aberdeen
Investments

Climate-related financial disclosures for abrdn Fund Managers Limited (aFML) in line with the recommendations of the Taskforce on Climate related Financial Disclosures (TCFD)

June 2025

aberdeeninvestments.com

Contents

Our approach to climate reporting

We provide an overview of material information against the four pillars of TCFD within our Sustainability and TCFD report (docs (aberdeenplc.com)) following the recommendations of the TCFD framework.

Link to our Sustainability and TCFD report

Compliance Statement

This report should be read in conjunction with Aberdeen Group plc's Sustainability and TCFD report 2024.
This report meets the requirements of chapter 2.2 on TCFD entity reports of the FCA's Environmental, Social and Governance Sourcebook as also set out in the FCA Policy Statement 21/24. Our disclosure is, in our opinion, in line with the TCFD recommendations.

Emily Smart
Chief Executive Officer
aFML
30 June 2025

Signed by:
Emily Smart
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Background to aFML

abrdn Fund Managers Limited (aFML)

aFML's principal activity is the provision of investment management and administration services and is part of the Aberdeen Group plc (Aberdeen). All investment management activities are sub-delegated to fellow regulated subsidiaries within Aberdeen.

aFML is regulated by the Financial Conduct Authority ("FCA") and acts as Authorised Corporate Director to funds subject to the Undertakings for Collective Investments in Transferable Securities regulatory regime. aFML is also manager to a number of funds governed under the Alternative Investment Fund Manager Directive.

The activities of aFML are overseen directly by the Board. aFML has waivers in place in accordance with the Investment Firms Prudential Regime (IFPR) whereby it waives its requirement for a nominations, remuneration and risk committee to the respective committees of the Aberdeen Board.

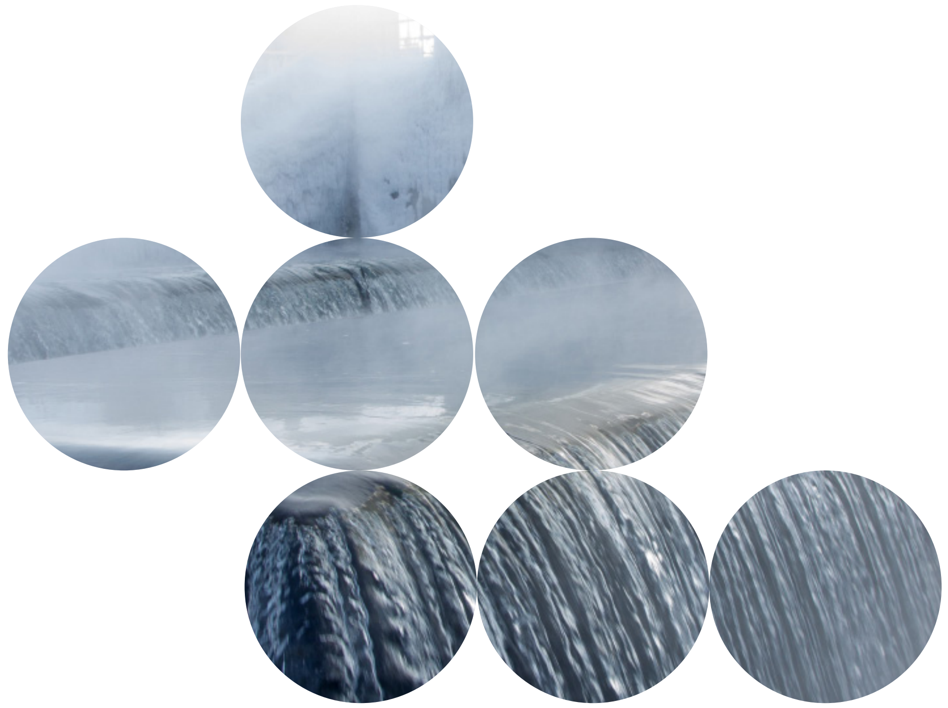
Purpose of the report

The recommendations by the Taskforce on Climate-related Financial Disclosures (TCFD) – initiated by the Financial Stability Board in 2015 and adopted in 2017 – provide a consistent global framework for disclosing financial impacts of climate-related risks and opportunities. The disclosures made by an organisation in line with TCFD recommendations enable stakeholders to gain a better understanding of the climate-related risks and opportunities (including how they are managed) that are likely to impact the organisation's future financial position.

