



aberdeen
Investments

This is a marketing communication. Please refer to the fund's prospectus and Key Investor Information Document (KIID or KID) before making any final investment decision.

Emerging Markets SDG Corporate Bond Fund

Annual SDG Report 2024

[aberdeeninvestments.com](https://www.aberdeeninvestments.com)



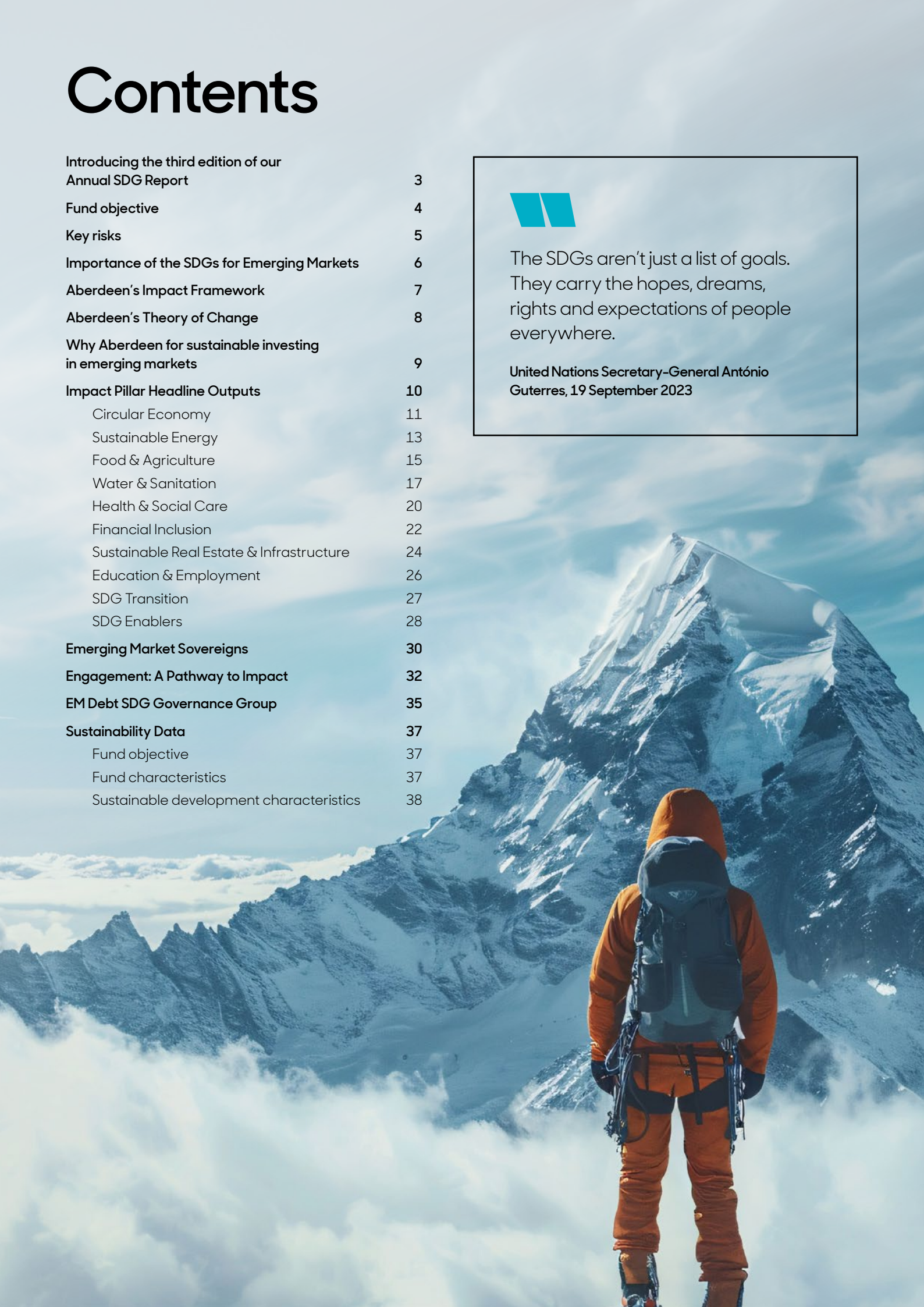
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The SDGs aren't just a list of goals. They carry the hopes, dreams, rights and expectations of people everywhere.

United Nations Secretary-General António Guterres, 19 September 2023



Introducing the third edition of our Annual SDG Report



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In December 2024, the Fund celebrated its third anniversary. We are proud that it has delivered on its dual objective of financial outperformance and positive societal benefits.

The Fund outperformed the J.P. Morgan CEMBI Broad Diversified Index by 85 basis points (bps) in 2024, leading to top-quartile performance when compared to a broad universe of peers, including funds without sustainable objectives¹. Equally important, this is the third edition of our Annual SDG Report, presenting headline impact outputs and detailed case studies of some of companies whose bonds we invest in that are contributing to the 2030 goals. You can read more about our three-year SDG journey on the **Insights page** of our website.

Newswires full of climate disasters, conflicts and widening wealth inequality can crowd out positive stories of progress. It is important to celebrate successes, and our Sustainable Energy case study is a prime example. Energuate is an electricity distribution company operating in rural Guatemala. Since 2017, its targeted investment has provided access to electricity for the first time to over 698,000 low-income households, bringing the total to over 2.5 million customers. The company is targeting full coverage by 2032, up from the current 86%.

Another success story is Manila Water, our Water and Sanitation case study. It has expanded access to water services in Manila, the capital of the Philippines, from 26% in 1997 to 98% today. Its focus is now on increasing sewage services, with a target of 99% coverage by 2037, up from the current 30%.

For both companies, financial success is intrinsically linked to sustainable development outcomes, as increasing access to essential services translates into a growing number of paying customers.

In a world where sustainability and the climate transition are increasingly politicised, we reinforce our commitment to keeping these at the heart of our investment process and to investing towards achieving the SDGs.

Please note that in the following examples and case studies, companies are selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance. © owned by each of the corporate entities named in the respective logos.

¹ Source: Aberdeen Investments, USD, 30 April 2025. Inception: 1 December 2021. Reference Index: JP Morgan CEMBI Broad Diversified Index. Total Return: The investment performance of the fund assuming the reinvestment of all distributions back into the fund. Morningstar peer group is customised Global Emerging Markets Corporate Bond. Past performance does not predict future returns.

Fund objective

The Fund aims to achieve a combination of income and growth by investing in Emerging Market corporate bonds (loans to companies), which follow the Investment Manager’s “Emerging Markets SDG Corporate Bond Investment Approach” (the “Investment Approach”). The Fund aims to outperform the JP Morgan ESG CEMBI Broad Diversified Index (USD) before charges.

Performance (for the 12 months to 30 June 2025)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------|------|------|------|--------|------|------|------|------|------|------|
| Fund (net) % | 9.14 | 9.23 | 3.59 | -11.10 | n/a | n/a | n/a | n/a | n/a | n/a |
| Benchmark % | 7.97 | 9.51 | 6.02 | -13.06 | n/a | n/a | n/a | n/a | n/a | n/a |

Past performance does not predict future returns.

Costs may increase or decrease as a result of currency and exchange rate fluctuations. This may impact what you might get back. Performance Data: Fund net is the I Acc USD shareclass and the Benchmark is JP Morgan ESG CEMBI Broad Diversified Index Source: Factset. Basis: Total Return, NAV to NAV, net of annual charges, gross Income reinvested, (USD).“Fund (Net)” refers to the actual unit price performance of the shareclass shown; All return data includes investment management fees, operational charges and expenses, and assumes the reinvestment of all distributions. The returns provided do not reflect the initial sales charge and, if included, the performance shown would be lower.

Past performance is not a guide to future returns and future returns are not guaranteed.

Performance Data: Fund net is the I Acc USD shareclass and the Benchmark is JP Morgan ESG CEMBI Broad Diversified Index Source: Factset. Basis: Total Return, NAV to NAV, net of annual charges, gross Income reinvested, (USD).“Fund (Net)” refers to the actual unit price performance of the shareclass shown; All return data includes investment management fees, operational charges and expenses, and assumes the reinvestment of all distributions. The returns provided do not reflect the initial sales charge and, if included, the performance shown would be lower.

Risk and Reward Profile [aberdeeninvestments.com](https://www.aberdeeninvestments.com)
Emerging Markets SDG Corporate Bond Fund.

Don't take any unnecessary risks.

Lower risk

Higher risk

Typically lower rewards

Typically higher rewards

1

2

3

4

5

6

7

Risk Indicator

Read the Key Investor Information Document.

THIS IS A MANDATORY ANNOUNCEMENT



Key risks

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Document (KIID) or Key Information Document (KID) available in the local language, and Prospectus available in English, which are available on our website [aberdeeninvestments.com](https://www.aberdeeninvestments.com).

The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website.



Importance of the SDGs for Emerging Markets

The United Nations' SDGs provide a framework to create positive change by setting out a "blueprint for achieving a better and more sustainable future for all". The 2030 goals encompass 169 targets that touch on themes including **reducing inequalities, supporting climate solutions, and enabling responsible consumption and production**. They have global support and were adopted by the United Nations' 193 member states in September 2015.

Emerging market countries are at the heart of the challenges identified by the SDGs. While they are home to over 80% of the world's population and generate over half of the world's GDP, emerging countries hold less than 20% of global financial assets².

The **funding gap to meet the SDGs in emerging markets by 2030 is substantial**, with the OECD forecasting the need for US\$4 trillion per year in additional investments³. Just over half of this is for energy transition, with public debt markets playing a crucial funding role.

There is a significant opportunity in sustainable solutions. The SDGs can identify unmet needs, which represent a source of untapped demand and growth opportunities in emerging markets. Rather than seeing problems, **we see opportunities and seek investments in sustainable solutions to deliver "profit with purpose"**.








Source: Aberdeen, United Nations, December 2023^A World Bank 2023^B WHO, 2017^C WHO, 2023^D IEA, 2023^E United Nations, 2022^F Nature Climate Change, 2021.

² OECD (2022). Global Outlook on Financing for Sustainable Development 2023. Available at [Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity | OECD iLibrary \(oecd-ilibrary.org\)](#) (Accessed January).

³ UNCTAD (2023). SDG Investment Trends Monitor (Issue 4). Available at [SDG investment is growing, but too slowly: The investment gap is now \\$4 trillion, up from \\$2.5 in 2015 | UNCTAD](#) (Accessed April 2025).

