Carbon Report

abrdn Life Sterling Credit Bond Fund

31 December 2024

Prepared by: Aberdeen

Contents

Portfolio Overview
abrdn Life Sterling Credit Bond Fund

Gross AuM (000's)
£3,735

Fund investment objective	To provide exposure to an actively managed portfolio which aims to generate income and some growth over the long term (5 years or more) by investing in Sterling denominated investment grade corporate bonds.

Purpose of the report	Climate change poses financial and societal risks. At abrdn we aim focus on our fiduciary duty to our clients by better understanding the financial risks that climate change poses to our investments. As a business ourselves we also look to reduce our own carbon footprint and provide transparent reporting on this. abrdn recognises the growing demand from investors for more climate-related information about their investments as such, we have made disclosures we believe are consistent with the TCFD Recommended Disclosures within this report and we will continue to evolve and enhance our TCFD reporting, in line with data and industry developments. The Financial Stability Board (FSB) created the Taskforce on Climate-related Financial Disclosures (TCFD) to develop recommendations on the types of information that companies should disclose to support investors in appropriately assessing and pricing a specific set of risks related to climate change. In Policy Statement 21/24 the Financial Conduct Authority (FCA) have created a regulatory framework for asset managers, life insurers and FCA-regulated pension providers to make climate-related disclosures consistent with the recommendations of the TCFD. Due to the evolving nature of carbon metrics and methodologies and in some cases the nascent disclosure of carbon data in some asset classes and sectors there can be situations where we have low aggregated data coverage at a portfolio level. As a house we have adopted a principle of only reporting where we have greater than 50% data coverage - measured as the % of the portfolio's assets under management for which carbon data has been disclosed, partially disclosed or estimated by a third-party provider. We expect that the number of portfolio's where we have not reported due to low data coverage will decrease over time as methodologies and reporting disclosures improve. This includes fund-of-fund structures and assets which due to their location or structure have nascent corporate disclosures. In particular we will focus on working with third parties and data providers to improve coverage. However, at this stage we have adopted a conservative approach to ensure that reported data does not give a skewed perception of carbon impacts. For example, if carbon data is only available for low carbon sectors but this only relates to a small portion of the holdings, this could lead to the entire portfolio appearing to be low carbon. However, once more carbon intensive sectors are reported in time, this could significantly alter the overall position and as such, we have taken the decision to only report where we have the majority (>50%) of data available. There are some investment types that due to their nature are not possible to report or estimate carbon metrics. These are typically money market investments that do not have a carbon profile, or synthetic products where methodological constraints mean that they are considered out of scope of these reports. We are currently only reporting on corporate credit bonds, listed govt bonds and listed equities due to poor or inconsistent data coverage in other asset types. We will review this year on year, and seek to enhance coverage in future years through alternative data providers, direct engagement and supporting broader industry initiatives. Since the first year of reporting, we have taken steps to evolve our ESG data architecture, enhancing the consistency of calculation and aggregation across in-scope asset classes and evolved underlying security issuer mapping to underlying ESG data.

Carbon Analysis
abrdn Life Sterling Credit Bond Fund

Carbon footprinting refers to the use of various carbon metrics that are a useful starting point for understanding exposure to carbon within a portfolio and can be informative in identifying potential climate transition risks. Carbon metrics are also one of the various metrics that can help investors better understand the impact of their investments on the climate.

We split carbon metrics out by Scope 1, 2 & 3 in line with the Greenhouse Gas Accounting Protocol Standards best practices.

It is important to consider that carbon footprinting has inherent limitations. Firstly, emissions data is backward-looking and should be complemented with forward-looking analysis of the entity's transition plans. Secondly, each carbon metric has its own idiosyncratic strengths and weaknesses, and each metric can be driven by short-term volatility unrelated to emissions. Lastly, emissions are not necessarily the most appropriate indicator of climate risk. For example, there are many climate solutions that operate within carbon intensive sectors, potentially falsely implying elevated climate risks when compared to other sectors or a broad market benchmark.

Carbon Data Disclosure

Data Disclosure	Portfolio
Number of Holdings with Data	182
Trucost Data Coverage (%)	69.7

Includes positions held indirectly through other Aberdeen funds, only where data is available

Source: Trucost

Carbon Analysis
abrdn Life Sterling Credit Bond Fund

Portfolio Carbon Intensity

Weighted Average Carbon Intensity

Weighted average carbon intensity (WACI), is a normalised carbon intensity figure, expressed as tCO2e/million USD revenue. The portfolio weighting of each holding is multiplied by the ratio of the investee company's emissions normalised by the investee company's revenue.

The weighted average carbon intensity (WACI) for sovereign bonds, is a normalised carbon intensity figure, expressed as tCO2e/million USD GDP. The portfolio weighting of each holding is multiplied by the ratio of the investee sovereign emissions normalised by the sovereigns GDP.

In this instance GDP is used to normalise emissions to allow investors to account for a sovereigns size and economic activity, allowing for more accurate comparisons between companies of different sizes and between funds of different sizes.

Portfolio Carbon Intensity

How carbon intensive are the holdings in my portfolio?

