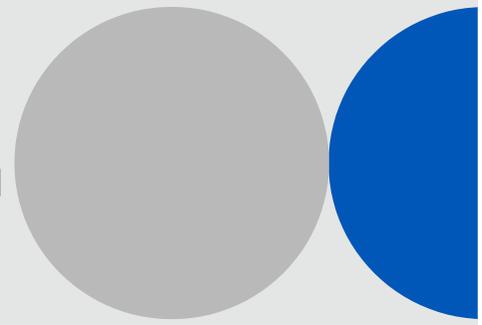




abrdn SICAV I

Emerging Markets SDG Corporate Bond Fund

April 2024



Summary

Our Emerging Markets SDG Corporate Bond Fund seeks to generate strong long-term performance by allocating capital to companies that may deliver a strong financial return and demonstrate – via their products, services, and actions – a clear and material alignment to one or more of the United Nation’s (UN) Sustainable Development Goals (SDGs)¹.

In doing so, companies reflect a commitment to help address the world’s most pressing problems and support a shift to a more sustainable economy. The SDGs are designed to address the world’s major long-term challenges. These include climate change, growing social inequality, and unsustainable production and consumption. We believe alignment with the SDGs creates tangible opportunities for companies to contribute positively to society and the environment, while simultaneously enhancing the long-term financial value of the business.

This Fund is subject to article 9 of the Sustainable Finance Disclosure Regulation (“SFDR”).

The Investment Framework

The Fund seeks to:

- Invest in a portfolio of companies that we believe can deliver strong financial returns, while actively contributing towards the UN SDGs and delivering positive and sustainable change.
- Build a diversified portfolio of high-quality companies by country and sector, aiming to deliver both positive societal outcomes and attractive financial returns.
- Benefit from our proactive company engagement to drive positive change in corporate behaviour.
- Leverage abrdn’s long history and extensive resources in emerging markets with local offices and over 100 investment professionals covering 80 countries and over 1,000 companies.

¹ The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges the world faces, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The 17 goals were adopted in 2015 and are contained in the 2030 Agenda for Sustainable Development. Further information is available at www.un.org/sustainabledevelopment/



Portfolio Commitments

The Fund has the following commitments:

Performance

To measure financial performance, the Fund's reference benchmark is the JPM ESG CEMBI Broad Diversified Index. We aim to outperform the index before charges. The index is representative of the investment opportunities we explore for the Fund and applies ESG exclusions. Index construction takes into account the environmental and socio-ethical factors by excluding issuers operating in certain sectors, namely thermal coal, tobacco and weapons. The exclusion criteria also encompass a corporate sustainability aspect by filtering issuers in violation of the UN Global Compact principles. Issuers with JESG scores less than 20 are also excluded. Full index methodology can be found at J.P. Morgan Markets.

The Fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. It should be noted that as there is no common or harmonised definition with regards to ESG, the exclusions applied for the benchmark may not entirely align to those defined in our investment process and therefore, securities that have specifically been excluded from the benchmark may be included in the Fund's investment universe.

Carbon Footprint²

The Fund will target a Carbon Intensity that is lower than the benchmark, as measured by the abrdn Carbon Footprint Tool (which uses Trucost data for Scope 1&2 emissions)³. This tool enables analysis of company, sector, and the overall portfolio's carbon footprint.

² Carbon Footprint calculations exclude instruments with no data and therefore excludes Cash, Government Bonds and Derivative Holdings for the portfolio.

³ Our current approach is to consider Scope 1, 2 and 3 emissions at company and sector level. We use Scope 1 and 2 emissions for calculating the portfolio's carbon footprint in order to avoid double counting and data inconsistencies as recommended by TCFD.



ESG Assessment Criteria

Our Emerging Markets SDG Corporate Bond Fund will follow the same fundamental, bottom-up investment research process as other abrdn active fixed income funds. ESG analysis and company engagement are integral parts of our assessment of the investment potential of all companies.