Aberdeen's Impact Framework

Aberdeen distilled the 17 UN SDGs into **eight pillars of impact**, which represent investable themes. The aim is to invest in companies whose products and services **demonstrate clear and material, positive alignment with the SDGs**, and that provide local solutions that reduce inequalities, combat climate change, and make consumption and production more sustainable.

| | Impact Pillar | Sub-themes* | SDG metrics* |
|--|--|---|--|
|    | Circular Economy | Resource efficiency Material recovery and reuse | Waste prevented/recycled |
|   | Sustainable Energy | Access to energy Clean energy Energy efficiency | Renewable energy produced Renewables added to grid EV cars produced |
|      | Food & Agriculture | Access to nutrition Food quality Sustainable agriculture | Sustainable agriculture area Forest set aside as protected |
|    | Water & Sanitation | Access to water & hygiene Clean water Water efficiency | Households provided with clean water and sanitation |
|    | Health & Social Care | Access to health & social care Enhanced healthcare Drug development | Hospital beds provided/added |
|     | Financial Inclusion | Access to financial services | Loans to SMEs Adults with banking access Access to insurance |
|    | Sustainable Real Estate & Infrastructure | Affordable housing Eco-construction Improved access | Mobile and internet coverage Freight by cleaner alternatives Green buildings constructed |
|     | Education & Employment | Access to education and skills Quality employment | Quality jobs created |
|  | SDG Transition (Max 10%) | Labelled bonds from issuers moving towards the SDGs | Case specific |
| | SDG Enabler (Max 20%) | Companies integral to the supply chain for the SDGs | Case specific |
| | Frontier Sovereigns (Max 10%) | USD/EUR issues from eligible frontier sovereigns | Aberdeen ESGP Factors |

Source: Aberdeen, March 2024 * Example industries are for illustrative purposes only and do not represent an exhaustive list.

Aberdeen's Theory of Change

SDG Alignment

Identify a gap towards achieving the SDGs, referring to the UN's data bank and other public sources.

Unmet Need

Evidence that the company's activities are addressing the unmet need, outlining which specific SDG sub-goal is being met.

Materiality

Demonstrate material alignment – a minimum of 20% of capex* contributing to addressing the specific SDG.

Externalities

Assess Do No Significant Harm to ensure company is not negatively affecting other SDGs.

Intentionality

Evidence the company will continue to actively pursue SDG-aligned activities.

Measurability

Identify x3 quantitative metrics that evidence the company's contribution to addressing the unmet need to measure impact.

When we identify an SDG contribution, we complete a **comprehensive Aberdeen SDG Note**, detailing **Aberdeen's Theory of Change for each investment**. The Emerging Market Debt SDG Governance Group peer review the SDG Notes, which must be unanimously approved before they are added to the SDG investment universe⁴. This group is chaired by the portfolio managers and includes independent oversight from members of Aberdeen's Sustainability Insights and Investments Group.



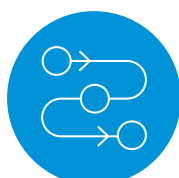
⁴ See Section 'Emerging Market Debt SDG Governance Group' for more information on the composition.

Why Aberdeen for sustainable investing in emerging markets



People

- **On-the-ground footprint** across emerging markets (EM) with **>100 EM investors** across debt and equity
- More than **30 years' experience investing in EM** with a **stable team**
- **Specialist resources** with 30+ central sustainability experts, nine dedicated ESG specialists and on-desk legal counsel



Process

- Focus on **proprietary research** and a fundamentals-first approach with ESG embedded
- Use **SDGs to identify unmet needs** as a source of unmet demand
- Aberdeen's **eight pillars of impact** seeks to promote a diversified strategy
- **Proactive impact measurement and engagement**, with annual SDG reporting



Performance

- EM SDG Corp Bond Fund has delivered **+85bps outperformance annually** since Inception
- **65% lower carbon intensity** than universe
- **MSCI ESG rating A**, Conser A+ Rating and **Environmental Finance's ESG Fixed Income Fund of the Year (2024)**
- **First-mover advantage** with only 3% of funds in the EM corporate bond universe designated Article 9*

| EM Assets | History of EM investing | EM Resources | EMD Research |
|--|--|--|--|
| US\$63_{bn} | 38_{years} EM equity | 100+ Investment professionals | 500+ Sovereign meetings |
| US\$44_{bn} in EM equity | 31_{years} EM debt | 40+ EMD specialists | 600+ Company meetings |
| US\$19_{bn} in EMD | 24_{years} EM corporates | 30+ Sustainability specialists | 500 Companies covered in depth |

Source: Aberdeen, April 2025. Inception: 01 December 2021. Universe: J.P. Morgan CEMBI Broad Diversified. Costs may increase or decrease as a result of currency and exchange rate fluctuations. This may impact what you might get back. Performance is gross of fees and does not reflect advisory fees, had such fees been deducted, returns would have been lower. Past performance does not predict future returns.

*Morningstar 2025

Impact Pillar Headline Outputs

Positive impacts of the companies whose bonds are held in the portfolio in 2024 included...

Circular Economy



4,884,351 tonnes of waste diverted from landfill, equivalent to the landfill waste generated by Denmark.^A

Health & Social Care



15,377 hospital beds provided, enough to serve 5.1 million people, the same populations as Madrid and Barcelona.^B

Sustainable Energy



72,910 GWh of renewable energy produced, enough to power 20.7 million households in the UK for a year.^C

Food & Agriculture



Over 1,811,850 hectares of forest set aside for conservation, enough to cover half the size of Switzerland.^D

Financial Inclusion



US\$190 billion in outstanding loans to the underbanked, equivalent to just under half the annual GDP of Denmark.^E

Water & Sanitation



14,723,087 households provided with clean drinking water, similar to the combined number of households in the Netherlands and Finland.^G

Sustainable Real Estate & Infrastructure



84 billion tonne-kilometres of freight transported by cleaner alternatives, equivalent to half the freight moved by HGVs (heavy goods vehicles) in the UK each year.^F

Education & Employment



No companies we held in the portfolio aligned with this pillar. In 2024, we completed thematic research and integrated the **2X Criteria** that promotes gender equality in the workplace into the investment process.

^A Source: Company data from WE Soda, **Municipal waste generation by select country** | Statista (Accessed May 2025)

^B Source: Company data from Rede D'or and Auna, **World Bank, hospital beds (per 1,000 people)** | Data (worldbank.org). The city's population continues to grow and reaches 1.7 million | Info Barcelona | Barcelona City Council. **The population of the city of Madrid approaches 3.4 million inhabitants** - thediplomatinpain.com (Accessed May 2025)

^C Source: Company data from ReNew Power, Greenko, Genneia, ACME Solar, CMI Energia, Enel Chile (11-months), Masdar, Zoren (1-month) and Cosice (10 months). **Average Electricity Usage in the UK: How Many kWh Does Your Home Use?** | OVO Energy (Accessed May 2025)

^D Source: Company data from Suzano, Klabin and CMPC. **Countries Compared by Geography > Land area > Sq. km. International Statistics at NationMaster.com** (Accessed May 2025)

^E Source: Underbanked refers to low-income households and Micro, Small and Medium Enterprises. Company data from ICICI, HDFC, Bank Rakyat, TBC Bank, BBVA Mexico, Banorte, India Infoline, Bank of Georgia, Davivienda, GNB Sudameris, Shriram, Kasikornbank, Transilvania Bank, Axis Bank, Industrial Bank of Korea, Slovenska Sporitelna, Bancolombia, Muthoot, Manappuram, Muangthai, LHV group, CEC bank, Garanti, Banco de Estado, BBVA Peru, and National Bank of Ras Al-Khaimah. **GDP Ranked by Country 2024** (worldpopulationreview.com) (Accessed May 2024)

^F Source: Company data from EFE, Hidrovias, Georgia Rail and Rumo. **Domestic road freight statistics, United Kingdom: 2022 - GOV.UK** (www.gov.uk) (Accessed May 2025)

^G Source: Company data from Manila Water, Aegea and GGU (6-months). **Number of Households in Finland** | Helgi Library (Accessed May 2025)



Circular Economy

Doing more and better with less

Every year, we dump over 2.24 billion tonnes of waste on the planet. If all this waste were loaded onto trucks, they would circle the world **24 times**⁵. International agencies predict a 70%+ increase in annual waste generation by 2050, outpacing the rate of population growth to reach **3.88 billion tonnes**⁶. Poor waste management can have significant environmental and social consequences. Wasting the amount we do puts further strain on the world's resources.

The Circular Economy seeks to move from a 'make, use, dispose' model to one that enhances and extends the lifespan of products and materials, and diverts waste away from landfills. Our Circular Economy pillar targets companies offering solutions that keep resources in use for as long as possible.

Core themes include...

- Prevention, recovery and/or recycling of waste
- Production of recyclable products
- Industrial processes that are materially less resource-intensive than alternatives

Companies in our portfolio are...

- Producing soda ash with the lowest impact on nature and the environment



we • soda
WEST EAST SODA

⁵ Source: World Bank, July 2021.

⁶ The World Bank (2021) More Growth, Less Garbage (Online). Available at <https://openknowledge.worldbank.org/handle/10986/35998> (Accessed February 2025).



Case Study



Company name: West East Soda

Country: Türkiye

Sector: Basic Materials – Mining

SDG sub-goal: 12.4

Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.

Aberdeen ESG Risk Rating – Medium

MSCI ESG Rating – N/A

ESG risks

- Transitioning to renewable energy
- Natural environment hazards including seismic activity and subsidence
- Water scarcity and water stress

ESG engagement

We engaged with new owners, Threeland, Energy to understand their vision: to be a 'leading player in the energy sector' and prioritise 'smart, ethical and sustainable investments'. Reassuringly, the company's operational focus, capital structure and bond covenants will remain unchanged.

Theory of Change

Unmet need

Soda ash is the tenth most highly consumed inorganic industrial ingredient in the world. It is an essential component in a variety of industrial processes with no economically feasible and environmentally viable substitute in almost all relevant processes. WE Soda's solution-extraction process produces natural soda ash with the lowest carbon dioxide equivalent (CO₂e) emissions intensity and water intensity. The company is therefore helping decarbonise the end products while reducing water usage and waste. Its solution-extraction process focuses on making the industrial process as circular as possible.