Asset Class	Scope 1	Scope 2	Scope 3	Scope 1 and 2	Scope 1, 2 and 3	Data Coverage %	Weights at 31.12 %
	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
Government bonds	-	-	-	201.14	201.14	100.00	7.16
Corporate bonds	33.51	15.88	720.97	49.39	770.35	72.37	88.78
Weighted average* (tCO2e/$m sales)	33.51	15.88	720.97	49.39	770.35	74.45	95.94

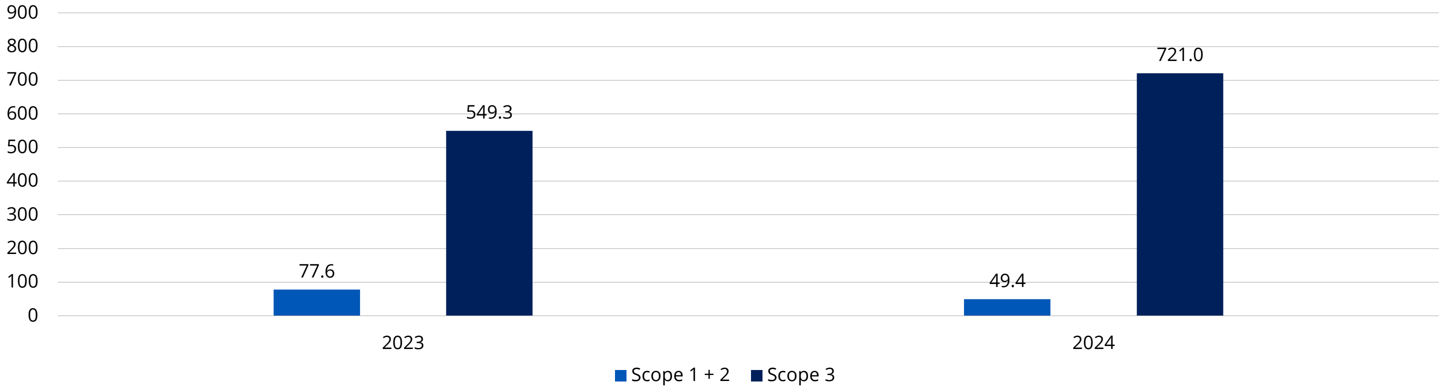
Scope (1-3) emissions definitions - 1: Direct emissions 2: Indirect emissions 3: Upstream and Downstream Value Chain emissions
In the case of sovereign emissions the concept of 'scopes' are more nascent compared to their use in corporate emissions reporting. In this instance, the sovereign emissions reported above represent the country territorial emissions plus imported emissions.
Trucost data is partly based on estimated figures. Therefore, the reporting should be estimated based on the best available data and used for guidance.
Coverage % based on number of holdings
* Weighted average calculated for equity and credit assets only

Source: Trucost

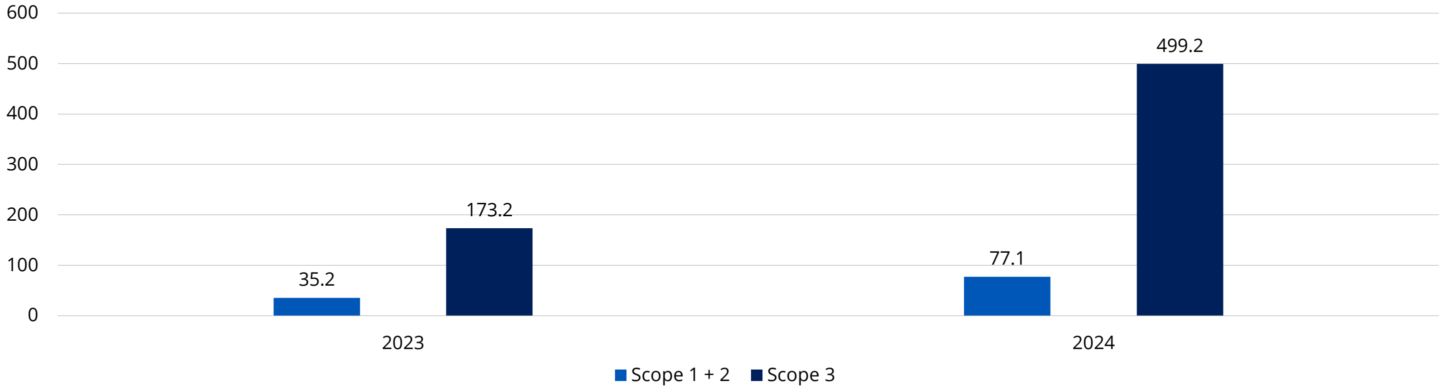
Carbon Analysis
abrdn Life Sterling Credit Bond Fund

