

# abrdn Ethical Corporate Bond Fund

## SDR Consumer Facing Disclosure

02 December 2024



### Sustainability Disclosure Requirements (SDR) and labelling regime

Sustainable investment labels help investors find products that have a specific sustainability goal. The fund does not have a UK sustainable investment label under SDR. This is because the fund has a financial objective to deliver growth over the long-term. While the fund itself does not have material sustainability characteristics or a sustainability objective, it does consider sustainability characteristics of companies as part of its investment policy.

### Fund objective

To generate income and some growth over the long term (5 years or more) by investing in Sterling-denominated investment grade corporate bonds which adhere to the abrdn Ethical Corporate Bond Investment Approach.

### Sustainability approach

The ethical assessment criteria:

#### Sustainable characteristics

The fund targets to exclude at least 20% of the fund's benchmark investable universe, through a combination of internal assessment and the use of negative screening criteria to avoid investing in certain industries and activities that our customers are concerned with.

#### ESG risk rating

Our assessment criteria also incorporates the insights from our on-desk ESG Risk Rating, which is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way. Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each debt issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future.

The key areas of focus are the materiality of the inherent environmental and social risks of the sector of operation (e.g. extraction, water usage, cyber security) and how specific companies manage these risks, combined with the quality and sustainability of its corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact.

The fund excludes debt issuers with a "High" ESG Risk Rating.

#### Negative screening criteria

The fund applies a set of company exclusions which are related but not limited to fossil fuels, animal testing, weaponry, pornography, gambling, tobacco and alcohol. Please refer to the prospectus for full details on the screening criteria applied for this fund.

#### ESG house score

The ESG House Score is an analytical tool developed by our investments sustainability group in collaboration with the quantitative investment team. The score is calculated by combining a variety of data inputs within a proprietary framework, combining our underlying governance and operational scores.

The abrdn ESG House Score global universe is segregated into seven equal groups. The fund will invest at least 70% of its net asset value in those companies that pass the negative screens (outlined in more detail above) and are in one of the top two groups. This corresponds to companies scoring in the top 29% (2/7).

To complement this, we also utilise our active stewardship and engagement activities.

#### Sustainable characteristics

Disinvestment from companies is required if:

- They become in breach of any of the negative screens; or
- Less than 70% of the fund's net asset value is invested in companies that are in the top 29% (2/7) of the abrdn ESG House Score global universe; or
- Their ESG Risk Rating moves to "High".

Should the review of a security result in it being deemed non-compliant, the intention would be exit as soon as is practicably possible, but generally no longer than 3 months, allowing for market conditions.

### Information

Manager name	abrdn Fund Managers Limited
Legal entity identifier	549300K8H8PF81I79V14



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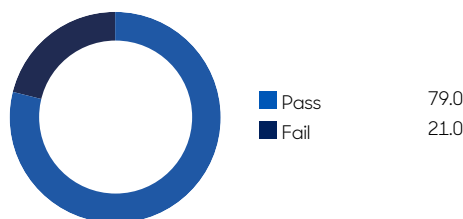
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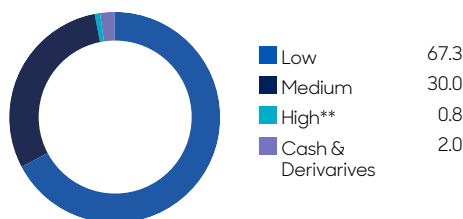
### Sustainability metrics

The ethical assessment criteria, which includes consideration of the sustainability characteristics of companies, covers three key areas monitored and measured on an ongoing basis. The below charts represent the significance of the negative screening on the benchmark investment universe, and how the composition of the fund is broken down by the relevant metrics in each of these areas.

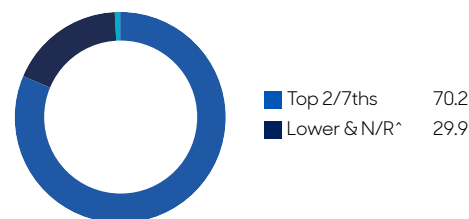
#### Negative screening - impact on reference index\* (%)



#### Fund exposure by ESG risk rating (%)



#### Fund exposure by ESG house score (%)



\*Markit iBoxx Sterling Collateralized & Corporates Index

\*\*Name(s) that have been downgraded after investment and will be exited as soon as practicably possible.

^N/R is not rated and includes cash and derivatives.

Source: abrdn. The data shown within the metrics is accurate as at 31/10/2024. Figures may not always sum to 100 due to rounding.

### Further details

For more information on the Sustainability disclosure and labelling regime, please see:

<https://www.fca.org.uk/consumers/sustainable-investment-labels-greenwashing>

The value of investments can go down as well as up, and you could get back less than the amount originally invested. Past performance is not a guide to future returns and future returns are not guaranteed.

To help you understand this fund, including costs and charges, 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 Documents and Prospectus which are available on our website ([abrdn funds](#)) along with copies of the annual and semi-annual reports. The Prospectus also contains a glossary of key terms used in this document.

### Disclaimer information

This is not an invitation to subscribe for shares in the fund and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and Supplementary Information Document (SID) for the fund.

These can be obtained free of charge from abrdn Fund Managers Limited, PO Box 9029, Chelmsford, CM99 2WJ or available on [www.abrdn.com](http://www.abrdn.com).

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