With its Policy Statement on Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers (Policy Statement 21/24), the FCA has mandated annual reporting in line with the TCFD recommendations for legal entities (initially for those that meet the requirements of an 'enhanced scope Senior Managers and Certification Regime (SM&CR) firm') and the assets managed or administered by them.

This report provides climate-related financial disclosures for abrdn Fund Managers Limited (aFML) for the reference period 1 January 2024 to 31 December 2024. This report meets the requirements of chapter 2.2 on TCFD entity reports of the FCA's Environmental, Social and Governance Sourcebook as also set out in the FCA Policy Statement 21/24.

The TCFD has developed 11 recommendations for disclosure which are structured around four thematic areas, notably governance, strategy, risk management and metrics and target. This report provides disclosure against the 11 recommendations for aFML.



Cross-referencing to Aberdeen Group plc reports

Aberdeen has published climate-related financial disclosures in line with the TCFD recommendations since 2019. In its reporting, Aberdeen sets out the company's overall framework for identifying, assessing and managing climate-related risks and opportunities. This framework applies to aFML which broadly relies on the TCFD disclosures made by Aberdeen.

In March 2025, Aberdeen published its Sustainability and TCFD report 2024 which provides disclosure in line with the TCFD recommendations for the 2024 reporting year.
The report can be found here: **Sustainability and TCFD report 2024 for Aberdeen group**

The following table sets out where the relevant sections on TCFD disclosures can be found in Aberdeen's report.

Governance	Strategy	Risk Management	Metrics and targets
Description of the board's oversight of climate-related risks and opportunities. *Sustainability and TCFD report 2024 (pages 42-43)*	Description of the climate-related risks and opportunities that the organisation has identified over the short, medium and long term. *Sustainability and TCFD report 2024 (pages 44-46)*	Description of the processes for identifying and assessing climate-related risks. *Sustainability and TCFD report 2024 (pages 44-46)*	Description of the metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process. *Sustainability and TCFD report 2024 (pages 61-63)*
Description of the management's role in assessing and managing climate-related risks and opportunities. *Sustainability and TCFD report 2024 (pages 42-43)*	Description of the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. *Sustainability and TCFD report 2024 (pages 44-46)*	Description of the processes for managing climate-related risks. *Sustainability and TCFD report 2024 (page 47)*	Description of scope 1, 2 and if appropriate scope 3 GHG emissions (scope 3 is mandatory from a FCA perspective as of 2024) and related risks. *Sustainability and TCFD report 2024 (pages 61-63)*
	Description of the resilience of the organisation's strategy taking into account the different climate-related scenarios. *Sustainability and TCFD report 2024 (pages 52-56)*	Description of how the processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management. *Sustainability and TCFD report 2024 (page 47)*	Description of the targets used to manage climate-related risks and opportunities and performance against the targets. *Sustainability and TCFD report 2024 (pages 61-63)*

The following sections provide a short overview of Aberdeen's approach to the TCFD recommendations and any additional information relevant to understand how aFML takes climate-related risks and opportunities into account when managing or administering investments on behalf of clients and customers.

Governance

The aFML CEO has overall responsibility for ensuring that the aFML Board is kept suitably appraised of its climate and sustainability obligations.

aFML is also supported by Aberdeen Group plc governance, which supports the integration of sustainability issues into our strategy (including our own Sustainability related company targets), governance, risk framework and investment processes, enabling us to identify and review sustainability related risks and opportunities, with clear accountabilities.

Aberdeen's climate related governance can be found here:

Board oversight of climate-related risks and opportunities as set out in the Sustainability and TCFD report 2024 (pages 42-43).

Management role in assessing and managing climate-related risks and opportunities as set out in the Sustainability and TCFD report 2024 (pages 42-43).