Historical Annual Comparison

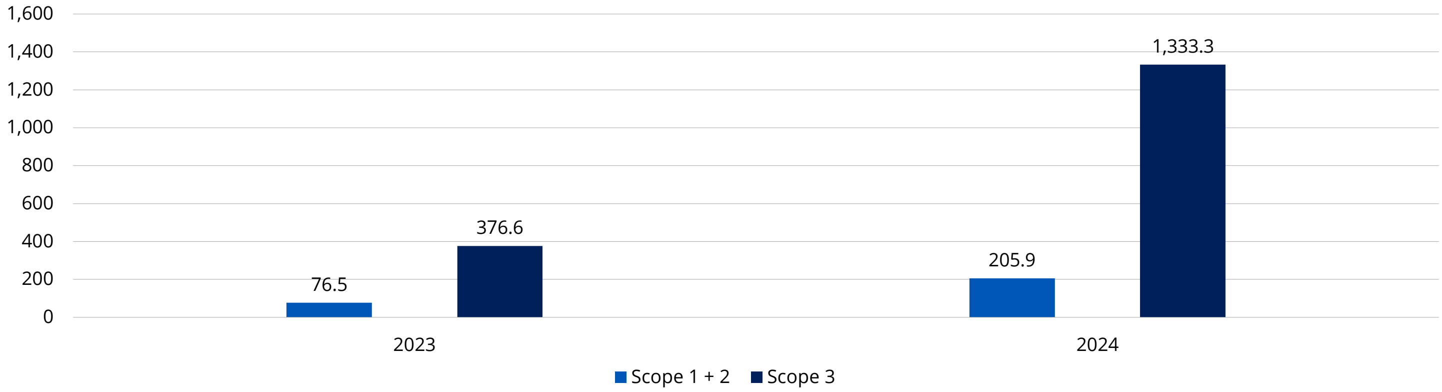
Portfolio Carbon Intensity (WACI)



Portfolio Carbon Footprint (EEI)



Greenhouse Gas Emissions (TFE)



Scope (1-3) emissions definitions - 1: Direct emissions 2: Indirect emissions 3: Upstream and Downstream Value Chain emissions
Trucost data is partly based on estimated figures. Therefore, the reporting should be estimated based on the best available data and used for guidance.

Source: Trucost

Climate Scenario Analysis
abrdn Life Sterling Credit Bond Fund

Climate Value at Risk

Climate change scenario analysis provides a quantitative assessment of the financial impact of a range of potential future climate change pathways and related policy and technology scenarios on investments.

These impacts are driven by:

Transition risks and opportunities: direct and indirect carbon costs, and abatement measures to counteract these costs; demand destruction for emissions-intensive goods, and demand creation for goods with abatement potential.

Physical risks: impacts of chronic physical risks and increased physical damages to real assets caused by more extreme weather events; adaptation measures to help counteract these risks.

Market dynamics: the ability to compete in the market and pass on climate-related costs.

Our analysis provides bottom-up quantification of the financial implications of these direct and indirect economic shocks. The analysis considers the specificities of each security and its sensitivity to those shocks, and thereby assesses the impact on annual value stream. These are consolidated into financial impacts at asset level and can then be aggregated to assess the impact at fund level.

Source: Aberdeen

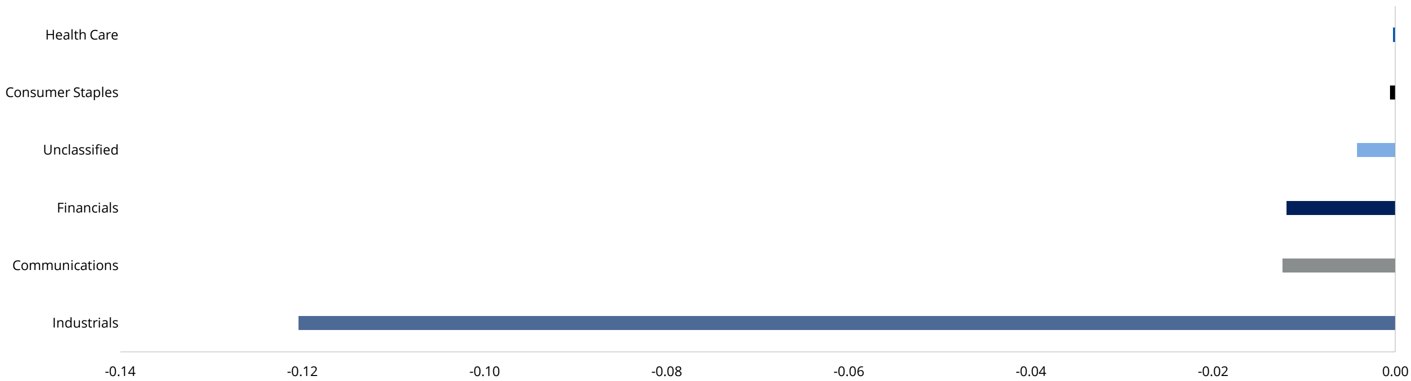
Climate Scenario Analysis, Impact Drivers
abrdn Life Sterling Credit Bond Fund

Early Action ('orderly' transition)

Strict and immediate policy action is put in place and is steadily ramped up to achieve an orderly transition that results in a global temperature rise of 1.7ºC by 2100.