Identifying alignment to the UN Sustainable Development Goals

The Emerging Markets SDG Corporate Bond Fund incorporates our SDG Assessment, which is a supplement to the investment process specific to the SDG product suite. These funds will combine the expert analysis of our fixed income and equity teams with the insights of our ESG specialists, both on-desk and the centralised ESG Research team, to determine alignment to the SDGs. Alignment to sustainable development will be determined against abrdn’s established eight-pillar investment framework for the SDGs.

SUSTAINABLE DEVELOPMENT GOALS

Pillars	Sub-themes
Circular Economy	<ul style="list-style-type: none"> • Resource efficiency • Material recovery and reuse
Sustainable Energy	<ul style="list-style-type: none"> • Access to energy • Clean energy • Energy efficiency
Food and Agriculture	<ul style="list-style-type: none"> • Access to nutrition • Food quality • Sustainable agriculture
Water and Sanitation	<ul style="list-style-type: none"> • Access to water and hygiene • Clean water • Water efficiency
Health and Social Care	<ul style="list-style-type: none"> • Access to healthcare and social care • Enhanced healthcare • Treatment
Financial Inclusion	<ul style="list-style-type: none"> • Access to financial services
Sustainable Real Estate and Infrastructure	<ul style="list-style-type: none"> • Affordable housing • Eco-construction • Clean mobility
Education and Employment	<ul style="list-style-type: none"> • Access to education and skills development • Quality employment and job creation
SDG Leaders	<ul style="list-style-type: none"> • Companies that are integral to the supply chain for progressing to the SDGs but may not meet the materiality threshold.



The Fund adopts a materiality assessment and will invest in companies with a minimum of 20% of their revenue, capital expenditure, operating expenditure, profit or research and development linked to a single UN SDG.

For companies classified in the benchmark as “Financials”, alternative measures of materiality may be used. We require 20% materiality as measured by (i) new or existing loans to underserved clients if those target loans are growing on an annualised basis over three years; or (ii) new or existing underserved customers if those target customer numbers are growing on an annualised basis over three years; or (iii) pre-provision operating profits generated by underserved clients.

The Fund will also invest up to 20% in SDG Leaders. These are companies that are considered to be integral to the supply chain for progressing towards the UN’s SDGs but may not currently meet the 20% materiality requirement.



Distinct research notes for each company in the SDG funds capture and formally document the SDG contribution made by each company and the needs they meet.

