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**2025 in action:
Our engagement highlights
across active equities and
fixed income.**

Understanding our engagement roadmaps

At Aberdeen Investments, we believe it's our duty to be active and engaged owners of the assets in which we invest. Our aim is to enhance and preserve the value of our clients' investments by considering a broad range of factors that impact the long-term success of our investments. Through our engagement, we seek to improve the financial resilience and performance of investments, sharing insights from our ownership experiences across geographies and asset classes.

In 2023, we published a roadmap for our engagement activities within Active Equity, followed by a Fixed Income Engagement Roadmap in 2024 – both covering the 2024–2026 period. These roadmaps build on our existing investment-wide thematic engagement activities, which benefit from strong collaboration with the Sustainable Investment team.

2025 marks the midpoint of our 2024–2026 Active Equities and Fixed Income Engagement Roadmaps, with engagement progress tracking as expected for this stage. Around 40% of engagements remained in early discovery, identifying environmental, social and governance (ESG) issues for the first time, and we set 30 new milestones during the year. Approximately 50% made progress throughout 2025, with companies formalising action plans, setting climate targets, and progressing workforce initiatives. Just over 10% reached completion, having met their agreed milestones, reflecting steady multi year progress.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

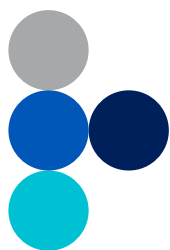
A defining feature of 2025 was the depth of senior management involvement, with discussions involving CEOs and CFOs, alongside frequent discussions with COOs, board chairs and chief sustainability officers. This level of leadership engagement underscores the strategic importance companies place on our dialogue.

Our Active Equities and Fixed Income Engagement Roadmaps cover six themes: Climate, Corporate Governance, Cyber Security, Supply Chain Management and Human Rights, Biodiversity, and Labour. This document provides a thematic overview of the key topics, milestones set and case studies. It represents a consolidated view of sustainability-focused engagements, reflecting activity from the Active Equity, Fixed Income, and Sustainable Investment teams. This unified approach illustrates our collaborative ethos, ensuring that our engagement strategy remains consistent across asset classes and that our expectations of investee companies are clearly aligned.

Number of company engagements by theme in 2025:

- Climate: 163
- Corporate Governance: 122
- Cyber Security: 23
- Supply Chain Management and Human Rights: 39
- Biodiversity: 62
- Labour: 53

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Climate Change

Climate strategy was a dominant theme in our 2025 engagements. With the collapse of the Net Zero Banking Alliance that year, our engagement with global financial institutions centred on net zero strategy and commitments. For these institutions, we set clear expectations to maintain climate ambition, such as transparent sustainable finance targets outside formal alliances. From these conversations, we learnt that the strongest institutions view their net zero commitments as core to long-term business strategy and are prepared to uphold them independently.

Across high emitting sectors, we explored transition risk. Our engagements gave us clearer insight into how companies are maturing in their transition planning. As we reviewed these refreshed decarbonisation strategies, we learnt that many companies are beginning to match ambition with a more realistic view of what credible delivery requires. We also saw growing awareness of Just Transition considerations, particularly in emerging markets, where companies were more open to discussing workforce and community impacts. Progress, however, remained uneven. Some companies described how short term financial or political pressures can slow action, despite long term commitments. For example, one North American energy company highlighted the need to prioritise reliability and customer affordability, over faster emissions reductions.

These varied experiences reinforced a key lesson: while the long term direction of travel is broadly shared, the pace of transition still differs significantly. This underlined the value of our [Net Zero] maturity scale alignment approach, which helps us identify laggards and use engagement best practice learnings to illustrate what credible progress looks like where execution gaps persist. This, in turn, can inform our view on the risks around transition to the businesses.

This year also marked a shift in climate conversations, from mitigation alone to climate adaptation and resilience. Companies are deepening their assessment of physical climate risks, expanding scenario analysis, and increasing investment in practical resilience measures across vulnerable sectors. Many businesses share our view that physical risk has real impacts on operations and that incremental resilience upgrades are necessary. However, we are concerned when companies frame adaptation purely through an abstract climate narrative lens rather than core to their physical operations. In 2026, our focus will centre on the financial implications of the physical risks that climate change presents.

We will continue engaging with companies to ensure that physical risk planning is embedded in capital allocation, and that transition risks management is integral to strategic decision making, to drive financial resilience.

Case study: We engaged with French energy company TotalEnergies, where we have had an ongoing dialogue on greenhouse gas emissions and business model resilience over the last few years. With exposure to traditional fossil fuels and renewable energy, TotalEnergies must demonstrate annual progress in reducing average lifecycle carbon intensity or net carbon intensity from sold energy products for its climate commitments to be viewed credibly. It must also be able to identify and discuss the key levers or building blocks required to reach emissions targets. We believe TotalEnergies should discuss how its ongoing engagement with customers is informing the company's strategy. This includes expectations for demand-side changes relating to biofuels, hydrogen and EVs. We set several milestones on oil and gas resilience, decarbonisation, and emissions performance. This will enable us to understand how TotalEnergies is balancing climate adaptation and resilience with financial priorities.