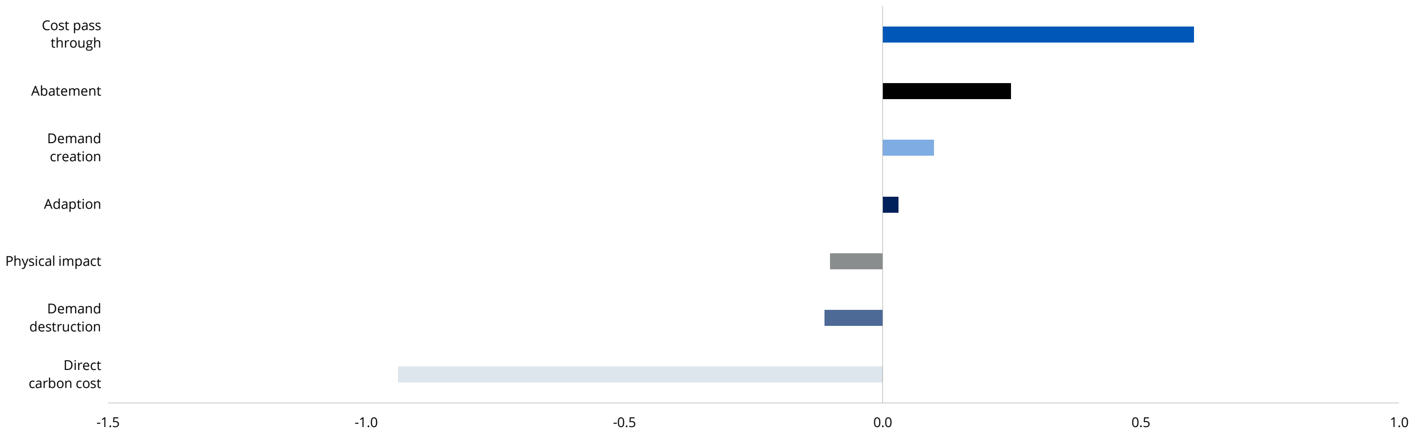
Strong, early policy will favour low-carbon companies in high-carbon sectors. Utility and Energy companies reliant on fossil-fuels will be negatively impacted. Electricity utilities will benefit from increased electrification, with renewable firms particularly benefitting. Industrials, Materials and Technology firms that produce raw materials or products required for the transition will see significant uplift in value. Auto firms (Consumer Cyclical) that have not moved to electric vehicle production will be heavily impacted.

Top / Bottom Performing Sectors



Portfolio Impact Drivers

Total value impact is derived from the sum of seven constituent impact drivers which can be disaggregated to show what is driving the uplift or impairment within a fund.



Source: Aberdeen
Aggregate value impact results are weighted by the weights in the fund or benchmark

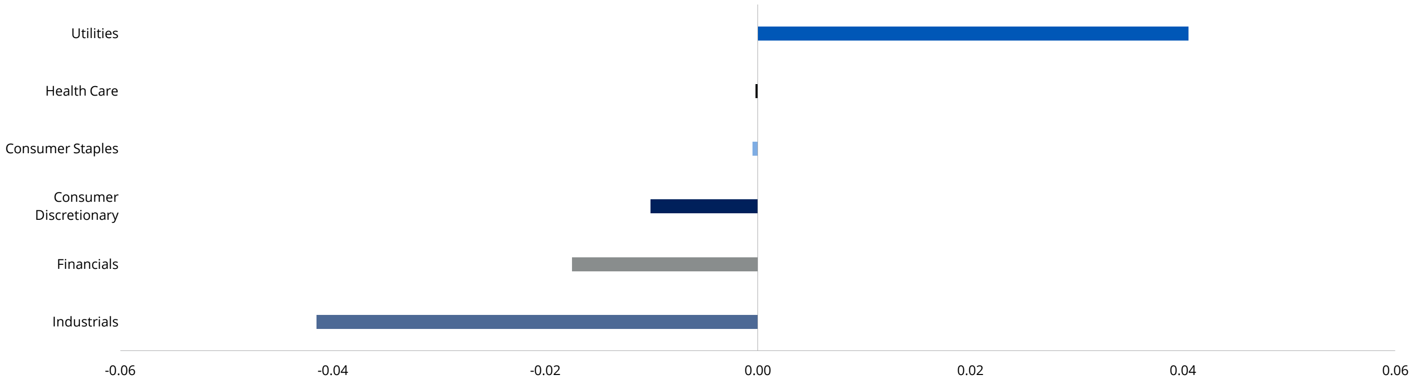
Climate Scenario Analysis, Impact Drivers
abrdn Life Sterling Credit Bond Fund

Stricter Action (‘disorderly’ transition)

The implementation of strict policy action is delayed until 2030, resulting in a disorderly transition and a global temperature rise of 1.9ºC by 2100.

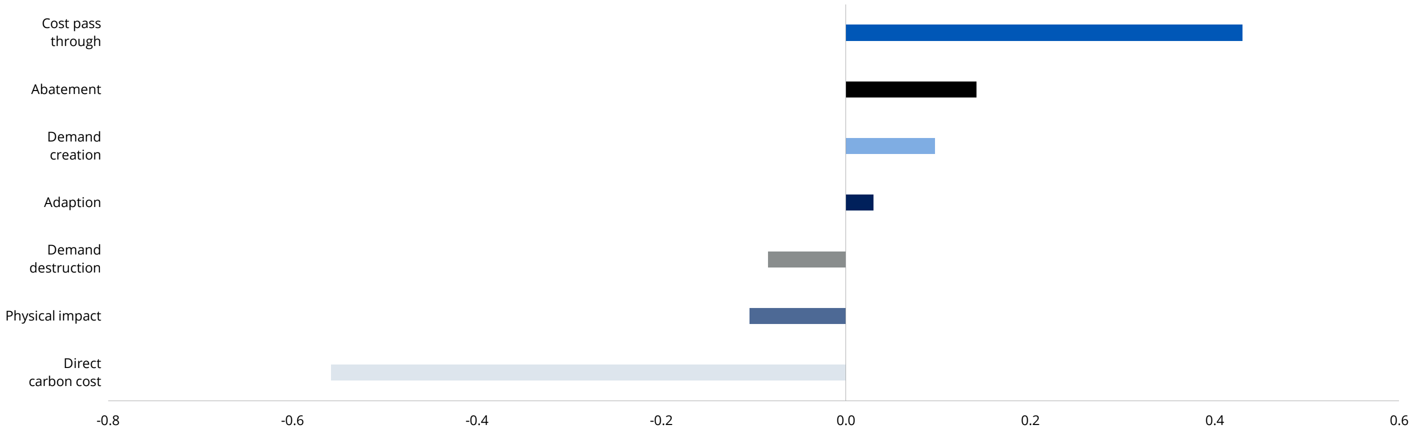
Delayed implementation of policy will initially favour high-emitting companies. But this is reversed in 2030 as they begin to be much more strongly taxed. Utility and Energy companies reliant on fossil-fuels will be negatively impacted. Electricity utilities will benefit from increased electrification, with renewable firms particularly benefiting. Industrials, Materials and Technology firms that produce raw materials or products required for the transition will see significant uplift in value. Auto firms (Consumer Discretionary) that have not moved to electric vehicle production will be heavily impacted.