Green Bonds, Social Bonds and Sustainable Bonds

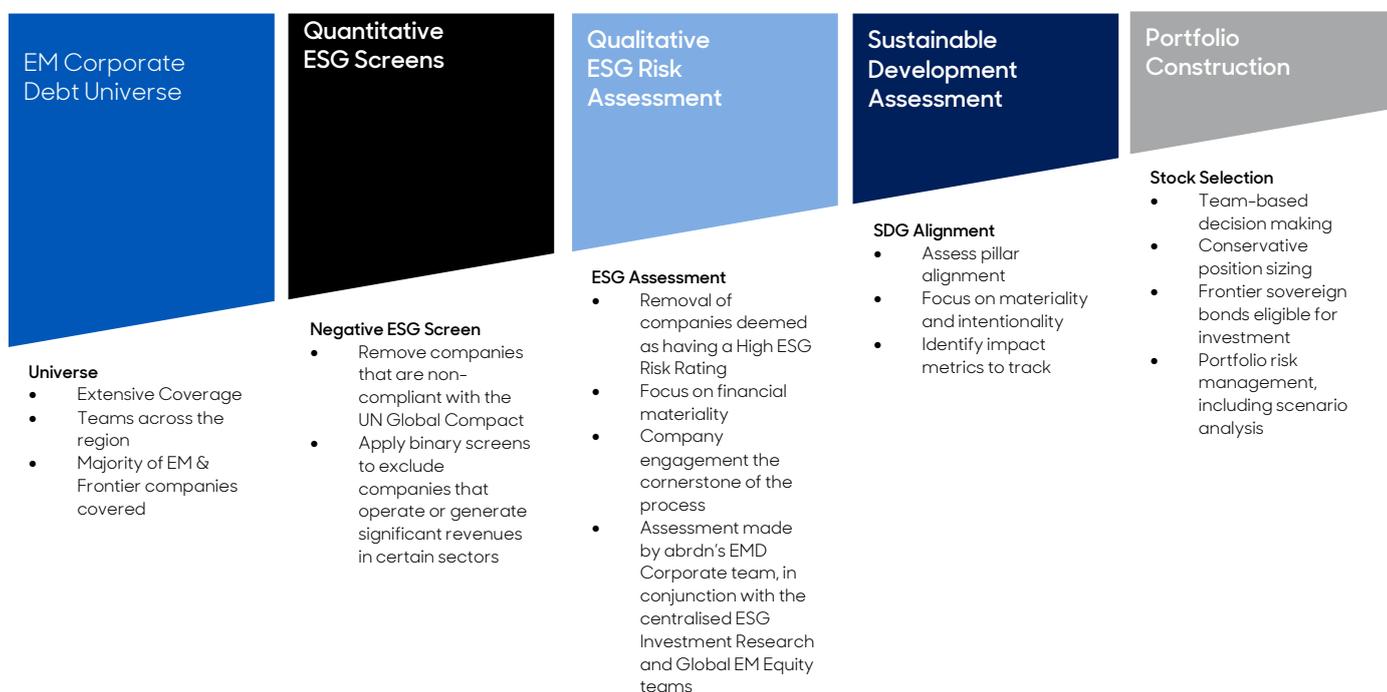
The Fund may also invest in Green bonds, Social bonds or Sustainable bonds, which can be confirmed as having a positive contribution towards the achievement of the SDGs.

Up to 10% of the Fund’s assets may be invested in such bonds which are issued by companies that do not meet the materiality thresholds or are not regarded as SDG leaders, as defined above.

ESG Risk Rating

Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key area of focus is the materiality of the inherent Environmental and Social risks of the sector of operation (e.g. extraction, water usage, cyber security) and how specific companies manage these risks, combined with the quality and sustainability of their corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact. Our analysts utilise an ESG Risk Rating Framework to support making these assessments. This is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way to substantiate the overall ESG Risk Rating (Low / Medium / High) assigned to debt issuers.

Companies eligible for inclusion in the Fund must have an ESG Risk Rating of either “Low” or “Medium”.



Frontier Market Sovereign Assessment

Frontier market countries are the most in need of sustainable development financing. However, financial markets are not sufficiently developed in these geographies for companies to issue public debt. One of the fund's investment objectives is to be part of the necessary reallocation of capital towards the SDGs, which includes ensuring financing to the most in need. Therefore, the investment universe will include an allocation to frontier sovereign debt, up to a maximum of 10% of the total portfolio. For purposes of the management of the strategy, Frontier Market Countries are those that are included in the MSCI Frontier Markets series of indices or FTSE Frontier Markets series of indices or JP Morgan Frontier Markets series of indices, or any country classified by the World Bank as a low income country.

Our approach to frontier market sovereign bond investing relies on excluding from the investment universe a subset of countries that fall below a minimum threshold based on our Environmental, Social, Governance and Political (ESGP) framework that scores emerging market sovereigns. Corporates that are over 50% owned by the sovereign and quasi-sovereigns, defined as 100% owned by the sovereign, from countries that are on the exclusion list are excluded from the investment universe. Corporates that are less than 50% owned by the sovereign are eligible for investment as the company will be assessed on its standalone sustainability practices. The Fund will not hold sovereign bonds or bonds issued by majority-government owned companies that are in the bottom 15% of countries in the ESGP universe.

For full details of our ESGP framework please [click here](#).

Sustainable Investments

The SFDR provides a general definition of "Sustainable Investment". The minimum proportion of Sustainable Investments for this Fund is 75%.