Intentionality

The entire business model focuses on the production of natural soda ash. The company is also investing additional capital and growing faster than any other soda ash producer globally, supported by its financial position and unique operating position. If all growth projects are developed as planned and to full capacity, it will invest up to approximately US\$5 billion. This will more than double production capacity by 2030, producing over 11 mtpa (million tonnes per annum) of soda ash and sodium bicarbonate, of which more than 90% will be soda ash.

Materiality

EU Taxonomy states emissions from the soda ash production processes lower than 0.789 t CO₂e per tonne of product are considered eligible. WE Soda averages 0.334 t CO₂e per tonne (EU Solvay average is 1.34 t CO₂e per tonne), with 91% of revenues from the sale of soda ash. Materiality is met with 91% of revenues.

Measurability

- ✓ 4,884,351 metric tons of waste diverted from disposal.
- ✓ Reduction of Scope 1 & 2 CO₂ emissions intensity – 0.331 in 2024 vs 0.343 in 2022 and target of 0.274 by 2027 and 0.206 by 2032.
- ✓ Transition to renewable energy sources – installed 7MW of solar PV capacity during 2024, bringing total to 14MW, with a target of 200MW by 2027.

Source: West Easy Soda 2024.



Sustainable Energy

Increasing renewables, decreasing emissions and improving access

Energy is central to almost every environmental and social issue the world faces. It touches on most aspects of daily life, from cooking to mobility to education. While impressive progress has been made in the electricity sector, it represents only one-fifth of global energy consumption, and advancement has been negligible in more significant areas. An estimated **675 million people lack access to electricity**, with development stagnating since 2019 due to a lack of investment in transmission and distribution⁷.

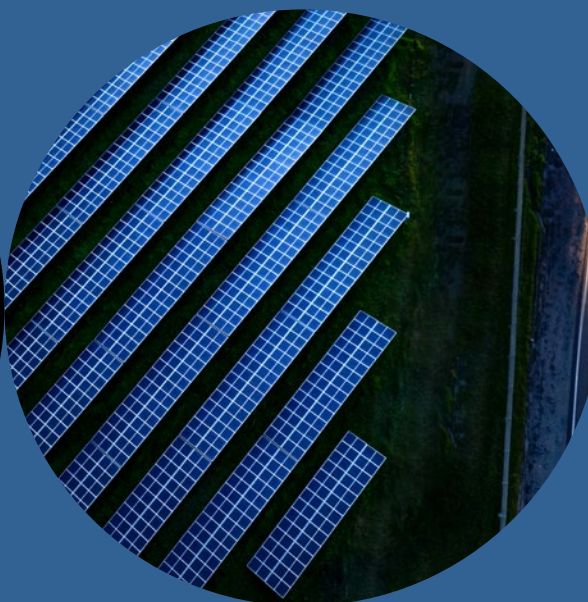
Meeting global climate goals is possible, but it requires **large-scale deployment of renewables** – which are now 30% of global electricity consumption – and mobilisation of private capital⁸. Our Sustainable Energy pillar considers three areas of energy: clean energy solutions, initiatives that promote energy efficiency, and services to expand access to energy.

Core themes include...

- Investment in electrification and renewable energy capacity expansion
- Solutions to increase energy efficiency
- Infrastructure enabling the transition to clean energy

Companies in our portfolio are...

- Building renewable power generation in India to reduce the reliance on thermal coal
- Operating the largest wind farm in the Patagonian region of Argentina
- Expanding electricity access to rural Guatemala
- Constructing transmission lines for renewable power across the Andean region
- Financing renewable finance projects alongside the World Bank in Turkey



ReNew

ENERGUATE

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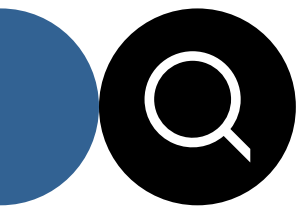
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⁷ Source: The Sustainable Development Goals Report 2025.

⁸ Source: EMBER Global Electricity Review 2024.



Case Study



Company name: Energuate

Country: Guatemala

Sector: Utilities – Electricity Distribution

SDG sub-goal: 7.1

By 2030, ensure universal access to affordable, reliable and modern energy services.

Aberdeen ESG Risk Rating – Medium

MSCI ESG rating – N/A

ESG risks

- Theft in gang-controlled areas
- Pricing and social tariffs
- Capital allocation under new owners

ESG engagement

We engaged with new owners, Threeland, Energy to understand their vision: to be a 'leading player in the energy sector' and prioritise 'smart, ethical and sustainable investments'. Reassuringly, the company's operational focus, capital structure and bond covenants will remain unchanged.

Theory of Change

Unmet need

Rural population in Guatemala make up 48% of the total, and many households still lack access to electricity. Additionally, 1.78 million households continue to use unsustainable cooking methods like firewood. Energuate is committed to increasing electricity access to over 99% by 2032, aligning to SDG 7.1.

Intentionality

Its vision is to distribute electricity safely, efficiently, and with quality to support Guatemala's development and positively impact customers, shareholders, and society. Most of its residential customers are on the social tariff, receiving energy at a discounted rate.

Materiality

Sixty percent capital expenditure (capex) is allocated to adding new connections and reducing energy losses.

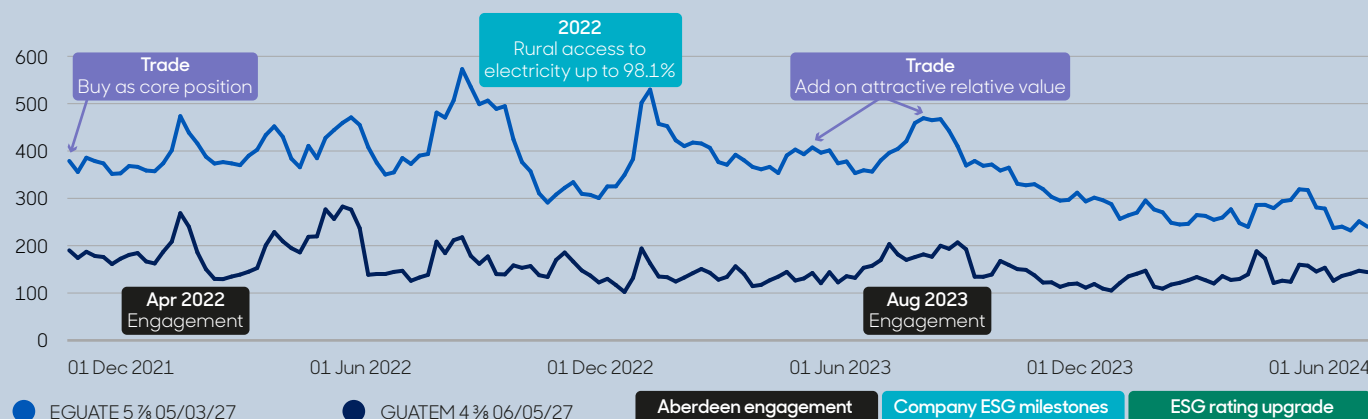
Measurability

- ✓ Increased rural electricity access from 89.9% and 76.4% in 2020 in DEOCSA and DEORSA respectively, to 91.1% and 78.5% in 2024, with a target of full coverage by 2032
- ✓ Distributed energy to over 13 million people and 2,435,934 regulated customers, an increase of 5% year-on-year
- ✓ Distributed 1,664 GWh of electricity to customers on a discounted social tariff, also a 5% year-on-year increase.

Source: Energuate 2024.

Stable business delivering financial outperformance and positive impact

Spread (bps)



Source: Aberdeen, Bloomberg, October 2024.



Food & Agriculture

Providing quality food and preventing land degradation

Our Food and Agriculture pillar covers both social and environmental factors, with a twin focus of addressing hunger and nutrition, and promoting the sustainable use of the world's resources.

According to the UN, the world's population is projected to reach 9.8 billion in 2050 and 11.2 billion in 2100⁹. The resources required to feed the global population are already putting unsustainable demands on land, oceans, forests and biodiversity. **Ten million hectares of forest are destroyed every year**, and commercial agriculture is the largest driver of deforestation¹⁰.

Elevated food prices mean hunger levels are back where they were in 2005, while **nearly one in three people were suffering moderate or severe food insecurity** in 2023¹¹. A confluence of disruptions – from climate-related shocks to COVID-19 to the war in Ukraine – has undermined global food supply systems, posing additional threats to food security worldwide.

Core themes include...

- Deployment of sustainable agricultural and forestry practices
- Higher crop yields through productivity, including providing financing to small-scale farmers
- Increasing nutritional content

Companies in our portfolio are...

- Setting aside almost two million hectares of forestry for conservation in high-risk biomes
- Providing loans to over one million small- and mid-scale farmers across Türkiye
- Using precision farming to become the largest sunflower oil producer globally



KERNEL



suzano

cmpec

 **Ziraat Bankası**
Bir bankadan daha fazlası

⁹ Source: EMBER Global Electricity Review 2024.

¹⁰ Source: United Nations 2025.

¹¹ Source: FAO, IFAD, UNICEF, WFP and WHO. 2024. **The State of Food Security and Nutrition in the World 2024**
– Financing to end hunger, food insecurity and malnutrition in all its forms.



Case Study

KERNEL

Company name: Kernel

Country: Ukraine

Sector: Consumer Staples –
Agricultural Products

SDG sub-goal: 2.2

By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under five years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

Aberdeen ESG Risk Rating – Medium

MSCI ESG Rating – N/A

ESG risks

- Decarbonisation
- Water use
- Corporate governance

ESG engagement

We discussed detailed financial statements and were reassured by the company's strong governance, as evidenced by its recent debt repayment track record and a controlling shareholder equity injection.

Theory of Change

Unmet need

Ukrainian agricultural company Kernel is the world's largest producer and exporter of sunflower oil, accounting for 6% and 9% of global production and exports, respectively. The World Health Organization recommends the use of unsaturated fats or vegetable oils, such as sunflower oil, over saturated fats for a healthy, balanced diet. Kernel applies precision farming for fertiliser use and has made impressive strides in reducing farmland food spoilage by investing in silos and logistics. Its export terminals also make the company the country's largest grain exporter, providing market access primarily for smallholder farmers. This vertically integrated agricultural company aligns with SDG 2.2.

Intentionality

Kernel signed the UN Global Compact in 2021 and has made excellent progress integrating sustainability into its business. The company is investing in improving energy efficiency and minimising harm to nature, with a net-zero target achievable due to its carbon sequestration in soil strategy.

Materiality

Discretionary capex is currently low due to the war; therefore, revenues were the focus of our materiality assessment. The results were impressive: 89% of revenues align with SDG 2.2, split between 43% oilseed processing and 46% infrastructure and trading.