In addition, in 2022 Aberdeen implemented a Sustainable Investing governance structure for its investment business, including aFML. The Sustainable Investing governance structure is critical for the development and implementation of Aberdeen's sustainability (including climate-) related strategy. This includes but is not limited to Aberdeen's approach to integrating sustainability (including climate-) related risks and opportunities in investment decision-making and the development of lower-carbon products to support client objectives. Sustainability matters are discussed and embedded within the Forums that exist within the Investment Executive. The Investment Executive as a whole are responsible for sustainability matters; thus, they are discussed as part of the three existing forums.

- The Sustainable Investing Strategy Group (SISG) aims to serve two purposes: drive the strategic focus of the investment sustainability strategy and delivery of the strategy via 'collaboration, consistency, process and integration'
- The Sustainability Standards Group is a formal internal forum to uphold sustainability standards in Aberdeen's actively managed investment products.
- The Regulatory and Standards Forum serves as an information sharing forum on sustainable investing regulations and standards that may impact Aberdeen investments.

Our network of subject matter experts within the business meet in regular environment working groups, including climate-specific working groups to progress our operational net zero pathway. The Investments business' Technical Climate Working Group supports discussion on a number of topics including investment integration of climate change and data governance of key metrics. The group does not make decisions on our climate approach, but does make recommendations, which are taken to our Sustainable Investing Strategy Group (SISG) on a quarterly basis.

Strategy

Net zero directed investing strategy

Aberdeen is a member of the Net Zero Asset Managers initiative (NZAM) and is committed to reduce the carbon intensity of the assets invested in on behalf of clients to support the transition to net zero. Aberdeen's investments target is to reduce the carbon intensity of the in-scope assets by 50% by 2030 versus a 2019 baseline. Assets in scope for the decarbonisation target are Equities, Fixed Income, Quantitative strategies and Real Estate (out of scope are Multi-asset, Sovereign bonds, Cash and FX, Derivatives, Passive funds, Third party funds, Private equity, Private credit, and Infrastructure). Individual funds may or may not have a binding decarbonisation target.

The scope of assets for the decarbonisation target is driven by data availability, maturity of methodologies and control over decision-making. Whilst a number of clients have set explicit decarbonisation targets, the investments' decarbonisation target still has to be reflected in mandates, a process that takes time and is heavily reliant on client action.

Further details on Aberdeen's decarbonisation target can be found in the Sustainability and TCFD report 2024 from page 35 onwards.

Climate scenario analysis

Aberdeen's approach to climate scenario analysis is outlined i n the Sustainability and TCFD report 2024 (pages 22-26). The outcomes of the analysis are provided in aggregate form focussing on asset classes in which valuations are largely derived from future corporate earnings streams, namely listed equities and corporate bonds.

Delegation

aFML adopts the Group's Procurement, Outsourcing and Third Party Management policy and Third Party Risk Management Framework which outlines the process and criteria for the appointment of delegates. These consider and reflect climate related factors in both the risk assessment and due diligence of our delegates – including if the service produces emissions and could impact the environment (e.g. waste, water, paper, etc) and gaining assurance over the climate related policies and standards in place at the delegate. Risk assessments and due diligence are completed both at the time of appointment of the delegate and at regular intervals on a risk-based approach during the term of the service.

Further information on Aberdeen's climate-related strategy can be found here:

Climate-related risks and opportunities identified over the short, medium and long term as set out in the Sustainability and TCFD report 2024 (pages 44-46).

Impacts of climate-related risks and opportunities on Aberdeen's businesses, strategy and financial planning as set out in the Sustainability and TCFD report 2024 (pages 44-46).

Resilience of the strategy to climate-related risks and opportunities, taking into account the different climate-related scenarios, as set out in the Sustainability and TCFD report 2024 (pages 52-56).

Risk management

Integration of climate-related risks into the investment processes

The integration of climate-related risks and opportunities in the investment process is a key element of Aberdeen's approach to risk management. In 2022, Aberdeen formalised its approach by setting out the overall framework, including investment desks' specific approaches to integration in investment decision-making, in a document that is available on Aberdeen's Sustainable Investment webpage.