Top / Bottom Performing Sectors



Portfolio Impact Drivers

Total value impact is derived from the sum of seven constituent impact drivers which can be disaggregated to show what is driving the uplift or impairment within a fund.



Source: Aberdeen
Aggregate value impact results are weighted by the weights in the fund or benchmark

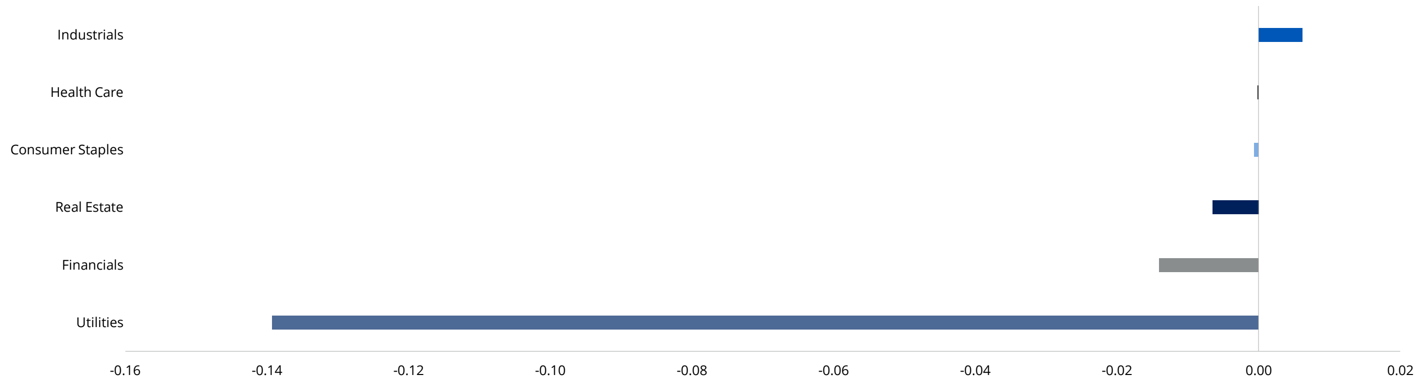
Climate Scenario Analysis, Impact Drivers
abrdn Life Sterling Credit Bond Fund

Current Policy (‘hot house world’)

No new policy action is implemented beyond what is already in place, resulting in a global temperature rise of 3.2ºC by 2100.

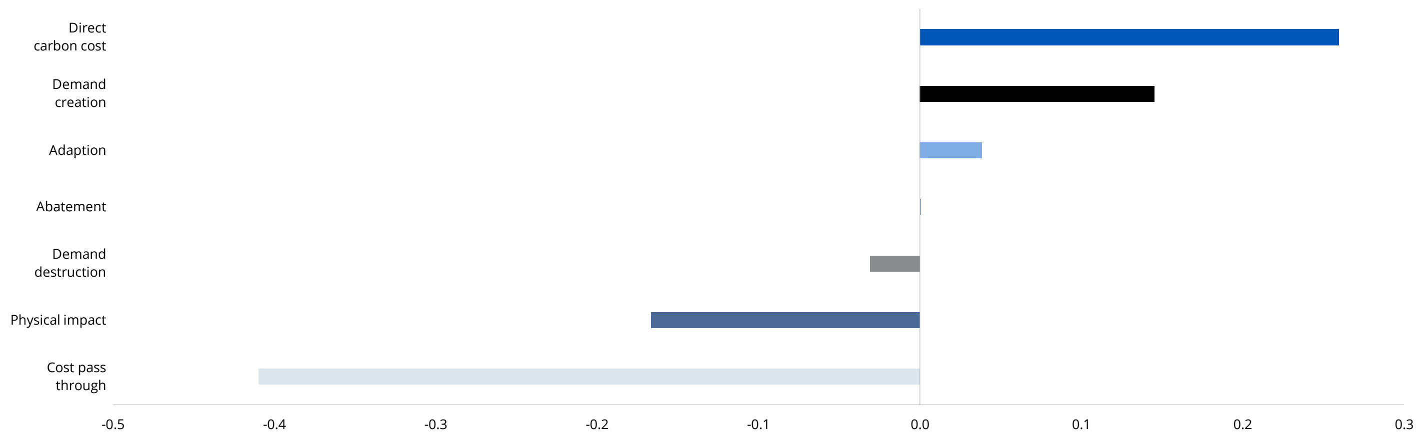
No new policy will favour high-emitting companies particularly in developing markets. Whilst electricity utilities will still benefit from increased electrification, renewable firms in many regions will not be able to compete. The demand for raw materials or products required for the transition will not increase, and the industry and building sectors will remain very carbon intensive.