Measurability

- ✓ 1,477,000 tons of oilseeds processed in 2024, up 30% year-on-year.
- ✓ 5,452,000 tons of non-genetically modified grain exported from Ukraine, up 47% year-on-year.
- ✓ Greenhouse gas emissions intensity per sunflower seeds processed: 27 kilograms CO₂e/tonne, down 16% since 2022.

Source: Kernel 2024.



Water & Sanitation

Establishing access to safe, clean and sustainable facilities

Water, a finite resource essential for life, faces critical challenges.

Progress towards universal access to basic sanitation and responsible use of water use is woefully lacking. Twenty-seven percent of the world's population lacks access to drinking water, and 43% lacks access to safe sanitation. To reach universal coverage, the UN estimates that the current progress must increase sixfold for drinking water and fivefold for sanitation. Achieving this could save 829,000 lives annually – the number of people who die each year from diseases directly attributable to unsafe water, inadequate sanitation and poor hygiene practices¹².

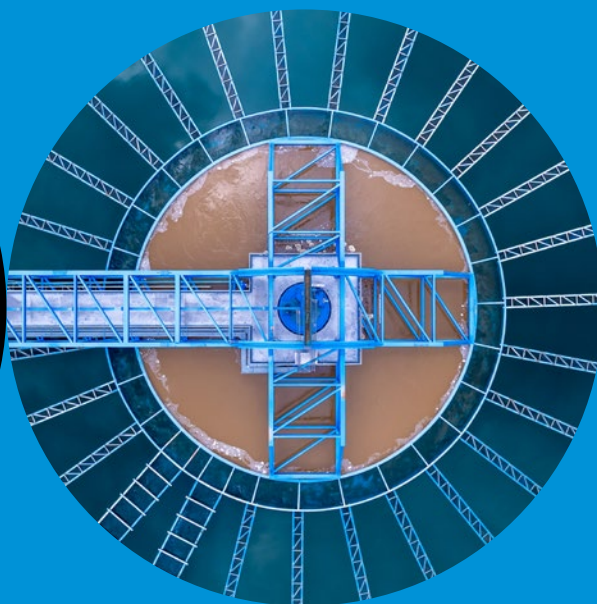
Management of water resources is also crucial for climate adaptation. 2.4 billion people live in water-stressed countries, including 800 million in high or critically high stress areas. Improving water-use efficiency is key and is a focus area for this pillar¹³.

Core themes include...

- Access to clean drinking water
- Water treatment systems and initiatives to reduce water consumption
- Provision of safe and reliable sanitation services

Companies in our portfolio are...

- Providing water services to over eight million people in the Filipino capital, Manila
- Connecting homes to safe sanitation services for the first time across Brazil
- Upgrading Soviet-era infrastructure to reduce water losses



GGU
Georgia Global Utilities

aegea

 **MANILA WATER**
CARE IN EVERY DROP

¹² Source: World Health Organization 2024.

¹³ Source: United Nations 2025.

Case Study



Company name: Manila Water

Country: Philippines

Sector: Utility – Water

SDG sub-goal: 6.2

By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Aberdeen ESG Risk Rating – Medium

MSCI ESG Rating – BB

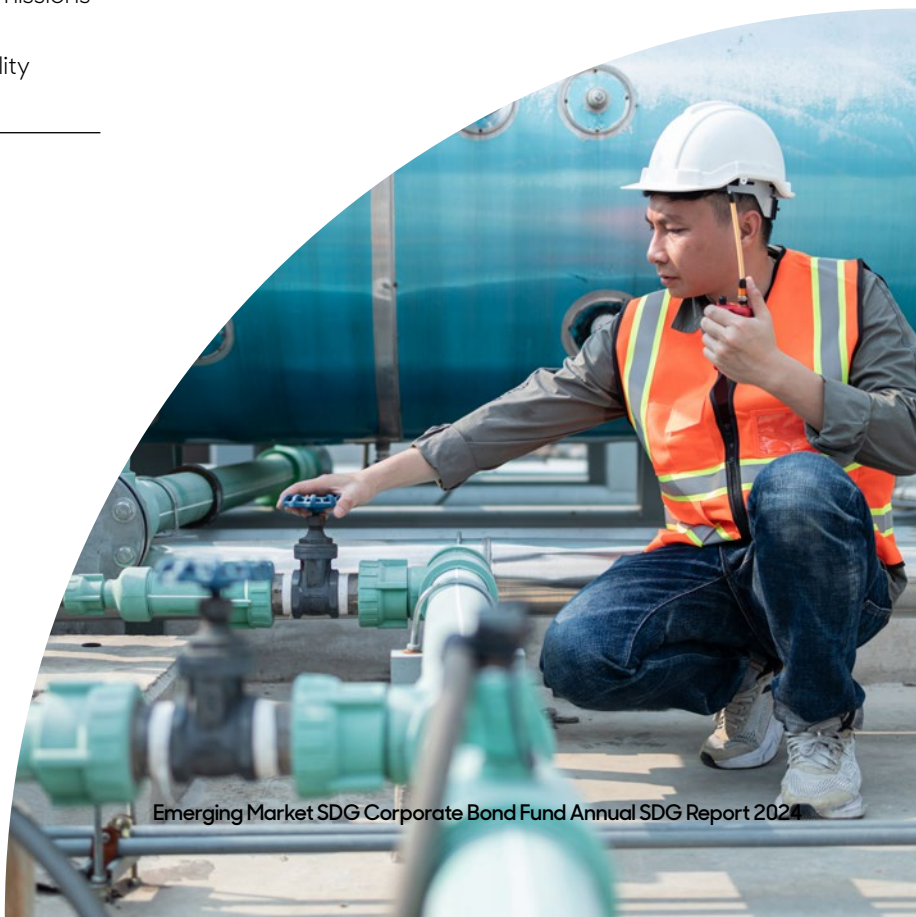
Sustainalytics ESG rating – Medium Risk

ESG risks

- Ensuring services remain affordable, available and universal
- Developing clear and short- to medium-term emissions reductions targets
- Governance and continued focus on sustainability following leadership refresh

ESG engagement

Manila Water is revising its emission reduction targets, recognising the need for stronger year-on-year goals. It monitors the proportion of water bills to household income in determining affordability and customer satisfaction. Currently, water bills represent 3% of its customers' household income, which the company thinks is affordable. Governance has remained relatively stable since the new leadership took over in 2021 and the complete exit of Ayala in early 2024. Environmental, social and governance (ESG) remains a core focus of the new leadership, as demonstrated by the establishment of a board-level ESG committee.





Case Study

Theory of Change

Unmet need

Manila is one of the most vulnerable cities in the world to sea level rise and drought driven by climate change. In 2022, the Philippines topped the World Risk Index, which assesses populations most at risk to earthquakes, cyclones, floods, droughts and sea-level rise. Specifically, five out of the past 10 years has seen poor water conditions, with droughts in the summer and variable weather patterns. Manila Water Company addresses this need through the provision of water treatment, water distribution, sewerage and sanitation services to more than seven million people in the East Zone, comprising a broad range of residential, semi-business, commercial and industrial customers. Between 1997 and 2024, the company raised 24-hour water service coverage from 26% to 98% in the East Zone. It aims for 99% sewage coverage by 2037, up from the current 30%.

Intentionality

The company demonstrates clear intentionality, as commercial success is intrinsically linked to improving access to water and sanitation services in Metro Manila, thereby aligning with SDG 6.1 and 6.2.

Recent concession renewal and service enhancement plans reflect the company's contractual obligation to improve water services. To manage the fallout of increasingly variable weather, Manila Water has launched a new five-year strategy for service enhancement, investing US\$2 billion between 2023 through 2027, with a strong emphasis on ensuring a reliable supply of clean water.

Materiality

The company is directing high discretionary capex towards improving water and sewage access, representing most of the total capex. It spent 96% of total capex on upgrading, expanding and maintaining infrastructure in the East Zone.

Measurability

- ✓ Population served with water: 9,327,986
- ✓ Sewage connections increased to 318,385, up 4.8% year-on-year
- ✓ Non-revenue water (water losses) fell to 14.6%, down from 15.1% a year earlier and well below the World Bank's 25% benchmark.

Active engagement to drive positive financial and sustainable outcomes

Spread (bps)



Source: Aberdeen, Bloomberg, October 2024.



Health & Social Care

Ensuring access to quality, affordable essential care and enhancing care outcomes

Health and social care standards vary dramatically across the globe, with the COVID-19 pandemic setting back decades of progress in reproductive health, maternal health and child health. One solution is addressing the shortage of health workers, which remains most acute in Sub-Saharan Africa and Southern Asia. In addition, **drug development breakthroughs can significantly improve health outcomes** – effective HIV treatment for example, has reduced AIDS-related deaths by 52% since 2010¹⁴.

Our alignment process for Health & Social Care targets two facets of reliable, equitable and effective services: access and innovation. We look for companies that support and enable drug discovery for priority diseases, improve accessibility and affordability of treatment, and **contribute to broader coverage of essential health services in underserved areas**. The pandemic halted progress on universal health coverage and scaling up investment in health systems and drug development is essential to addressing the shortfall.

Core themes include...

- Broad and affordable access to essential health and social care
- Drug development for priority diseases
- Training healthcare workers to solve shortages

Companies in our portfolio are...

- Providing life-saving oncology treatment and research in the Andean region
- Building greenfield hospitals in Brazil to close the shortage in hospital beds
- Operating pharmacies across the whole of Peru

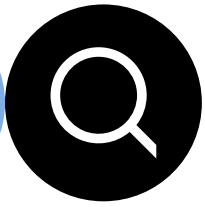


aluna

InRetail
Consumer

REDE D'OR
SÃO LUIZ

¹⁴ Source: UN SDG Report, December 2023.



Case Study



Company name: InRetail Consumer

Country: Peru

Sector: Consumer Cyclical – Retail

SDG sub-goal: 3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Aberdeen ESG Risk Rating – Low

MSCI ESG rating – A

ESG risks

- Related party transactions
 - Labour relations
 - Anti-competitive practices
-

ESG engagement

Our recent engagement focused on the company's new carbon targets and its expansion pipeline, and the integration of its healthcare insurance business.