Active ownership

As of year-end 2022 Aberdeen identified the highest-financed emitters in the Group's Equity and Fixed Income holdings. Aberdeen developed a framework, which is being used to drive the climate-related engagement strategy with the highest-financed emitters in equities. This framework is based on a set of factors, including the Climate Action 100+ Net Zero Company Benchmark, the scope and coverage of GHG reduction targets, and a focus on governance such as, climate-related KPIs reflected in the LTIP and social impact of the energy transition.

Aberdeen initiated a two-year engagement programme with these emitters with a view to influencing real-world decarbonisation progress. In the event that Aberdeen sees insufficient progress, Aberdeen will escalate engagement, exercise voting rights, and may recommend divestment. The high-financed emitters engagements have been concluded at the end of December 2024. Aberdeen assessed the milestones and have taken voting action at upcoming AGM for those companies where insufficient progress has been made on the milestones set in 2023.

In addition, active ownership is an important part of the investment process and Aberdeen's approach to integrating sustainability (including climate-related) risks into investment decision-making when investing in corporate assets. Investments desks will decide in line with their desk-level processes if engagement on a climate-related risk will be carried out.

Three lines of defence

Aberdeen operates a 'three lines of defence' model in the management of sustainability, including climate-related, risks ensuring that there are clearly defined roles and responsibilities within the Enterprise Risk Management Framework:

First line: Investment teams have the primary responsibility for identifying, assessing, and managing sustainability, including climate-related, risks alongside other risks to investments. Sustainable Investing governance forums, support investment desks with regards to implementation of the overall sustainability risk integration framework and regulatory requirements.

The Sustainable Investment team supports the investment desks in the implementation of their sustainability risk integration processes, for instance, with research and engagement activities.

2nd line: Investment Risk oversees ESG-related portfolio composition factors. The overall RAG status of funds as well as action taken to address moderate / high risks are reported to boards, and relevant committees as required, on a regular basis.

Risk & Compliance, which includes compliance, operational risk and Investment Risk oversight teams, support the implementation of sustainability risk integration and provides challenge to new and existing processes through engagement with Strategy Groups and Enabler forums, ongoing engagement with Strategy groups and Enabler forums, ongoing engagement with the first line, regulatory change implementation, and regular and/or thematic monitoring. Disclosure documents, including regulatory and product marketing material are subject to a risk-based compliance sign-off to ensure they are fair, clear, non-misleading as well as consistent and proportionate with sustainability-related statements.

Risk management

3rd line: Aberdeen's Internal Audit function conducts internal audits of sustainability rule implementation as part of its internal audit agenda.

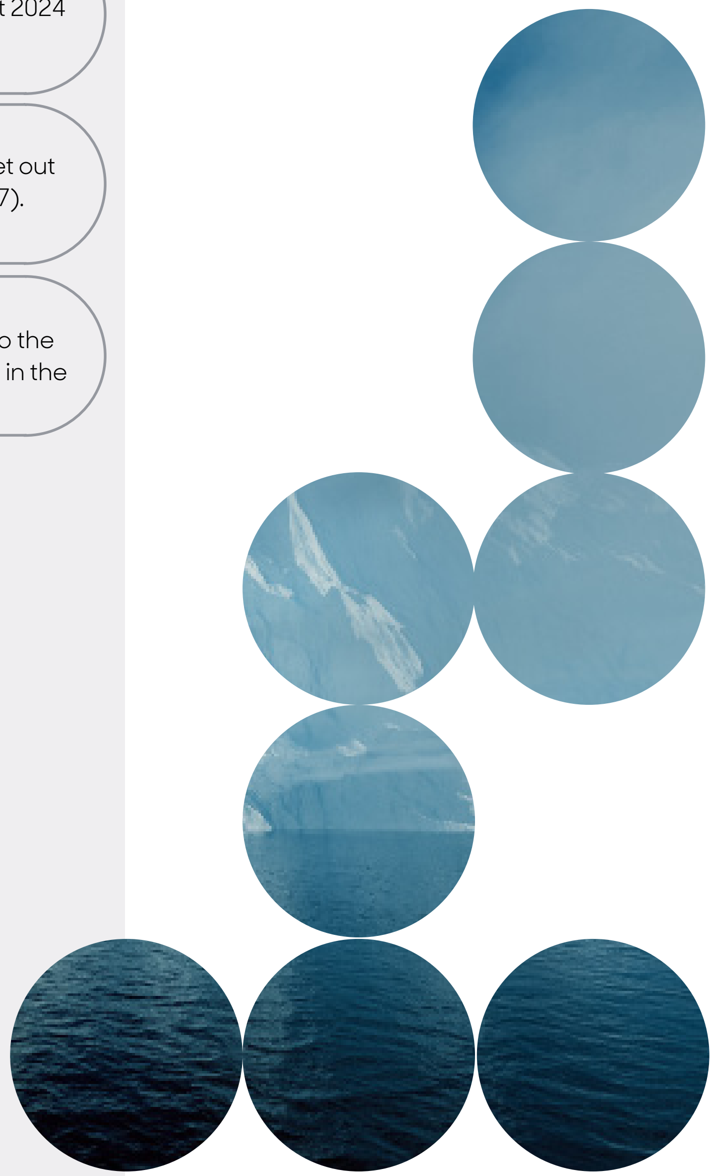
In addition, as part of the group audit plan methodology, risk assessments are carried out considering various factors including changes to regulations and developments impacting the firm, which may result in reviews relating to greenwashing.