Top / Bottom Performing Sectors



Portfolio Impact Drivers

Total value impact is derived from the sum of seven constituent impact drivers which can be disaggregated to show what is driving the uplift or impairment within a fund.



Source: Aberdeen
Aggregate value impact results are weighted by the weights in the fund or benchmark

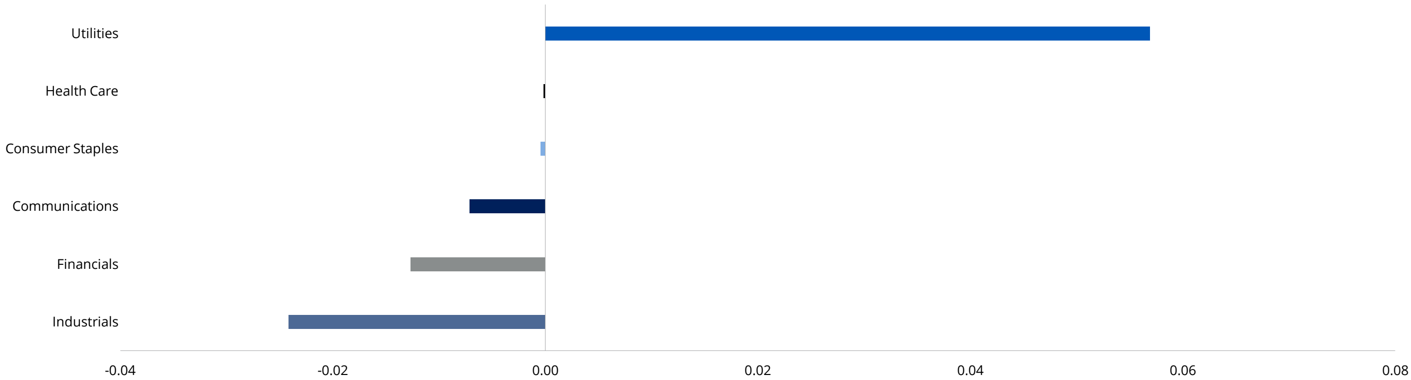
Climate Scenario Analysis, Impact Drivers
abrdn Life Sterling Credit Bond Fund

Probability-Weighted Mean (house view)

Weighted average based on our latest assessment of probability across our full suite of 16 scenarios, resulting in a global temperature rise of 2.3ºC by 2100.

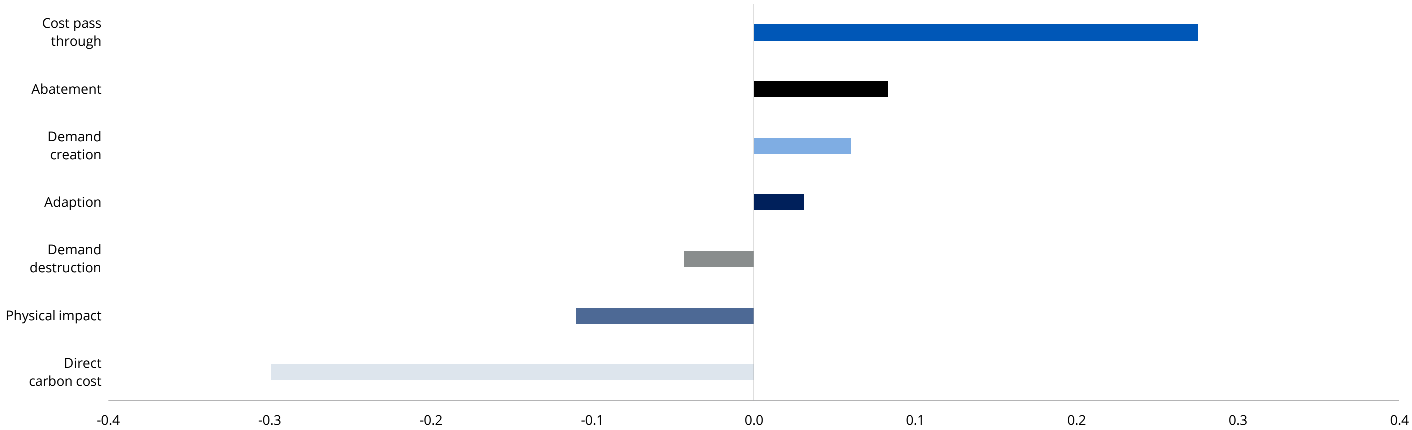
A slow start to the implementation of policy will initially favour high-emitting companies. But as taxation increase from 2030, this will be reversed. Utility and Energy companies reliant on fossil-fuels will be negatively impacted. Electricity utilities will benefit from increased electrification, with renewable firms particularly benefitting. Firms that produce raw materials or products required for the transition will see significant uplift in value. Low-carbon companies in high-carbon sectors will be favoured, but the uplift will be reduced compared to stronger policy scenarios.

Top / Bottom Performing Sectors



Portfolio Impact Drivers

Total value impact is derived from the sum of seven constituent impact drivers which can be disaggregated to show what is driving the uplift or impairment within a fund.