Theory of Change

Unmet need

InRetail's pharmacy network of over 2,400 stores across Peru provides access to safe and affordable pharmaceutical products. The company is modernising the sector by moving away from non-regulated pharmacies in the informal sector and tackling the distribution of counterfeit drugs. The breadth of InRetail's footprint – stretching across all 25 regions – ensures availability across all socioeconomic brackets, aligning InRetail with SDG 3.8 on universal health coverage.

Intentionality

The company has increasingly embedded sustainability, setting specific targets. Its focus on expanding into underpenetrated regions of Peru has the knock-on effect of improving quality of life across social classes, particularly by increasing access to safe medicines. In 2022, IPAE and USAID recognised its pharmacy business as a service model that has transformed Peru through the development of a digital restocking system for traditional pharmacies.

Materiality

The company's pharmacy segment revenues (after excluding non-essential, non-pharma sales) accounts for 40% of InRetail Consumer revenues. The remainder comes from its supermarkets business.

Measurability

- ✓ Opened 103 new pharmacies in 2024, reaching a total of 2,400, up from 2,077 in 2019
- ✓ Over 85,000 registered for Patient Support Plan, which provides better prices and treatment reminders
- ✓ Over 88,000 prescriptions dispensed through neighbouring pharmacy agreement, reducing travel for chronic patients.

Source: InRetail Consumer 2024.



Financial Inclusion

Tackle poverty in all its dimensions

Financial services act as a gateway to improving access to basic necessities like electricity, water, healthcare, housing and education. Yet, **1.7 billion adults lack access to financial products or services**. About half of these are women, poor households in rural areas, or those out of the workforce.¹⁵

COVID-19 led to the first rise in extreme poverty in a generation, and the war in Ukraine further derailed progress. The UN projects **670 million people live in extreme poverty**, a 16% increase from previous estimates¹⁶. Our pillar identifies companies operating in countries and regions with low penetration of basic financial services, including extending credit to micro, small and medium-sized enterprises (MSMEs) or groups that struggle to access financing.

Core themes include...

- Extending financial services to underbanked individuals
- Addressing insurance gaps to help preserve accumulated household wealth
- Increasing access to credit for SMEs

Companies in our portfolio are...

- Targeting the MSME funding gap in Indonesia by focusing on rural and remote islands
- Offering microfinance, home and business loans to the unbanked in India
- Providing housing loans to first-time buyers with low incomes in South Korea
- Advancing affordable insurance in the Caribbean
- Promoting financial inclusion and literacy throughout Mexico



 **BANK RAKYAT INDONESIA**

 **HDFC BANK**

 **PRUDENTIAL**

 **Sagicor**

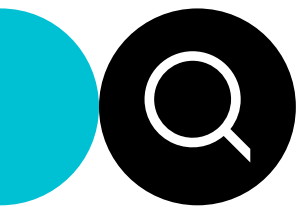
BANCA BT TRANSILVANIA®

 **SHRIRAM**
Commercial Vehicle Finance

 **Bancolombia**

¹⁵ The World Bank (2022) Financial Inclusion Overview (Online). Available at <http://www.worldbank.org/en/topic/financialinclusion/overview> (Accessed 15 February 2025).

¹⁶ United Nations (2023). The Sustainable Development Goals Report 2023: Special Edition. Available at [SDG Indicators \(un.org\)](https://sdgindicators.un.org) (Accessed April 2025).



Case study



Company name: Muangthai Capital
Country: Thailand
Sector: Financials – Financial Services
SDG sub-goal: 1.4

By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Aberdeen ESG Risk Rating – Low

MSCI ESG rating – AA

Sustainalytics ESG Rating – Low Risk

ESG risks

- Responsible lending
- Absence of published quantitative goals, especially around social factors
- Industry risk for need of broader financial inclusion support, such as financial literacy programs and targeted products

ESG engagement

Shriram detailed its role in providing access to capital for first-time vehicle buyers, with 70% of its customers falling into this category. The company has launched an impressive number of initiatives targeted at women, including driving training programs, SME lending and education schemes. We also discussed its EV ambitions, though the cost remains too high for many low-income customers.

Theory of Change

Unmet need

Muangthai Capital (MTC) is a non-bank financial institution headquartered in Bangkok, Thailand, providing car title loan services to retail customers. The company's mission is to secure financial inclusion for those low-income individuals and small businesses that lack access to formal financing, and to reduce inequality by targeting the bottom 20% of the country. At the end of 2023, MTC's total assets exceeded THB 150 billion. The company operates a network of over 8,000 branches across Thailand with more than 15,000 employees, funding over 3.5 million households in Thailand.

Intentionality

There is strong intentionality, as MTC's business model aims to increase penetration into rural areas and provide credit to unbanked communities. The company's Social Bond Framework includes eligible projects for financial inclusion and MSME financing. Management frequently states that they want the company to be the "No. 1 Leader in Thailand's Microfinance Industry."

Materiality

A hundred percent of the loans disbursed by MTC align with SDG1.4, with car title loans as the largest segment (34%), followed by motorcycle loans, land and others. MTC primarily serves farmers (31%), temporary workers (26%), and merchants and business owners (20%).

Measurability

- ✓ 8,172 branches as of end-2024, up from 7,357 the year before, with 83.7% of branches located outside of Bangkok.
- ✓ Female customers account for 59% of outstanding loans.
- ✓ 56% of loans directed toward low-income customer groups.

Source: Muangthai Capital.



Sustainable Real Estate & Infrastructure

Providing essential infrastructure, eco-friendly buildings and improving connectivity.

As the global population grows and urbanisation accelerates, the built environment has a key role to play in supporting social and environmental goals. The buildings and construction sector accounts for over a third of global energy use and produced 34% of global CO2 emissions last year.¹⁷

Besides 'green' buildings, there's a pressing need for equitable infrastructure: over one billion people reside in slums, primarily across Asia and Africa¹¹. With 70% of the global population expected to live in cities by 2050, developing infrastructure, retrofitting buildings and industry, and improving transport systems are crucial to building resilient and sustainable cities.

Our Sustainable Real Estate and Infrastructure Pillar focuses on a variety of issues facing industry, infrastructure and sustainable cities and communities.

Core themes include...

- Green buildings and eco-construction
- Affordable housing
- Access to essential infrastructure, such as public transport and the internet

Companies in our portfolio are...

- Operating and constructing electrified metro services in Santiago and Lima
- Building green warehouses in China, the Czech Republic and Romania
- Designing cleaner alternatives to air conditioning in the Middle East
- Providing cleaner alternatives to road haulage in Brazil, Chile and Georgia
- Connecting people across Sub-Saharan Africa to the internet for the first time



¹⁷ UN Environment Programme (2025) Global Status Report for Buildings and Construction 2024-2025: Key Messages (Online). Available at [Key-Messages-Global-Status-Report-Buildings-Construction-2024-2025.pdf](#) (Accessed May 2025).



Case study



Company name: Tabreed

Country: United Arab Emirates

Sector: Utilities – District Cooling

SDG sub-goal: 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Aberdeen ESG Risk Rating – Low

MSCI ESG Rating – N/A

ESG risks

- Water use as a water intensive business
- Human rights risk due to operates in the Middle East and North Africa
- Carbon emissions of operations

ESG engagement

During our recent engagement, we discussed the company's willingness to continually increase energy efficiency, its plans to establish numerous new partnerships, and its impressive recent technological advances to reduce Scope 1 and 2 emissions. To reduce water use, Tabreed is investing in infrastructure and water systems to improve water efficiency by at least 20%, including utilising treated sewage effluent and seawater.

Theory of Change

Unmet need

The United Arab Emirates (UAE) has the 25th highest carbon dioxide emissions globally, and cooling systems account for up to 70% of national energy consumption during peak periods. Rising temperatures, rapid population growth and urbanisation are increasing cooling requirements in the region. Cooling demand in the Gulf Cooperation Council is expected to nearly triple by 2030.

Intentionality

The company aims to be a market leader by delivering sustainable, reliable and cost-efficient cooling solutions. It is formalising Net Zero 2050 targets in line with the UAE Energy Strategy.

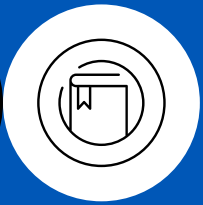
Materiality

Materiality is met through revenues, with 96% from district cooling – a centralised system that provides chilled water to multiple buildings for air conditioning, delivering 50% greater energy efficiency than traditional cooling solutions.

Measurability

- ✓ Prevented 1.58 million metric tons of CO₂ emissions in 2024.
- ✓ Reduced energy consumption by 2.64 billion kWh.
- ✓ Reduced emissions intensity by 34% year-on-year.

Source: Tabreed 2024.



Education & Employment

Creating opportunities for marginalised or vulnerable people

Education and employment serve a foundational pillar for creating pathways to inclusion and economic stability for disadvantaged populations in emerging markets.

Informal employment accounts for nearly 58% of global jobs, equating to approximately two billion workers.

The proportion is significantly higher in developing countries, where nearly 70% of workers are engaged in informal jobs¹⁸.

In low-income countries, women are disproportionately represented in the informal economy – largely in sectors such as agriculture and domestic work – which are often precarious roles with limited opportunities for advancement. Education tailored to empower women, coupled with employment policies and practices promoting gender equity, can help create pathways for women to secure decent work.

Youth unemployment presents another pressing issue, with **over a fifth of the global youth population not engaged in education, employment, or training**. Young women are more than twice as likely to face this situation¹⁹. As a result, **32% of young women are not in education, employment or training**.

Core themes include...

- Quality employment opportunities
- Access to education and skills development
- Value created for those in informal employment or self-employment

Core themes include...

- Quality employment opportunities
- Access to education and skills development
- Value created for those in informal employment or self-employment

The Fund is not currently exposed to companies in this pillar. However, in 2024, the Sustainable Insights and Investing team undertook thematic research into decent work, focusing on core challenges such as informal employment, inequalities, and macroeconomic pressures. This research provided an in-depth analysis of high-risk sectors, including technology, healthcare, and energy. It also explored best practices in countries such as China, Brazil, and India. A key outcome was the **creation of the "Decent Work Best Practice Checklist"** and accompanying engagement questions – **a framework designed to identify opportunities for meaningful company engagement**.

Gender inequality emerged as a significant theme where targeted engagement could drive a meaningful positive impact. The Sustainable Insights and Investing team **incorporated the 2X Criteria and thresholds to assess organisational best practices aimed at advancing gender equality**²⁰. Using our proprietary Decent Work Framework and the 2X Criteria, we look for companies positively impacting education services and target those that expand access to affordable, quality education – recognising the importance of prioritising diversity and reaching all socioeconomic groups.