Corporate Governance

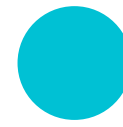
We continued to press companies for stronger governance standards, focusing on board oversight of ESG, risk management, executive pay, and transparency. Across many engagements, businesses responded constructively, with several strengthening board structures, appointing independent directors, and enhancing internal controls. These conversations reinforced our view that companies with stronger governance structures tend to deliver more stable long term performance, and the issuers that responded most constructively strengthened our investment theses.

Governance related milestones were generally well received: companies committed to improving remuneration transparency, raising the percentage of independent directors on the board and monitoring management stability. A number of firms with long-tenured directors acknowledged our concerns. For example, a Brazilian agricultural producer outlined planned board refreshment processes to address our concerns about independence and diversity. We find that governance requests gained most traction when they are tied to clear timelines and grounded in regional market practice.

Across our engagements, the quality of risk oversight improved across multiple sectors, particularly financials, where companies reported tangible steps toward stronger controls following previous regulatory or operational challenges. We learnt that companies appreciate follow-up after material governance events, highlighting the value of continued engagement to assess progress and the longevity of governance enhancements. In some discussions, we heard how legacy ownership structures or decentralised governance can slow progress. These insights reinforce the need for ongoing engagement, and we will continue to follow their progress over time.

Case study: Orizon is a Brazilian waste management business that is essential in moving Brazil from informal dump sites to formal landfills. Management announced a capital raise, which we supported, but we had concerns around the structure of the transaction, which required a mandatory two-year lock-up for all participants. This is not best practice and would limit participation from institutional investors. We spoke with senior management, including the CFO and members of the board of directors to reinforce the need for equitable treatment of all shareholders, delivery of predictable governance outcomes, and clear guardrails around capital allocation. Subsequently, we have seen a material step-change in how Orizon structures corporate actions and addresses government alignment. These included ring-fencing agreements, a clearer shareholder-agreement structuring, and a move away from atypical mechanisms (lock-ups). The company's more orthodox structure, improved alignment of shareholder incentives, and well-defined integration governance are a marked improvement. They also illustrate the tangible impact that engaged, active shareholders can have in shaping governance outcomes in the Brazilian public markets.





Cyber Security

Cyber threats are continuing to rise globally. We focused on companies' information security readiness and governance, particularly given the growing litigation exposure and risk of regulatory fines associated with data breaches. Our investment view is strengthened where companies can demonstrate robust mitigation processes, clear governance lines, and response plans. Firms that treat cyber resilience as a core operational and financial risk, rather than a compliance formality, are better positioned to protect value and deliver more stable long term returns.

However, cyber security proved to be the most challenging of our roadmap topics to discuss in depth, as cyber security is highly sensitive and many companies treat detailed information as confidential, even to investors. As a result, some firms were reluctant to engage beyond high level discussions, limiting the depth of conversation we could achieve.

Despite the sensitivity of the topic, we found companies more willing to engage when we framed cyber security through a risk management lens, enabling constructive discussions. For instance, a global food service company has elevated cyber threats to one of its top-two enterprise risks (alongside food safety), and is proactively working with external experts to strengthen defences. A key lesson from these engagements was that milestone setting is most effective when it begins with clear risk identification, as this creates the foundation for stronger accountability and follow through.

In the most in depth conversations, boards' oversight of cyber risk became a recurring theme. This included whether they had sufficient board cyber literacy, specialist expertise, or appropriate committee structures. In sectors like finance, healthcare, and critical infrastructure, we learnt that focusing on robust defences and business continuity planning was particularly effective, reflecting the material operational and financial risks of cyber incidents.

Supply Chain Management & Human Rights

We found that human rights risks were often highly idiosyncratic, varying significantly by geography, supply chain structure and individual incidents. This meant our engagements frequently centred on specific events rather than general policy.

One such case involved a Chinese EV manufacturer following serious allegations of forced labour at a construction supplier in Brazil. We asked for prompt action, better disclosure, and set broader milestones for the company to improve supply chain transparency and oversight. This is one of those engagements where we have made little progress with management, who were uncooperative and unwilling to be challenged on the issue. Frustratingly, we do not expect to see improvements in the near term. This led us to exit the stock in our sustainable funds, where we believe there are significant risks from a reputational perspective.

Supply chain and human rights issues tend to be long term, slow moving risks that can erupt into significant headline and reputational exposure. We learnt that progress on supply chain issues can be uneven and complex global supply networks hinder monitoring of human rights issues despite enhancements to auditing procedures. We encountered this particularly in sectors like apparel and electronics. In these engagements, we requested that issuers strengthen policies and monitoring across both their own operations and suppliers, emphasising zero tolerance for forced labour. From these engagements, we learnt that issuers are increasingly open about the challenges they face, reinforcing the value of sustained, long term engagement to help strengthen management of systemic human rights risks. We also learnt that, as investors, we can draw on insights from sectors facing similar challenges and apply these as examples of emerging best practice to support progress across other industries.



