ESG factors throughout the life-cycle of our projects allows us to fully fulfill those responsibilities.

At AshmoreAVENIDA we believe that frameworks and metrics are only useful if they help us conduct our business in a way that aligns with our principles and get us closer to our performance goals. That is why we have designed the AshmoreAVENIDA Impact Framework (AIF) guided by our core beliefs.

What do we believe?

We believe that:

- People are our most important asset and we need to promote a work environment in which people can thrive, talents can be developed, employees can be fairly compensated for the value they create and can be part of the success of our company.
- Our investment decisions have social and environmental impacts in the communities in which we work, and long-term value creation largely depends on the consideration and management of those impacts.
- Considering ESG factors helps us mitigate potential risks and realize opportunities to generate and capture value for our investors.

¹ LARA, 2000, The Land and Real Estate Assessment (LARA), Published by: World Bank Group and Lincoln Institute of Land Policy, Available at: http://s3.amazonaws.com/zanran_storage/www.worldbank.org/ContentPages/2019201.pdf

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- Long-term value creation requires an effective management of governance structures that promote transparency and accountability including in the areas of social and environmental performance.
- As majority equity owners in our investment projects we have the opportunity to influence our business partners to adopt sustainable and responsible practices.
- Superior risk-adjusted returns are achieved when return, risk, and impact are considered as part of our investment decisions.
- As one of the largest private equity real estate investors in Colombia we can lead by example. That is why we make our AIF publicly available, and engage in and promote the conversation about sustainability and responsible investing in our target markets.

How do we do it?

AIF has been designed based on our expertise investing in real estate development projects in Latin America. It encompasses the integration of internationally accepted frameworks to the Colombian context, including the IFC Performance Standards on Environmental and Social Sustainability². Therefore, AshmoreAVENIDA will not finance any of the activities found on the IFC's Exclusion List³ and will comply with all applicable environmental, social, and governance related laws and regulations of the markets in which we operate. Likewise, will seek to ensure that our projects are managed in a manner consistent with the IFC's Performance Standards.

Additionally, AshmoreAVENIDA will comply with the agreed environmental, social and corporate governance requirements of its investors and avoid projects where the following issues are likely to be present: displacement and/or involuntary resettlement (as provided in IFC Performance Standard 5), projects located in critical habitats either natural or modified (as provided in IFC Performance Standard 6), violation of Indigenous Peoples rights (as provided in IFC Performance Standard 7) and adverse impacts to the cultural heritage of our projects' locations (as provided in IFC Performance Standard 8).

Who will lead it?

Our environmental and social responsibilities are collective responsibilities that we share with our employees, business partners, investors, and clients. However, we recognize that our environmental and social performance requires an effective management of these issues and thus, visible leadership, adequate resources and clearly assigned responsibilities are key to our success. At AshmoreAVENIDA senior management will be responsible for the implementation and monitoring of this policy. Our ESG efforts will be headed by Oscar Ardila who will report directly to Managing Directors Michael Teich and Carlos Torres. Michael Teich and Carlos Torres will oversee the ESG Integration Task Force and will provide guidance in the integration of the framework in the investment and project management activities respectively. Adequate resources will be assigned annually for the effective implementation of this policy, and internal reporting mechanisms will be incorporated as needed to effectively monitor and manage our environmental and social goals.

² <http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards>

³ <http://www.ifc.org/ifcext/sustainability.nsf/Content/IFCExclusionList>

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How do we communicate it?

As leading providers of private capital for real estate developments in Colombia, it is fundamental to our success and the success of this policy that we are able to engage our stakeholders. Employees, business partners, investors and clients can be allies in our quest to achieve a more sustainable and responsible real estate development sector. Hence, we will make publicly available our AIF, and will proactively look for opportunities to engage in the conversation about sustainability.

ESG is smart business for AshmoreAVENIDA, it is also the opportunity to align our values to our investment process and to leverage our regional expertise to deliver superior risk-adjusted returns for our investors. AshmoreAVENIDA Impact Framework is the beginning of a journey and we invite our investors, business partners and employees to join us to do our part to create long-lasting value.



Michael Teich

Founder and Managing Director



Oscar Ardila

Head Investor Relations/Responsible Investing