¹⁸ World Economic Forum (2024) The Future of Jobs Report 2023 (Online). Available at [1. Introduction: the global labour market landscape in 2023 - The Future of Jobs Report 2023 | World Economic Forum](#) (Accessed May 2025).

¹⁹ ILO (2024) Global Youth Unemployment Trends (Online). Available at [Number of youth not in employment, education, or training \(NEET\) a cause for concern, despite falling jobless rate | International Labour Organization](#) (Accessed May 2025).

²⁰ 2X Challenge (2025) 2X Criteria (Online). Available at [2X Criteria – 2X Challenge](#) (Accessed May 2025).

SDG Transition

Labelled bonds from issuers moving towards the SDGs

In 2023, the Fund initiated a new process for investing in ring-fenced labelled bonds issued by companies in the early stages of aligning with the SDGs – referred to as 'SDG Transition' companies. This approach enables targeted financing for issuers that are proactively demonstrating their commitment to transitioning towards the SDGs. The Fund can allocate up to 10% of its portfolio to SDG Transition companies.

The rationale behind this addition goes beyond identifying companies that are well-aligned today. It allows the Fund to support issuers that may not yet meet the materiality criteria for SDG alignment but are on a credible trajectory to do so in the medium term, given targeted SDG-aligned investment and capital allocation. This forward-looking strategy contributes to broader societal and environmental objectives by fostering positive change within transitioning companies and accelerating their progress towards the SDGs – ultimately promoting a more sustainable and responsible business landscape.

To qualify as an SDG Transition issuance, the instrument must meet specific and stringent criteria. It must be a ring-fenced green, social, or sustainable bond that passes Aberdeen's Labelled Bond Framework, which assesses alignment with international standards. There must also be a clear expectation that the issuer will meet the minimum materiality threshold for SDG contribution over time and eventually graduate from the SDG Transition sleeve. Additionally, the issuer must pass our ESG screens and the Do No Significant Harm assessment.

This innovative approach broadens the Fund's scope and supports companies on their sustainability journey by balancing current SDG alignment with the potential for future impact.

Aldar Properties was the first issuer to be included in the SDG Transition sleeve. Throughout 2024, Aldar made meaningful progress – over 80% of its new developments targeted 3 Pearl Estidama ratings, and the number of operational assets with LEED certification increased to 23%. We have supported Aldar through ongoing engagement, including a meeting with management in 2024 to discuss their green bond and impact reporting practices. During this engagement, we shared insights on aligning with global best practices. This collaborative relationship and Aldar's demonstrated progress highlight the value of our SDG Transition process in fostering long-term, sustainable change.



SDG Enablers

Companies integral to the supply chain for the SDGs

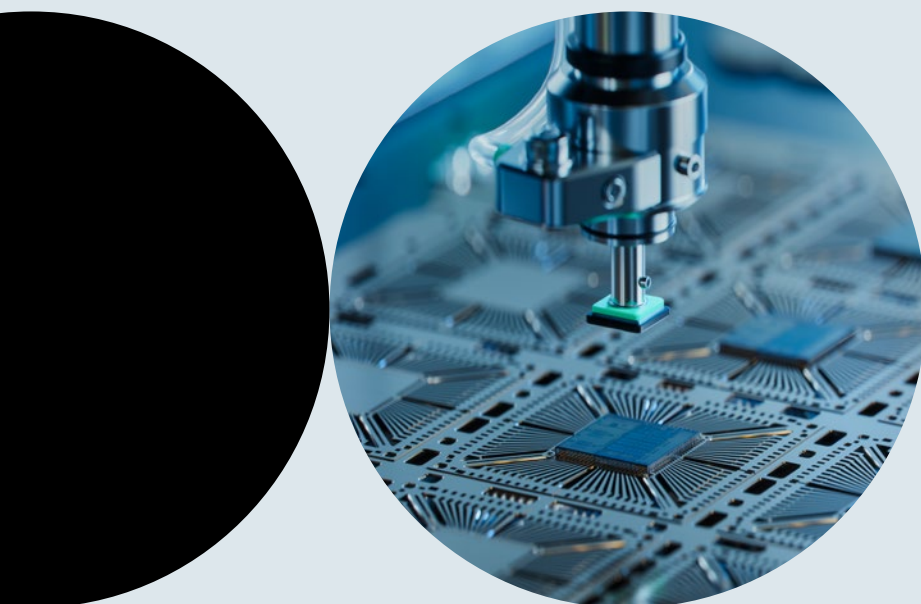
The Fund can also invest up to 20% in what we call SDG Enablers. These are companies whose products and services **enable an SDG-aligned value chain**, facilitating the delivery of solutions in at least one (and most likely many) of our eight impact pillars. While these businesses are integral to progressing towards the SDGs, they do not themselves deliver a direct and measurable positive benefit. In creating this basket of SDG Enablers, we avoid 'double-counting' the positive operational outcomes derived along the length of the value chain.

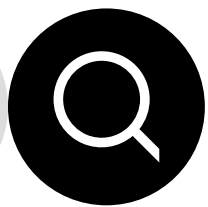
We've been conservative in the way we approach this. In a construct that allows 'SDG Enabler' classification for any firm that is involved in a value chain, the net is wide. To counter this, we have instead focused on companies that play **an essential and material role in delivering positive social and environmental outcomes**, and without whom many of the products that have a positive effect on our impact pillars would not be possible. This means avoiding companies that are several steps removed from the ultimate positive outcome.

SDG Enablers are playing a central role in achieving the SDGs, but they are doing so one step removed from the direct positive change – playing a crucial role in enabling rather than driving positive change.

Companies in our portfolio are...

- Producing pulp that is converted into sustainable wood-based textiles
- Supporting SMEs through intermediaries with concessional financing in Peru
- Developing memory semiconductors that double energy efficiency





Case Study



Company name: LD Celulose

Country: Brazil

Sector: Pulp & Paper

SDG sub-goal: 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Aberdeen ESG Risk Rating – Medium

MSCI ESG rating – A

(Lenzing – 51% owners); AA (Dexco – 49% owners)

ESG risks

- Chemical use in the viscose and modal process
 - Water use in pulp and fibre production
 - Potential risks to flora and fauna surrounding the operations
-

Theory of Change

Unmet need

Textile production relies heavily on fossil-fuel-based synthetics, contributing around 10% of global greenhouse gas emissions. Synthetic fibres like polyester are responsible for 35% of primary microplastics released into the environment. Dissolving wood pulp (DWP) offers a niche within the pulp industry, with sustainable textiles making up approximately 75% of its end demand. LD Celulose is a leading producer of DWP, supplying around 7% of the global supply.

Intentionality

LD Celulose is a joint venture between Lenzing (51%) and Dexco (49%), with Lenzing the sole recipient of LD Celulose's products; therefore, all DWP produced goes towards wood-based textile production. Lenzing makes products like Lyocell, which has the potential to use up to half as much water during production as cotton. Lyocell production doesn't use toxic chemicals and 99.5% of the dissolving agent can be used repeatedly. It also adopts a closed-loop system that recycles solvents and minimises harmful waste.

Materiality

All of LD Celulose's revenues come from its new, green DWP plant.

Enabling SDG progress

LDC provides sustainable wood-based alternatives to synthetic fibres. Given LDC provides the inputs into the production of more sustainable textile solutions like Lyocell, LDC play a key role in enabling the achievement of the SDGs.

Source: LD Celulose.

Emerging Market Sovereigns

The Fund can hold a maximum of 10% in hard currency government-issued bonds from frontier markets (countries less developed than emerging markets), with a maximum of 0.75% per individual sovereign.

Aberdeen’s ESGP Approach

ESGP Factors

| Environmental (25%) | Governance (25%) |
|---------------------------|--------------------------|
| SDG 7 and SDG 13 | SDG 9 and SDG 16 |
| Air pollution | Voice and accountability |
| Carbon intensity | Government effectiveness |
| Renewable energy | Regulatory quality |
| | Rule of law |
| | Open budget index |
| Social (25%) | Political (25%) |
| SDG 3, 4, 5, 9 and 10 | SDG 16 |
| Access to electricity | Corruption perception |
| Life expectancy | Political stability |
| Quality of infrastructure | State fragility |
| Gender inequality index | Press freedom |
| GINI coefficient | |
| Mean years of schooling | |
| Infant mortality | |

Frontier countries are some of the most in need of sustainable development financing, but often have financial markets that are not sufficiently developed for companies from these geographies to issue corporate bonds.

We apply our **proprietary Environmental, Social, Governance and Political Score** to the entire sovereign emerging market universe to filter out the lowest-performing countries.

We assess sovereigns using a range of quantitative metrics across the four pillars to determine an overall score. We also apply a qualitative overlay to determine the direction of travel of each country and the scope for improvement.

17 PARTNERSHIPS
FOR THE GOALS





Honduras

| | |
|----------------------|---------|
| ESGP Score | 43 |
| E Score | 61 |
| S Score | 63 |
| G Score | 32 |
| P Score | 20 |
| Direction of Travel: | Neutral |

Honduras, a lower-middle-income country, faces numerous socioeconomic challenges, including high levels of poverty, inequality, and limited access to basic services. The country is also vulnerable to climate change impacts, which exacerbate these issues. In response, **the Honduran government has developed and published a Sustainable Finance Framework to mobilise financial resources for projects that promote sustainable development** and improve the quality of life for its citizens. The framework is aligned with internationally recognised principles and guidelines, which enhances its credibility and ensures that the funded projects meet high standards of environmental and social governance.

The framework is designed to direct funds towards green and social investments or expenditures that contribute to poverty reduction and climate action. It aligns with the country's strategic objectives and the SDGs outlined in the 2030 Agenda. The establishment of the National Commission for the 2030 Agenda for the SDGs underscores Honduras' dedication to integrating these goals into national planning instruments.

Source: Honduras Sustainable Development Report 2024.

In November 2024, Honduras issued its inaugural sovereign sustainability Eurobond, joining a growing list of emerging market countries with labelled bonds. The intended allocation of bond proceeds was heavily skewed towards social objectives. The government expects that **between 91% and 97% of net proceeds will be used on eligible social projects aimed at reducing poverty and improving access to essential services**, thereby bridging the gap in social equity and promoting inclusive growth. These projects target vulnerable groups, including the elderly, people with disabilities, women, girls, and adolescents. The remaining 3% to 9% of net proceeds will be used on eligible green projects that promote environmental sustainability. These include renewable energy, energy efficiency, sustainable water management, clean transportation, and climate change adaptation. By investing in these areas, Honduras aims to mitigate the adverse effects of climate change and enhance the resilience of its communities.