Biodiversity

Biodiversity remained our most nascent engagement theme in 2025, but momentum increased as global attention to nature related risks grew. We learnt that issuers are beginning to assess and manage impacts such as deforestation, pollution, land use change, and natural resource consumption. For many companies, our engagements were focused on fundamentals, whether they monitor biodiversity risks, have water management policies, or understand supply chain exposure.

Engagements were most advanced in sectors with direct ecosystem impacts, such as materials, energy, and utilities, where companies were better prepared to discuss concrete initiatives. In other sectors, we found that businesses are earlier in their journey and are beginning to map their impacts and dependencies. For instance, one leading US based pharmaceutical company discussed its biodiversity gap analysis and risk assessment across its facilities and key suppliers in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

Key for us is how companies intend to translate these assessments into financially material actions. Biodiversity has historically been difficult to pinpoint as a direct financial driver. But we are working with companies through engagement to focus on identifying where ecosystem degradation translates into operational, regulatory or supply chain risks.

2025 involved laying the groundwork: raising awareness, building issuer understanding, and encouraging consideration of financial implications. Issuers were generally receptive, and we gained confidence that dialogue can evolve into measurable targets in 2026. A key takeaway was that biodiversity offers the greatest potential for rapid improvement when engagement is sustained and focused.

Case study: We engaged Votorantim Cimentos as part of a collaborative engagement with Emerging Markets Investor Alliance to assess how biodiversity and water management are integrated into its global cement operations. We noted that while the company has a biodiversity and water roadmap, data reliability and consistency remain key challenges. Through discussion of site level protected area mapping, water stress indicators, and upcoming disclosures aligned to GRI, TNFD, and LEAP (Locate, Evaluate, Assess, Prepare) frameworks, we set milestones for the company to publicly disclose its biodiversity vulnerability mapping and to quantify and publish biodiversity and water KPIs. This engagement highlights an important lesson in our stewardship work: even where companies demonstrate strong intent, credible nature related transition plans rely on traceable, measurable data and transparent, site specific reporting.

Engagement highlights





Labour

We learnt that labour related engagement is most effective when grounded in the local context, as workforce challenges vary significantly by market and sector. Conversations on turnover, rights, safety, and local hiring underscored how different economic and regulatory environments shape companies' approaches. Fair pay and benefits emerged consistently, particularly in the UK, where discussions on the Real Living Wage and contractor practices highlighted how improved conditions can support retention and productivity. At the same time, we saw that in cost pressured sectors some firms still rely on unsustainable labour models, reinforcing the need to set milestones that drive better disclosure and more responsible workforce practices.

Health and safety is a material risk in higher exposed industries. Our engagements taught us that meaningful progress depends on how well companies embed safety standards into daily operations. Site visits, where possible, helped us understand how companies translate policies into day-to-day practice and highlighted that strong safety cultures are often built from the bottom up, not just stated from the top. These engagements reinforced the importance of encouraging clearer disclosure on safety performance, as transparency helps companies recognise where gaps remain.

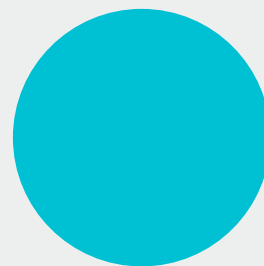
Whether discussing fair pay or safer workplaces, the most constructive conversations were with businesses that viewed labour management as integral to long-term strategy and corporate stability. Companies that recognised the financial materiality of workforce issues, such as the costs of high turnover, productivity losses, reputational damage, and potential legal liabilities, were better positioned to articulate why investment in their people strengthens operational performance. These lessons continue to shape how we set expectations and support companies in strengthening their approach to workforce management.

Next steps

Our engagement throughout 2025 reiterated that companies can move quickly when expectations are clear, including setting new climate targets, strengthening governance enhancing cyber defences. However, progress remains uneven in more complex areas such as biodiversity and supply chain oversight.

One of the most important lessons in 2025 was that grounding sustainability requests in both financial materiality and real world impact creates far more constructive conversations. When companies understand how an issue affects cost, revenue, risk, and operational resilience, discussions become more focused and change tends to happen faster.

While early momentum was encouraging, sustained and targeted engagement is essential to turn quick wins into long term outcomes related to our engagement roadmap topics. Looking ahead, we will carry these lessons into our 2026 engagements, aiming to broaden successful practices across sectors and regions. Many milestones are multi year by design and will extend beyond the roadmap's formal end date in 2026. Our focus will be on sustained engagement to ensure delivery and to support companies in making continued progress toward closing outstanding milestones.



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