ESG Rating Methodology and Governance Disclosure

The Fixed Income ESG Risk Rating Framework

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aberdeeninvestments.com

This disclosure is provided in accordance with Regulation (EU) 2024/3005 (the EU ESG Ratings Regulation) and has been prepared having regard to the disclosure requirements set out in Annex III to that Regulation.

The ESG Risk Rating Framework used by Aberdeen is a proprietary, internal analyst-driven methodology for rating corporate credits and designed to systematically assess the environmental and social risks faced by corporate and financial issuers.

The ESG Risk Rating Framework is developed and overseen by the Aberdeen Investments Fixed Income Team and is used to help focus the knowledge and expertise of our credit analysts in a systematic way that helps substantiate the overall ESG risk rating (low/medium/high) assigned to a debt issuer.

The Fixed Income ESG Risk Rating is not marketed or sold as a standalone commercial ESG rating and does not represent a regulatory classification or external sustainability label. This disclosure applies solely to the ESG Risk Rating methodology for credits and does not extend to other ESG tools or scores produced by Aberdeen Investments.

Rating Product Disclosures

1. 1(f) information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality;

The objective of the Fixed Income ESG Risk Rating is to assess financial materiality, specifically focusing on ESG-related risks that may affect the creditworthiness and valuation of issuers.

Accordingly, the Fixed Income ESG Risk Rating is a risk-focused ESG assessment, evaluating financially material ESG risks such as, but not limited to, climate transition, water risks, human rights issues, labour relations, governance weaknesses such as financial transparency, capital allocation practices and quality of management strategy, and other sector-specific ESG risk factors.

The Fixed Income ESG Risk Rating does not assess impact materiality. However, it forms part of a broader double materiality framework when considered alongside separate impact materiality assessments conducted by the Aberdeen Investments Sustainable Investment Team. These complementary assessments evaluate how issuers affect the environment and society.

2. 1(g) the ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks;

The ESG Risk Rating Framework combines environmental, social, and governance factors into a single aggregated ESG risk rating, while retaining detailed analysis at the individual risk level. Each risk is assessed only where it is financially material to the issuer's credit profile, with the explicit exception that all governance risks are considered inherently financially material and are therefore always included in the assessment.

The key ESG factors considered are:

Environmental risks (where financially material):

- Greenhouse gas emissions and air quality
- Energy management
- Water, wastewater and hazardous materials management
- Exposure to environmental impacts

Social risks (where financially material):

- Human rights and community relations
- Customer welfare, privacy and data management
- Labour relations and practices; employee wellbeing, health and safety
- Exposure to broader social impacts, trends and demographic shifts

Governance risks (always considered financially material):

- Financial transparency
- Complexity of group structure and ownership
- Governance structure and board independence
- Capital allocation practices (e.g. dividends, buybacks)
- Quality of management strategy and execution
- Bribery, ethics and conduct risks
- Existence and effectiveness of risk committees, controls and disclosures

These individual factors are assessed on a granular basis and then combined through a weighted scoring approach to produce a single overall ESG risk rating (high, medium or low), while still allowing detailed insight into specific risk drivers.

3. 1(h) in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category;

The ESG Risk Rating Framework produces an aggregated ESG score, but the weighting across Environmental (E), Social (S), and Governance (G) factors is not fixed (e.g. not a simple 33% / 33% / 33% split). Instead, it is dynamic and sector specific, with weights adjusted based on the relative financial materiality of each category.

At a high level, governance carries the highest weighting across all sectors, typically accounting for just over 40% of the total ESG score. This reflects the view that governance risks are always financially material and have historically been the most significant drivers of credit risk and spread outcomes. The remaining weighting is allocated between environmental and social factors, with the split depending on the issuer's sector.

For example:

- **Environmentally intensive sectors** (e.g. extractives, autos) are assigned a higher weighting to environmental risks, reflecting the materiality of emissions, regulation, and transition risks.
- **Socially sensitive sectors** (e.g. gambling, consumer services) are assigned a higher weighting to social risks.
- **More diversified or "generic" sectors** may apply a broadly balanced weighting between environmental and social risks (e.g. approximately 50:50 for E vs S within the non-governance portion).

At the individual factor level, each ESG risk (e.g. greenhouse gas emissions, labour practices, financial transparency) is assigned a score based on its impact (low/medium/high) and timeframe (short/medium/long term). These scores are then weighted within their respective E, S or G category, with further sector-specific adjustments applied (e.g. higher weighting to environmental factors in high-emitting industries). The category-level scores are then aggregated using the overall E/S/G weightings described above to produce a total ESG score.

4. 1(i) within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU;

The Fixed Income ESG Risk Rating assesses:

Environmental risks (where financially material):

- Greenhouse gas emissions and air quality
- Energy management
- Water, wastewater and hazardous materials management
- Exposure to environmental impacts

Social risks (where financially material):

- Human rights and community relations
- Customer welfare, privacy and data management
- Labour relations and practices; employee wellbeing, health and safety
- Exposure to broader social impacts, trends and demographic shifts

Governance risks:

- Financial transparency
- Complexity of group structure and ownership
- Governance structure and board independence
- Capital allocation practices (e.g. dividends, buybacks)
- Quality of management strategy and execution
- Bribery, ethics and conduct risks
- Existence and effectiveness of risk committees, controls and disclosures
- Country of risk

These topics partially align with sustainability reporting standards developed under Article 29b of Directive 2013/34/EU; however, a formal one-to-one mapping is not applied.