Through its sustainability framework and labelled bond, Honduras also shows its commitment to transparency and accountability. The government has **pledged to publish annual allocation and impact reports, providing detailed information on the use of proceeds and the development impact achieved**. This enhanced reporting mechanism ensures that stakeholders, including investors, can track the progress and effectiveness of funded projects.

Engagement: A Pathway to Impact

Regular, proactive and action-oriented

The companies whose bonds we select for our portfolios are actively contributing to achieving the SDGs through their business activities. Yet, our work does not stop once we have determined material SDG alignment. Proactive and regular engagement is the cornerstone of our investment process. Our **intention is to drive positive change in behaviour**, with a focus on **improving access to impact data**.

Our Sustainability Insights and Investment Group and on-desk ESG specialists collaborate with our EM Corporate Debt and EM Equity teams to actively engage with companies. We believe this complementary relationship is advantageous as we can pool our collective expertise to advocate for positive change, while also making better-informed investment decisions.

Our leading role in improving impact data disclosures

We believe that when issuers offer a product or service that addresses environmental or social needs, reporting on related measurable outcomes helps to give stakeholders a truer, more holistic picture of their progress. Reporting and disclosure standards vary across the globe and **emerging market issuers tend to be earlier on in their sustainability journey than developed market peers. That's why engagement and educating companies around investor expectations are vital.** By working with portfolio companies

to enhance and improve disclosure around alignment and related outcomes, we believe that they will be increasingly recognised by the market for their positive contributions to society and the environment.

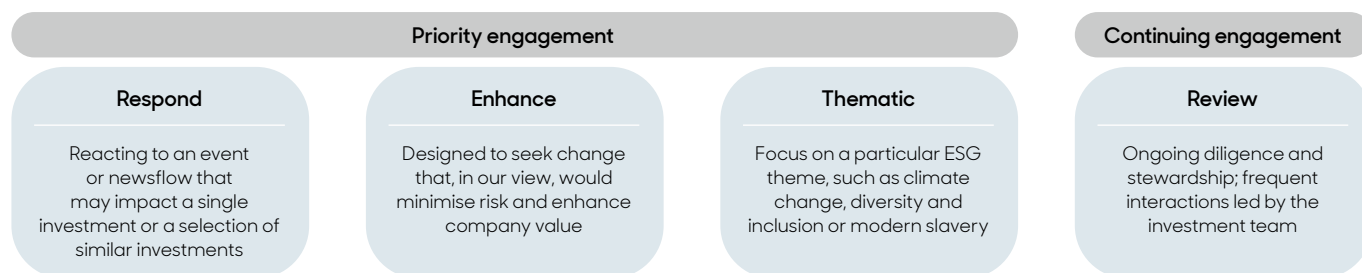
Improving impact data is something we have **publicly supported via the Impact Disclosure Taskforce** and we are encouraged to see more emerging market companies applying these frameworks to their primary Eurobond deal issuance, thereby improving access to impact data.

Our approach to engagement

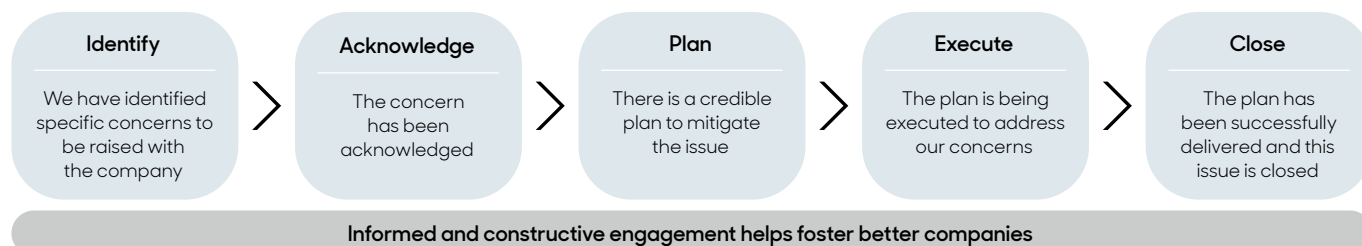
By engaging issuers, we can find inefficiencies, improve disclosures, encourage better behaviour, mitigate risks and drive positive change and financial performance. Therefore, we aim to set **milestones with issuers where we believe this will encourage action**. Once a milestone is set, we plan to follow up with the issuer on an annual basis to track progress and set new milestones once these are achieved. We initiate and close off milestones via our lifecycle approach: identify, acknowledge, plan, execute and close.

In 2024, we **launched our Fixed Income Engagement Roadmap, setting our thematic engagement priorities as Decarbonisation, Biodiversity, Labour, and Corporate Governance**. Follow [this link](#) to a Sustainability Inspires podcast about stewardship in fixed income.

Engagement types



Engagement lifecycle



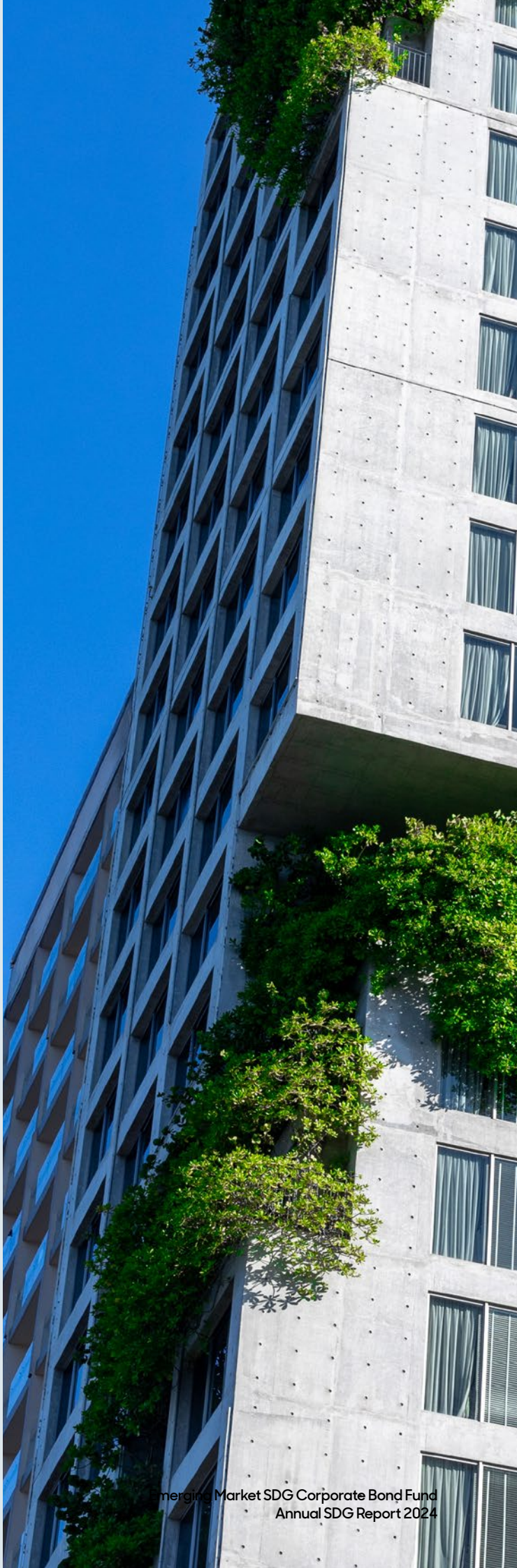
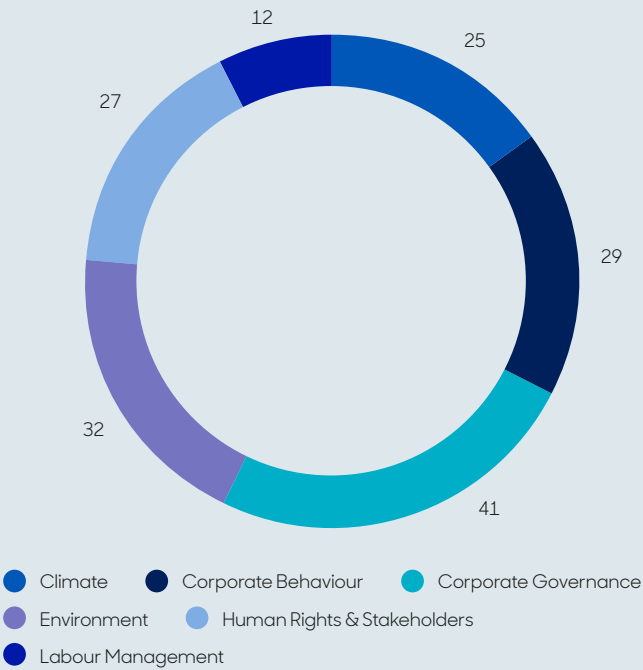
Engagements in 2024

Throughout 2024, we successfully **completed 85 engagements** with companies whose bonds we hold in the portfolio, including **15 priority ESG engagements**. Our thematic engagement priorities were centred on **financial inclusion in India and addressing solar supply chain risk management**. Among our notable success stories, we collaborated with Emerging Markets Investor Alliance (EMIA) on a collective engagement initiative. We also identified a pulp and paper company as an industry biodiversity leader leveraging the Taskforce on Nature-related Financial Disclosures (TNFD) Framework in partnership with our Sustainability Insights team. Other key achievements included setting milestones for biodiversity disclosures; providing feedback on green bond allocation and impact reporting practices; and following up on ESG milestones set during previous Aberdeen engagements. Find a selection of engagements carried out this year below.