Further information on Aberdeen's climate-related risk management can be found here:

Processes for identifying and assessing climate-related risks as set out in the Sustainability and TCFD report 2024 (pages 44-46).

Processes for managing climate-related risks as set out in the Sustainability and TCFD report 2024 (page 47).

How the processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management as set out in the Sustainability and TCFD report 2024 (page 47).



Metrics and targets

Metrics

Aberdeen uses some core portfolio-level metrics to monitor aggregate carbon performance. The metrics provide the following insights:

- **Weighted Average Carbon Intensity (WACI)** is a normalised carbon intensity figure, expressed as tCO_2e/million USD revenue. In the case of real estate we use the denominator of floor area (m2) and for sovereigns we use PPP-adjusted GDP. The portfolio weighting of each holding is multiplied by the ratio of the investee company's emissions normalised by the investee company's revenue.

  In this instance company revenue is used to normalise emissions to allow for investors to account for a company's size and economic activity (e.g. typically larger companies will have a greater total emissions footprint but may be more carbon efficient on an intensity basis). Company revenue is a useful proxy for the economic activity of a company. Normalising emissions allows for more accurate comparisons between companies of different sizes and between funds of different sizes. However, volatility in revenues will impact WACI results and such revenue volatility is not always perfectly tied to actual economic activity or total emissions. Moreover, normalising emissions by revenue means that WACI does not perfectly reflect the carbon impact of an investment on the real-world.

- **Whereas Economic Emissions Intensity** is useful for understanding carbon intensity relative to the value invested in a company. Economic Emissions Intensity (EEI) is a normalised carbon intensity metric, expressed as tCO_2e/million USD invested. The portfolio weighting of each holding is multiplied by the ratio of the investee company's emissions normalised by the investee company's enterprise value including cash (EVIC). This is equivalent as dividing the portfolio Financed Emissions by the portfolio's AUM.

  In this instance EVIC represents the total value of a company's equity and debt, allowing investors to normalise emissions by company size, based on equity and debt valuations. (i.e. typically larger company's will have a greater total emissions footprint but may be more carbon efficient on an intensity basis). Normalising emissions allows for more accurate comparisons between companies of different sizes and between funds of different sizes. However, volatility in EVIC will impact EEI results and EVIC volatility is not always perfectly tied to actual economic activity or total emissions. Moreover, normalising emissions by EVIC means that EEI does not perfectly reflect the carbon impact of an investment on the real-world.

- **Financed Emissions** provides an absolute view of emissions 'owned' by different investors, but the view from the metric is subject to market volatility. Financed Emissions calculate the absolute total emissions, expressed as tCO_2e, that are attributed to the investor. The methodology used follows the Partnership for Carbon Accounting Financials (PCAF) and is recommended by TCFD. The attribution factor is calculated by taking the monetary size of the investment and dividing it by the investee company's enterprise value including cash. This attribution factor is then multiplied by the company's total emissions to calculate the final Financed Emissions result.