In line with the SFDR definition, abrdn has developed an approach on how to satisfy the three criteria for Sustainable Investments in the relevant Funds as set out below. The three criteria are:

1. **Economic Contribution** - The economic activity makes a positive contribution to an environmental or social objective.
2. **No Significant Harm** - The investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.
3. **Good Governance** - The investee company follows good governance practices.

If the investment passes all of the above three tests, it can then be deemed as a Sustainable Investment, and a numerical value will be assigned to reflect its level of economic contribution. Additional information on the Article 9 approach to making Sustainable Investments is detailed in the SFDR Annex, appended to the Fund prospectus.



Exclusions and Restrictions Criteria

The Fund targets to exclude at least 20% of the Fund's investment universe (defined as assets covered under the broader reference universe for the asset class, the JPM CEMBI Broad Diversified) through a combination of the ESG Assessment Criteria outlined above and the negative screening detailed in the table below.



For more details, please visit our website at www.abrdn.com under "Sustainable Investing" where we have position statements on various ESG-related issues.

Screen	Criteria The Fund excludes investments that:	Data Source
Normative screening	Fail to uphold one or more principles of UNGC ⁴ , ILO ⁵ or OECD guidelines for Multinational Enterprises. ⁶	We utilise a combination of external data sources, including MSCI and our own internal research and insights, as well as sustained engagement.
State-Owned Enterprises⁷	Are state-owned enterprises in countries subject to international sanctions or that materially violate universal basic principles.	We utilise a combination of external data sources, including MSCI and our own internal research and insights.
Weapons	Have any tie to controversial weapons ⁸ covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers.	MSCI
	Have a revenue contribution of 5% or more from conventional weapons, firearms, military equipment or weapons support systems or services. ⁹	MSCI

⁴ Ten Principles of the UN Global Compact <https://www.unglobalcompact.org/what-is-gc/mission/principles>

⁵ International Labour Organisation's Fundamental Principles and Rights at Work Branch (FUNDAMENTALS) <https://www.ilo.org/global/about-the-ilo/how-the-ilo-works/departments-and-offices/governance/fprw/lang--en/index.htm>

⁶ Organisation for Economic Co-Operation and Development (OECD) guidelines for Multinational Enterprises <https://mneguidelines.oecd.org/>

⁷ As part of the research, we examine a number of environmental, social, governance and political (ESGP) factors within our research. Our ESGP framework rates countries on 18 indicators across the four pillars – environmental, social, governance and political. The ESGP scores provide useful information for identifying long-term factors and tendencies that might not be fully factored into sovereign bond spreads.

⁸ https://www.msci.com/eqb/methodology/meth_docs/MSCI_Global_ex_Controversial_Weapons_Indexes_Methodology_Nov2019.pdf

⁹ The UN Programme of Action on Small Arms and Light Weapons (PoA) and the Arms Trade Treaty (ATT).



Tobacco	Have a revenue contribution of 5% or more from tobacco wholesale trading or are tobacco manufacturers. ¹⁰	MSCI
Gambling	Have a revenue contribution of 5% or more from gambling.	MSCI
Alcohol	Have a revenue contribution of 5% or more from alcohol. ¹¹	MSCI
Adult Entertainment	Have a revenue contribution of 5% or more from adult entertainment.	MSCI
Thermal Coal	Have a revenue contribution from thermal coal extraction. and/or Have a revenue contribution of 5% or more from thermal coal power generation. and/or Are directly investing in new thermal coal capacity.	MSCI, investment research
Unconventional Oil & Gas Extraction	Have a revenue contribution from unconventional oil and gas extraction. and/or Are directly investing in new unconventional oil and gas extraction.	MSCI, investment research
Conventional Oil & Gas¹²	Have a revenue contribution from conventional oil and gas extraction. and/or Are directly investing in new conventional oil and gas extraction.	MSCI, investment research
Electricity Generation and alignment with Transition Pathway	Are directly involved in electricity generation which has a carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario. Until 2025, electricity utilities with a carbon	Trucost or MSCI

¹⁰ This is supported by the MPOWER strategy developed in 2007 by the WHO to cut tobacco use and raise taxes on tobacco products.