| Company | Life cycle status | Engagement Summary | Investment View Change |
|--------------------------|-------------------|--|------------------------|
| Suzano | Execute | We met with Brazilian pulp and paper manufacturer Suzano as part of the EMIA. During this collaborative engagement, we discussed biodiversity, soil health and carbon. We considered Suzano as a potential investment through the TNFD/ENCORE framework and found the company transparent and focused on important areas within the sector. The company is undertaking pioneering SDG-aligned work by creating natural corridors. We view Suzano as a market-leading player in the pulp and paper sector. | Reinforces |
| Georgia Global Utilities | Identify | After considering Georgia Global Utilities (CGU) for our Emerging Markets SDG and Climate Transition portfolios, we inquired about its biodiversity management strategies, focusing on water and sanitation access among its customers. GGU demonstrated a robust corporate biodiversity strategy, but has limited public disclosure. We set a milestone for it to provide further transparency on this issue. | Reinforces |
| Majid Al Futtaim Holding | Acknowledge | Majid Al Futtaim (MAF) has acknowledged allegations of forced labour from staffing companies linked to Carrefour sites franchised in Saudi Arabia. MAF has committed to reviewing working conditions and auditing staff accommodations. MAF was unwilling to discuss its use of staffing companies, and we will have a follow-up call in 2025 once the results of the ongoing audit are published. We did not gain sufficient comfort from the engagement and closed our position in the Fund. | Weakens |
| Aldar Properties | Identify | Aldar is making considerable sustainability progress across its portfolio and is well positioned to benefit from the UAE's push for green construction. As the company is relatively early in its progress, we highlighted a number of areas where it can improve disclosure to better demonstrate progress in its green bond and impact reporting. | Reinforces |
| Greenko Energy Holdings | Execute | We caught up with Greenko on procurement and supply chain management. The company currently has limited need for solar module procurement due to its focus on pumped hydro storage projects. The only solar project sourced modules from Trina Solar, which is almost complete. Most suppliers are domestic, except for modules, which is a small component of overall supply. The limited exposure to higher-risk sources, as well as strong management, provide comfort around Greenko's overall supply chain risks. | Reinforces |
| Manila Water Company | Execute | Manila Water Company (MWC) is revising its emission reduction targets, recognising the need for stronger year-on-year goals. The build-out of sufficient reserves over the past few years has been helpful in managing recent heatwaves. MWC doesn't permit employees to work outdoors during peak hours, unless during an emergency. The company monitors the proportion of water bills to household income in determining affordability and customer satisfaction. Currently, water bills represent 3% of its customers' household income, which the company thinks is affordable. Governance has remained relatively stable since the new leadership took over in 2021 and the complete exit of Ayala in early 2024. ESG remains a core focus of the new leadership, as demonstrated by the establishment of a board-level ESG committee. | Enhances |
| Manappuram Finance | Acknowledge | We align Manappuram with enabling SDG 1.4. We contacted the company to gain additional information to confirm this alignment. Thirty percent of Manappuram's customers are female borrowers and all loans can positively contribute to their credit score (if repaid on time). The company also outlined processes to ensure the customer is aware of the risks at loan origination and is well-informed about the product. | Enhances |

Source: Aberdeen Investments, above are examples rather than exhaustive list.

Engagement topics in 2024



EM Debt SDG Governance Group

Experienced and stable team with a broad range of specialist skills

The Fund is managed by the EM Corporate Debt Team: an experienced and talented team managing US\$19 billion in emerging market debt mandates.

The EM Debt SDG Governance Group oversees Aberdeen's SDG process. The Group meets weekly to peer review the SDG Notes, discuss thematic sustainability research, and determine eligibility for inclusion in SDG-aligned portfolios. This Group is chaired by the portfolio managers and includes independent oversight from Aberdeen's Sustainable Insights and Investment Group. Representatives of our equity teams and on-desk ESG specialists are part of the Group to ensure a consistent approach to SDG alignment. The SDG Notes must be unanimously approved to be added to the SDG investment universe.

Portfolio Managers



Samuel Bevan (14)
Investment Director
London



Siddharth Dahiya (19)
Head of
EMD Corporate
London



Kevin Craig (30)
Investment Director
Edinburgh



Max Wolman (25)
Investment Director
London



Liam Blaikie (8)
Senior Investment
Manager
London



Lochlann Kerr (12)
Senior Investment
Manager
London



Marvin Yee (8)
Investment
Analyst
London

Specialist Fixed Income



Marianne Zangerl (16)

Head of ESG –
Fixed Income
London



Kate McGrath (7)

ESG Investment
Manager –
Fixed Income
Edinburgh



Nicole Lim (8)

ESG Investment
Manager
Singapore



Scott McQuiston (4)

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Chiweshenga (11)**

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Fraser Harle (9)

Investment Manager
GEM Equities
London



Catriona Macnair (15)

Investment Director
GEM Equities
Edinburgh

Specialist Equity

Sustainability Data

Fund objective

The Fund aims to achieve a combination of income and growth by investing in Emerging Market corporate bonds (loans to companies), which follow the Investment Manager's "Emerging Markets SDG Corporate Bond Investment Approach" (the "Investment Approach"). The Fund aims to outperform the JP Morgan ESG CEMBI Broad Diversified Index (USD) before charges.

Fund characteristics

| | |
|--------------------------------|---|
| Investment universe | Emerging Market Companies (USD/EUR/CHF/GBP) & Frontier Market Sovereigns (USD/EUR/CHF/GBP) |
| Launch date | 01/12/2021 |
| Base currency | USD |
| Number of holdings | 131 (as of 31 December 2024) |
| Assets under management | US\$172 million (as of 31 May 2025) |
| ESG exclusions | <ul style="list-style-type: none">• Non-compliance with the UN Global Compact or OECD guidelines for Multinational Enterprises.• Companies that derive over 5% of revenues from gambling, alcohol, adult entertainment and conventional weapons production.• Companies that derive any revenues from oil & gas production, thermal coal extraction, controversial weapons production, and tobacco production.• Companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite.• Companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels.• Companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels.• Companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO₂ e/kWh.• Power generation companies that derive over 5% revenues from thermal coal power or are directly involved in new investments in thermal coal.• Companies deemed to have a 'High' Aberdeen ESG Risk Rating.• Sovereign and quasi-sovereign bond issuers that are excluded by Aberdeen's ESGP Framework. |

Sustainable development characteristics



Fund MSCI
ESG Rating

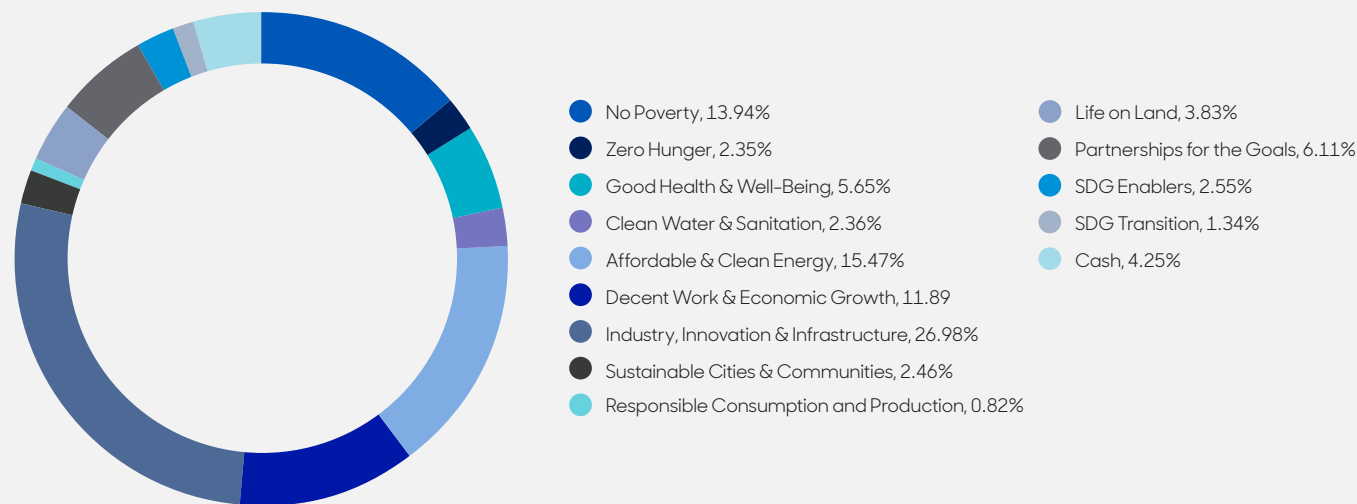


'A+' rating from
Conser

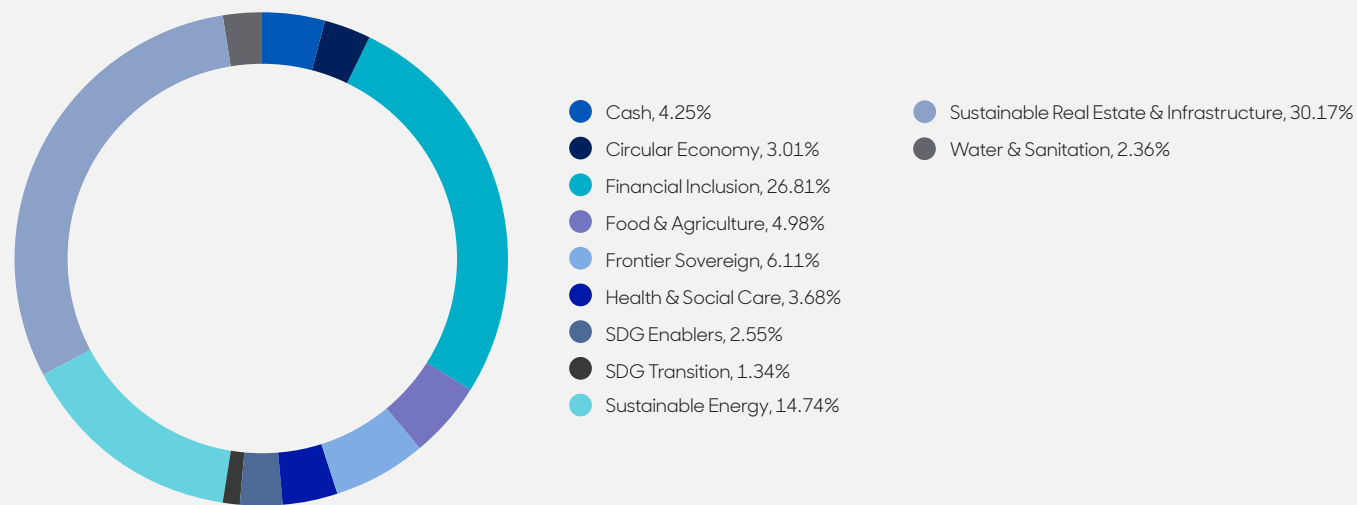


Environmental Finance
2024 Award Winner

Fund – UN SDG Alignment



Fund – Impact Pillar



Source: Aberdeen. As of 31 December 2024.

Important information

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

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To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Document (KIID) or Key Information Document (KID) in the local language, and Prospectus available in English, which are available on our website www.aberdeeninvestments.com. The Prospectus also contains a glossary of key terms used in this document. This fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as a building or shares of a company.

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