Source: Aberdeen
Aggregate value impact results are weighted by the weights in the fund or benchmark

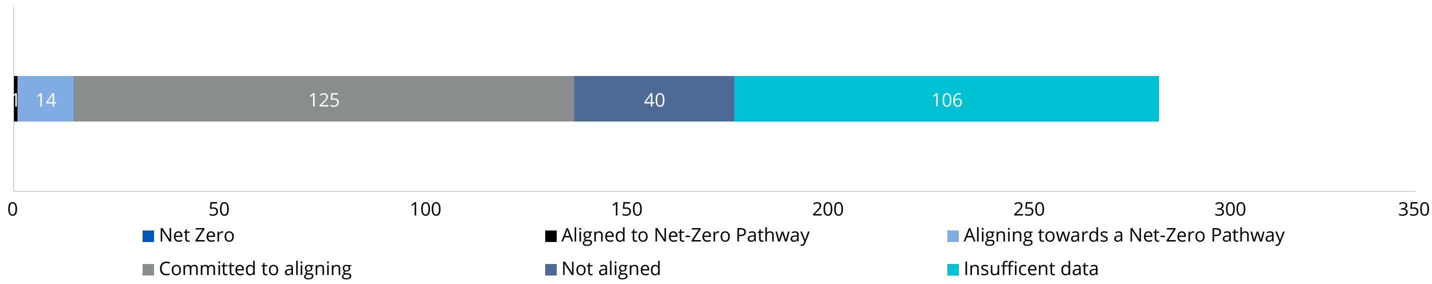
Climate Scenario Analysis, Portfolio Alignment
abrdn Life Sterling Credit Bond Fund

NZIF Classification (positions)

Portfolio alignment intends to measure the level to which a portfolio aligns itself to the climate transition and achieving net-zero by 2050. The Net-Zero Investment Framework has proposed a method which categorises assets into various levels of alignment, recognising that companies transitioning may not be aligned to a net-zero pathway today but are transitioning their business towards a net-zero pathway. The Glasgow Financial Alliance for Net-Zero (GFANZ) has referred to this method as the 'maturity scale approach'. This method if also closely related to the 'binary target' method since a categorisation of "committed to aligning" or higher requires a company to have set a climate target.

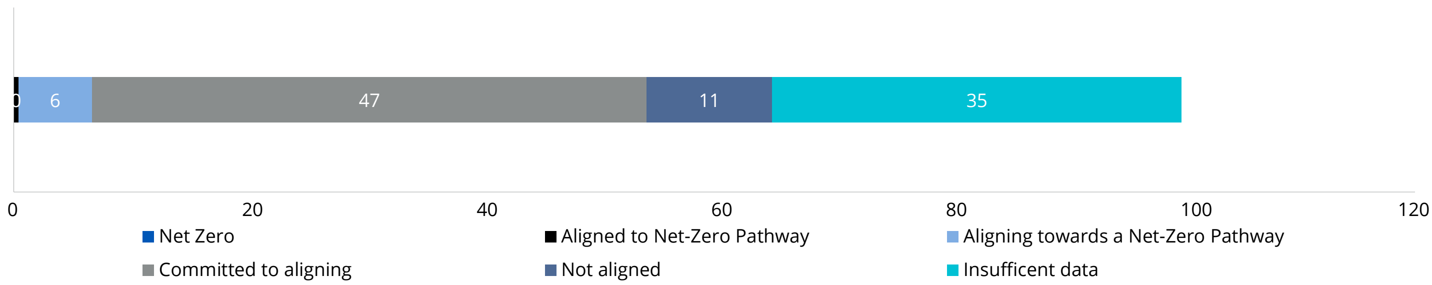
Aberdeen reports the maturity scale alignment method in three ways: (1) by positions, (2) on a weighted holdings basis, (3) on a Financed Emissions weighted basis. This provides a greater level of transparency.

NZIF maturity scale by positions simply categorises each individual position within a portfolio into a level of alignment.



NZIF Classification (weighted %)

NZIF maturity scale by weighted holdings reports the level of portfolio alignment across the categories on a weighted holdings basis.

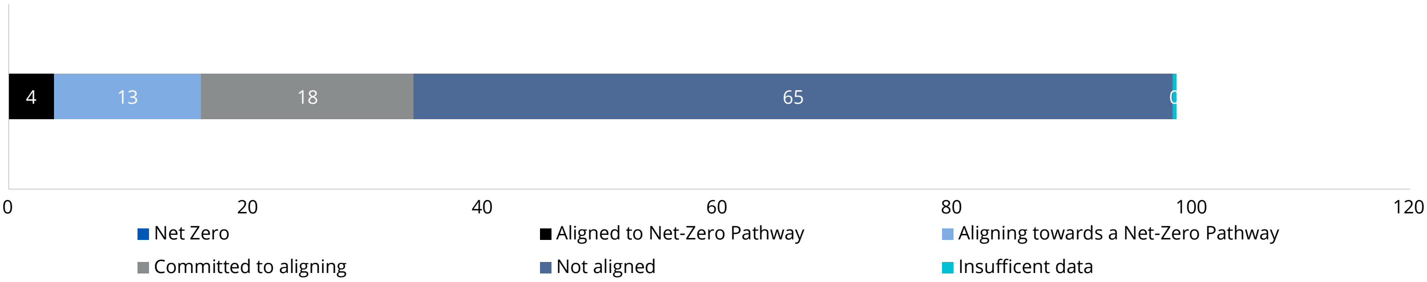


Sources: Aberdeen, Trucost, Climate Action 100+, Transition Pathways Initiative, Science Based Targets Initiative, MSCI, Bloomberg, FTSE Russell

Climate Scenario Analysis, Portfolio Alignment
abrdn Life Sterling Credit Bond Fund

NZIF Classification (Financed Emissions weighted %)

NZIF maturity scale by Financed Emissions weighting reports the level of portfolio alignment across the categories on a Financed Emissions weighted holdings basis.