¹¹ MSCI Values Based Exclusion Criteria on Alcohol

<https://www.msci.com/documents/1296102/14524248/MSCI+ESG+Research+BISR+Methodology+Overview.pdf>

¹² https://www.febelfin.be/sites/default/files/2019-02/quality_standard_-_sustainable_financial_products.pdf



	intensity lower than the annual thresholds below and that are not structurally increasing coal- or nuclear-based power generation capacity, are eligible: Max g.CO2/kWh 374 in 2022; 354 in 2023; 335 in 2024; and 315 in 2025).	
Electricity Generation	Are directly involved in electricity generation and are making new investments in thermal coal or nuclear energy generation capacity.	Investment research

The above sets out the screens that are applied for this Fund. We cannot exhaustively list screens that are not applied, and it is important for investors to be clear that the interpretation of ESG and sustainability criteria is subjective, meaning that the Fund may invest in companies which do not align with the personal views of individual investors.

Investment in financial derivative instruments, money market instruments and cash may not adhere to this approach.



Active Stewardship

Active Ownership

In our view, good governance and stewardship are vital to safeguard the way in which a company is managed and to ensure that it operates responsibly in relation to its customer, employees, shareholders, and the wider community. We also believe that markets and companies which adopt best practices in corporate governance and risk management – including the management of environmental and social risks – are more likely to deliver sustainable, long-term investment performance.

As owners of companies, the process of stewardship is a natural part of our investment approach as we seek to benefit from their long-term success on our clients' behalf. Our fund managers and analysts regularly meet with the management and non-executive directors of companies in which we invest.

ESG Engagement

At abrdn, we engage actively and regularly with companies. This allows us to question their ability to deliver financial returns and ensure that positive social and environmental impact remains part of their core strategy. Our active engagement approach enables us to learn more about a company's sustainability strategy and impact. It also means we can appraise company management, encourage best practice on ESG issues and/or exchange views. Through this, we seek to increase the SDG alignment of our holdings and ensure they remain or become better companies.

Stock Lending

abrdn ESG funds take part in our Stock Lending programme, details of which can be found in the prospectus. Collateral held on behalf of ESG funds is currently restricted to Government bonds and securities issued by constituents of the MSCI ESG Screened indices; further detail on these indices can be found at <https://www.msci.com/esg-screened-indices>.

Divestment Approach

Disinvestment from an issuer is required:

- If they become in breach of any of the negative or norms-based screens. OR
- If their ESG Risk Rating moves to "High". OR
- If they no longer align with the SDGs.

Should the review of a security result in it being deemed non-compliant, the intention would be exit as soon as is practicably possible, but generally never longer than 3 months, allowing for market conditions.

SDG Reporting

A critical component of sustainable development investing is measuring the impact of the holdings and portfolios. For each portfolio company, we monitor at least three metrics in order to track the impact the company is making and whether it is fundamentally aligning to the SDG we have highlighted. Impact metrics will be a mixture of self-reported data and publicly available data from the likes of the World Bank, the IMF, and the OECD.

We commit to producing an Annual SDG Report that will include aggregated impact data on each pillar, case studies to deep dive into core portfolio positions and the breakdowns of the portfolio by specific SDG and pillar alignment. Furthermore, we will provide semi-annual Sustainable Investment Reports that include external and internal ESG scores, our ESG engagement activity and carbon footprint analysis of the portfolio.



Additional Disclosures

For further information about the Fund, including the prospectus, annual report and accounts, half-yearly reports, the latest share prices, or other practical information, please visit www.abrdn.com where documents may be obtained free of charge.

Further information can also be obtained from:

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The rights of investors in this Fund are limited to the assets of this Fund.

For further information about Paying agents, Depositories, Custodians and Administrators, please refer to the Prospectus.

abrdn Investments Luxembourg S.A. may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the Prospectus for the Fund.