5. 1(j) information on whether the rating is expressed in absolute or relative value;

The ESG Risk Rating is expressed as an absolute measure. Each issuer is assessed against a fixed scoring framework, resulting in an overall ESG risk classification of low, medium, or high, based on how its score compares to a maximum negative score (MNS) within the model. This means that ratings reflect the issuer's intrinsic level of ESG risk, rather than its position relative to other companies in the same sector.

While the rating outcome remains absolute, the framework is informed by sector-specific context to ensure that financially material ESG risks are appropriately identified. Sector benchmarks (derived from tools such as the SASB Materiality Map and credit rating agency heat maps) and peer analysis are used to guide the identification and calibration of relevant risk factors. These inputs support the assessment but do not change the absolute nature of the final rating output.

6. 1(o) if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements;

Climate transition assessments explicitly consider alignment with the objectives of the Paris Agreement, including net-zero ambition, emissions targets and capital allocation alignment. TNFD may also inform the assessment of other environmental factors.

7. 1(p) if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements;

The ESG Risk Rating Framework incorporates social (S) and governance (G) factors but does not formally assess alignment with or apply a direct mapping to specific international agreements. However, certain S and G topics considered in the methodology, such as human rights, labour practices, business conduct and governance, are informed by internationally recognised reference frameworks, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. These frameworks are relevant because they inform the assessment of S and G risk topics within the methodology, but they provide contextual guidance only and are not used as standalone scoring benchmarks.

General Methodological Disclosures

8. 1(a) an overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered

The ESG Risk Rating Framework used by Aberdeen is a proprietary, analyst driven methodology designed to systematically assess the environmental and social risks faced by corporate and financial issuers. It is grounded in sector-based and country of risk analysis, using external reference points such as the SASB Materiality Map and ESG "heat maps" from credit rating agencies (S&P and Moody's) to identify the most relevant risk factors for each industry. Within this structure, granular ESG risks (e.g. greenhouse gas emissions) are pre classified by both expected impact and timing, creating a sector "starting point." Credit analysts then apply judgement to adjust these baseline assessments based on company-specific characteristics, ensuring that ratings reflect idiosyncratic risks rather than relying purely on generic sector classifications.

The methodology incorporates both backward-looking and forward-looking elements. Historical trends and existing disclosures inform the identification and assessment of ESG risks, but a key emphasis is placed on forward-looking analysis, particularly through the evaluation of how risks may evolve and affect credit profiles over time. This forward-looking dimension is inherently judgement-based and is strengthened through peer review, cross-asset insights, and a global research perspective.

In terms of time horizon, the framework explicitly categorises risks into short, medium, and long term buckets, providing structure to the forward-looking assessment. Short term is defined as up to two years (aligned with typical credit rating horizons), medium term as two to ten years, and long term as beyond ten years. This time segmentation allows the framework to capture both immediate financial risks (e.g. regulatory fines) and more structural or emerging risks (e.g. stranded assets). Each individual ESG Risk rating is reviewed at least annually by the Sustainable Investments Team, however the ESG Risk rating may be reviewed on an ad hoc basis in response to material changes affecting the issuer.

9. 1(b) industry classification used

Companies are assigned to industries using:

- GICS sub-industry classification

Industry classification informs the Impact (high, medium or low) and timeliness (short, medium, long) of environmental and social issues assessed within the Fixed Income ESG Risk Rating.

10. 1(c) an overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU [the EU framework for preparing financial statements] or from information disclosed under Regulation (EU) 2019/2088 [SFDR] and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates;

The ESG Risk Rating Framework draws on a combination of external and internal data sources. Key inputs include publicly available frameworks such as the SASB Materiality Map and ESG sector risk assessments from major credit rating agencies (e.g. S&P and Moody's), complemented by company disclosures and direct engagement with issuers. As a result, the framework makes use of corporate sustainability disclosures where available, including information prepared under evolving EU sustainability reporting requirements. However, the methodology does not rely exclusively on sustainability statements prepared under Directive 2013/34/EU nor on disclosures made under Regulation (EU) 2019/2088.

The data process is analyst-led and judgement-based, starting from a sector-level risk "baseline" which is adjusted using company-specific qualitative and quantitative information. Where data is unavailable or incomplete, analysts apply informed estimation, drawing on historical trends, scenario analysis and engagement insights to assess risks and their potential impact.

Data is updated on an ongoing basis as new information becomes available through disclosures, market developments and issuer engagement.