Sources: Aberdeen, Trucost, Climate Action 100+, Transition Pathways Initiative, Science Based Targets Initiative, MSCI, Bloomberg, FTSE Russell

Appendix

Glossary

Data Point	Definition
Abatement	Abatement refers to the act of reducing the emissions of an activity (synonymous with decarbonisation).
Carbon dioxide equivalent (CO2e)	This metric utilises global warming potentials of all the greenhouse gases as defined by the International Panel of Climate Change to calculate a single consistent metric for GHG impact in carbon dioxide equivalent terms.
Carbon emissions / Greenhouse Gas	Carbon emissions Is used as a generic term for the main greenhouse gas (GHG) emissions (carbon dioxide, methane, nitrous oxide, F-gases) in our reporting. This is synonymous to the term carbon dioxide equivalent (CO2e).
Carbon Emissions - Scope 1	Greenhouse gas emissions generated from sources which are owned or controlled by the company.
Carbon Emissions - Scope 2	Greenhouse gas emissions generated from the consumption of purchased electricity, heat or steam by the company.
Carbon Emissions - Scope 3	Greenhouse gas emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company, upstream and downstream of a company supply-chain, such as, the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity related activities (e.g.T&D losses) not covered in Scope 2.
Carbon Intensive Sectors	We have determined the GICS Industry Groups: Utilities, Energy, Materials and Transportation as representing ‘Carbon Intensive Sectors’.
Climate Change Scenario analysis	Climate change scenario analysis provides a quantitative assessment of the financial impact of a range of potential future climate change scenario pathways and related policy and technology scenarios on investments.
Climate Value at Risk	The associated financial risk measured based on a selected climate scenario.
Current Policy Scenario ('hot house world')	No new policy action is implemented beyond what is already in place, resulting in a global temperature rise of 3.2C by 2100.
Early Action Scenario ('orderly' transition)	Strict and immediate policy action is put in place and is steadily ramped up to achieve an orderly transition that results in a global temperature rise of 1.7 oC by 2100.
Economic Emissions Intensity (Carbon Footprint)	Economic Emissions Intensity (EEI) is the terminology used by PCAF - who introduced the use of EVIC. This metric is synonymous with 'carbon footprint'. EEI is a normalised carbon intensity metric, expressed as tCO2e/million USD invested. The portfolio weighting of each holding is multiplied by the ratio of the investee company’s emissions normalised by the investee company’s enterprise value including cash (EVIC). This is equivalent to dividing the portfolio Financed Emissions by the portfolio’s AUM.
Enterprise value including Cash (EVIC)	Is a denominator used in both the Financed Emissions and Economic Emissions Intensity, EVIC is equivalent to traditional financial measure of EV, however, with cash included. This concept was developed by PCAF to produce a consistent Financed Emissions metric that can be used equivalently across equity and debt investors.
Financed Emissions	This is the absolute tonnes of carbon dioxide equivalent (tCO2e) that is attributed or 'owned' by an investors, based on the value of the investment in an investee company. This metric is consistent to the PCAF Financed Emissions methodology, which is integrated into TCFD recommendations.
GICS / BICS	GICS: Global Industry Classification Standard is an industry taxonomy developed by MSCI and Standard & Poor's. BICS: Bloomberg Industry Classification System is an industry classification system developed by Bloomberg.
Glasgow Financial Alliance for Net Zero	The Glasgow Financial Alliance for Net Zero (GFANZ) is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy.
Net Zero Investment Framework	The Net-Zero Investment Framework was developed by the Institutional Investors Group on Climate Change (IIGCC), it produced an alignment metric that is now being referred to as the maturity scale approach (as defined by GFANZ).
NZIF Maturity Scale Alignment	This alignment metric enables investors to cover the Binary Target Approach in more detail, categorising companies into levels of alignment as defined by the IIGCC NZIF recommendations.
PCAF	Partnership for Carbon Accounting Financials.
Physical Risk	Climate risks associated to the physical impacts of climate change, these can be broadly categorised into acute risk (short-term impacts) and chronic risk (long-term impacts).
Probability Weighted Scenario	Weighted average scenario based on our latest assessment of probability across our full suite of 16 scenarios, resulting in a global temperature rise of 2.3C by 2100.
Stricter Action Scenario ('disorderly' transition)	The implementation of strict policy action is delayed until 2030, resulting in a disorderly transition and a global temperature rise of 1.9C by 2100.
Transition Risk	Climate risks associated with the transition to a low-carbon economy, these include, demand creation, demand destruction, technology risk, carbon price risk, market risks etc…
Weighted Average Carbon Intensity (WACI)	Weighted average carbon intensity (WACI), is a normalised carbon intensity figure, expressed as tCO2e/million USD revenue. The portfolio weighting of each holding is multiplied by the ratio of the investee company’s emissions normalised by the investee company’s revenue.

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.

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