  It is important to consider that Financed Emissions will be principally driven by the size of the investment made in a company and therefore, larger funds will tend to have higher Financed Emissions. Moreover, volatility in a company's EVIC can lead to changes in Financed Emissions between equity and credit investors.

We use these three measures to assess the carbon impacts of our portfolios.

	Measure	Unit of measurement	aFML
Corporate emissions	Weighted average carbon intensity (WACI) (S1&2)	tC02e/million USD revenue	124.86
	Data coverage (as % of eligible assets)	(%)	86.88
	Economic emissions intensity (S1&2)	tCO_2e/million USD Invested	50.47
	Total financed emissions (S1&2)	tCO_2e	2,335,107
	Data coverage (as % of eligible assets)	(%)	85.98
Sovereign emissions	Weighted average carbon intensity (WACI) (S1&2)	tC02e/million USD GDP	340.47
	Data coverage (as % of eligible assets)	(%)	50.71
Real estate emissions	Weighted average carbon intensity (WACI) (S1&2)	tC02e/m2	0.014
	Total financed emissions (S1&2)	tCO_2e	8364.73
	Data coverage (as % of eligible assets)	(%)	40.00

Data coverage is expressed as total value of assets with associated Scope 1 and 2 emissions, as a proportion of total value of relevant funds in the entity. Note that Scope 1 and 2 emissions typically make up only a small proportion of total emissions for a typical real estate portfolio where only some assets emit scope 1 and 2 and for the majority of assets scope 1 and 2 is not applicable/not emitted. This results in perceived low data coverage percentages as a proportion of total Fund value. Coverage of Scope 1 and 2 emissions (as a proportion of total applicable Scope 1 and 2 emissions) is actually much higher, at 90% by floor area.

Metrics and targets

Data

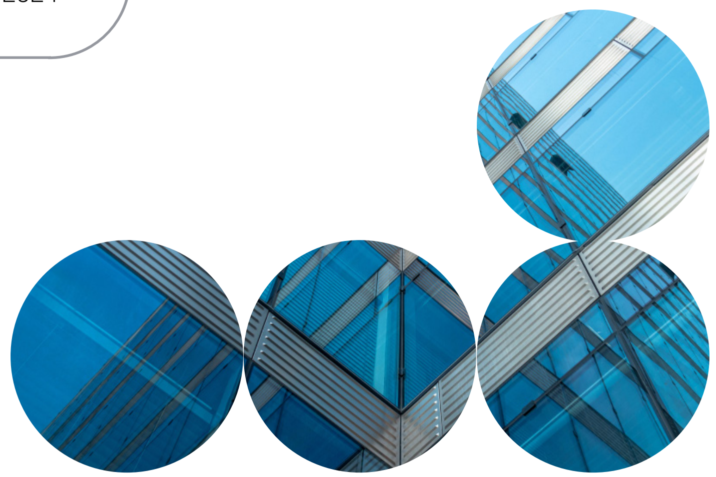
In 2022, Aberdeen upgraded its climate and carbon tools to deal with new TCFD provisions, such as EVIC, scope 3 carbon data and portfolio aggregation to improve the ESG data provision to our investment teams and to our clients.

Our specialist data provider for emissions is Trucost, which we selected upon a broad review of carbon emissions data providers. Trucost is an established ESG data provider, our selection was based on their global coverage and strong estimation methodology.

Our specialist data and modelling provider for scenario analysis is Planetrics, which we selected upon a broad review of providers. Planetrics and Aberdeen work on a partnership basis to develop bespoke solutions, with broad global coverage and a robust climate scenario analysis framework.

Further information on Aberdeen's climate-related metrics and targets can be found here:

- Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process as set out in the Sustainability and TCFD report 2024 (pages 61-63).
- Scope 1, 2 and if appropriate scope 3 GHG emissions and related risks as set out in the Sustainability and TCFD report 2024 (pages 61-63).
- Targets used to manage climate-related risks and opportunities and performance against the targets as set out in the Sustainability and TCFD report 2024 (pages 61-63).



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