11. 1(e) information on whether and how the rating methodologies are based on scientific evidence;

The ESG Risk Rating Framework is partly grounded in evidence-based external standards, while also incorporating internal judgement. In particular, it draws on the SASB Materiality Map and ESG risk assessments from established credit rating agencies. These inputs provide a structured and evidence-informed foundation for the identification and prioritisation of ESG risk factors.

However, the methodology relies significantly on analyst expertise, qualitative judgement, and forward-looking assessment. The timing and impact of ESG risks are inherently uncertain and cannot be determined solely through empirical data, so analysts apply informed judgement, supported by peer review and ongoing research. As such, the framework combines scientific and industry evidence with expert judgement, rather than being solely based on quantitative or academic models.

12. 1(k) where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence;

Within Aberdeen Investments, AI-enabled tools may be used to support research and information gathering. Artificial intelligence is not used to make decisions, assign scores or determine ESG Risk Rating results.

Limitations in Data Sources, Methodologies and Information

13. 1(m) any limitation in data sources and methodologies used for the construction of ESG Ratings;

Sustainability assessments are subject to inherent limitations, including differences in data availability, quality and inconsistency across sectors, jurisdictions and issue areas. Certain environmental and social impacts (particularly nature-related and social outcomes) are not yet supported by fully standardised quantitative data.

Where data is unavailable, reasonable estimates, sector-level proxies or qualitative judgement may be applied. Sustainability assessments should therefore be interpreted as analytical views at a given point in time and may be revised as data and disclosure practices evolve.

14. 1(g) any limitation on the information available to ESG rating providers.

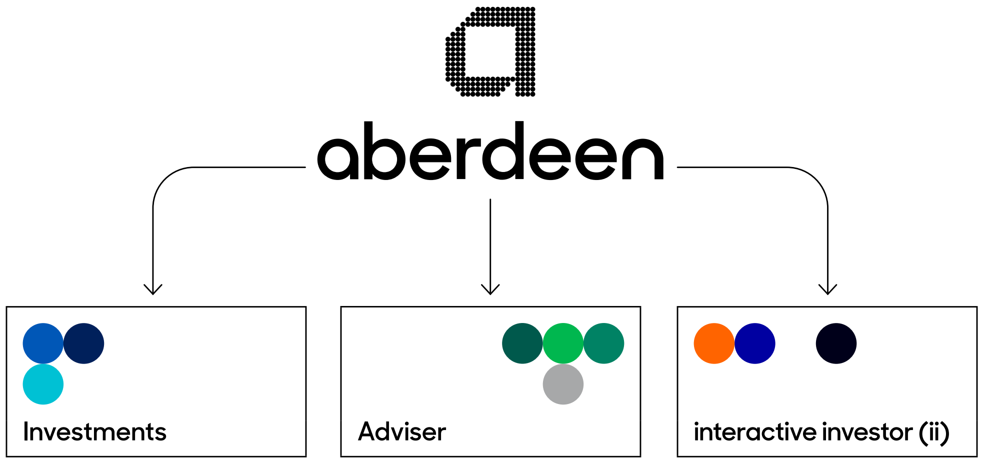
The ESG Risk Rating relies on information that is publicly disclosed or otherwise reasonably accessible. Disclosures may be incomplete, prepared using different methodologies or subject to reporting delays. Data availability may also vary by jurisdiction, affecting comparability across regions.

Organisational Disclosures

15. 1(d) the ownership structure of the ESG rating provider;

Aberdeen Investments is the global investment management business of the Aberdeen Group and is not a standalone legal entity, but a business name and trading identity used by regulated investment management entities within the Group. The ultimate parent undertaking is Aberdeen Group plc, a United Kingdom-incorporated public limited company with its registered office at 1 George Street, Edinburgh, which provides group-level governance, strategic direction and oversight.

Aberdeen Group operates through three principal businesses: Investments (operated under the Aberdeen Investments brand), Adviser and interactive investor. The investments business is delivered through regulated subsidiary entities operating in multiple jurisdictions, all of which are wholly owned, directly or indirectly, by Aberdeen Group plc and subject to local regulatory supervision.



Group-wide governance frameworks apply across Aberdeen Investments, while day-to-day responsibility for investment activities and internal analytical tools rests with dedicated teams within the relevant regulated entities.

16. 1(l) general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model;

The ESG Risk Rating is an internal analytical framework. It is not offered as a paid, standalone ESG rating service, and rated companies do not pay for assessment.

17. 1(n) the main risks of conflicts of interest and the steps taken to mitigate them;

The primary risks of conflicts of interest in the context of Fixed Income ESG risk ratings arise from the potential influence of commercial, investment, or issuer-related considerations on the objectivity of ESG assessments and credit recommendations. These may include situations where investment teams have existing or prospective positions in issuers, where there are relationships with corporate clients, or where internal incentives could create perceived or actual bias in ESG evaluations.

These risks are mitigated through organisational separation between the Sustainable Investment Team, investment functions, and group-wide policies on conflicts of interest and business conduct, which are published on Aberdeen Investments' website and apply to the ESG Risk Rating.

Further information on relevant policies and governance arrangements is available at: **Document Library | Aberdeen Investments**.