

Current Fund Name:

abrdrn Global Sustainable and Responsible Investment Equity Fund

Fund Name from 20 February 2025

abrdrn Global Sustainable Equity Fund

Current Investment Objective and Policy	New Investment Objective and Policy
Not applicable	SDR Disclosure Sustainable investment labels help investors find products that have a specific sustainability goal. This fund applies all required criteria to make use of the 'Sustainability Focus' investment label.
Investment Objective To generate growth over the long term (5 years or more) by investing in global equities (company shares) which adhere to the abrdrn Sustainable and Responsible Investment Equity Approach. Performance Target: To achieve the return of the MSCI AC World Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.	Investment Objective To generate growth over the long term (5 years or more) by investing in global equities (company shares) that manage adverse environmental impacts and promote societal welfare in one or more of the four thematic areas of – climate change, the environment, labour management, and human rights & stakeholders, through their business operations OR their products and services. To align with this sustainability objective companies must demonstrate they are positively addressing one or more of the thematic areas, assessed against either the: (i) revenue derived from or investment budget directed to, products and services that contribute to one or more of the following thematic areas: <ul style="list-style-type: none">• climate change - through renewable energy, or sustainable real estate and infrastructure development; or• environment - through circular economy practices, sustainable food & agriculture, or access to water & sanitation; or• labour management - through educational and employment initiatives; or• human rights & stakeholders - through health and social care, or financial inclusions; or (ii) sustainability of business operations in accordance with the abrdrn Operational

	<p>Sustainability Score. This score takes into account a variety of data inputs related to the four thematic areas of climate change, environment, labour management, and human rights & stakeholders to identify companies that are addressing adverse environmental impacts and promoting societal welfare.</p> <p>Performance Target: To achieve a return in excess of the MSCI AC World Index over rolling five-year periods (after charges).</p> <p>The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. Applying sustainability criteria in the investment process may result in the exclusion of securities within the fund's universe of potential investments and therefore may have a bearing on the fund's return profile.</p> <p>The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.</p>
<p>Investment Policy Portfolio Securities</p> <ul style="list-style-type: none"> • The fund will invest at least 70% in equities and equity related securities of companies listed on global stock exchanges. • The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash. • All equity and equity related securities will adhere to the abrdn Sustainable and Responsible Investment Equity Approach available on www.abrdn.com under "Fund Centre". • The abrdn Sustainable and Responsible Investment Equity Approach applies the investment manager's equity investment process, where companies invested in are given an overall quality rating, a component of which is the ESG Quality Rating which enables management teams to identify sustainable leaders and improvers. Leaders are viewed as companies with the best in class ESG credentials or products and services which address global environmental and societal challenges, whilst improvers are typically companies with average governance, ESG management practices and disclosure with potential for improvement. • An abrdn ESG House Score is also used to identify and exclude companies exposed to the highest ESG risks within high and medium risk sectors. • In addition a set of company exclusions are applied relating to the principles of the UN 	<p>Investment Policy Portfolio Securities</p> <ul style="list-style-type: none"> • The fund will invest at least 70% in equities and equity related securities of companies listed on global stock exchanges that align with the sustainability objective. • The fund may invest up to 20% in companies that do not align with the sustainability objective provided they do not conflict with the sustainability objective, meaning (i) they pass the exclusionary screening criteria, and (ii) their business operations, as assessed by the abrdn Operational Sustainability Score (refer to 'Management Process' section below for more details) meet the minimum threshold of 40 out of 100. These companies are held with the aim of supporting portfolio diversification and financial return. • abrdn applies a set of company exclusionary screens which are related to UN Global Compact, State Owned Enterprises, Weapons, Tobacco, Gambling, Thermal Coal, Oil & Gas and Electricity Generation. If a company is caught by any of these exclusions, it will not be held by the fund. • More details on the abrdn Sustainable Investment Equity Approach, including exclusionary screening criteria, can be found in Appendix IX below ("Sustainable Approach") • The fund may also invest in other funds (including those managed by abrdn), money-market instruments, cash and derivatives for

<p>Global Compact, tobacco manufacturing, thermal coal, gambling, oil & gas and weapons.</p>	<p>liquidity and cash flow management purposes. These assets may not adhere to the fund's sustainability objective but will not conflict with the sustainability objective of the fund and pass the exclusionary screening criteria</p>
<p>Management Process</p> <ul style="list-style-type: none"> • The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level. • Engagement with external company management teams is part of the investment process and ongoing stewardship programme which evaluates ownership structures, governance and management quality of those companies. • Through the application of our abrdn Sustainable and Responsible Investment Equity Approach, the fund is expected to have a lower carbon footprint compared to the MSCI AC World Index. • In seeking to achieve the performance target, the MSCI AC World Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 12%. Due to the active and sustainable and responsible nature of the management process, the fund will not invest in a material number of stocks and sectors in the MSCI AC World Index. This means the fund's performance profile may deviate significantly from that of the MSCI AC World Index. 	<p>Management Process</p> <ul style="list-style-type: none"> • The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level. • Their primary focus is on selecting companies using research techniques to select individual holdings. The research process is focused on finding attractive high-quality companies that can be held for the long term through the assessment of their business, the industry they operate in, their financial strength, the capability of their management team, and sustainability characteristics. • For a company to meet the fund's sustainability objective, either: <ul style="list-style-type: none"> ○ at least (i) 20% of the revenues derived from their products or services, or (ii) 20% of their investment budget, must positively contribute to one of the thematic areas of either climate change, the environment, labour management, or human rights and stakeholders (as outlined above) ("Companies with Sustainable Products"); or ○ the company's business operations, as assessed by the abrdn Operational Sustainability Score, must meet the minimum threshold of 60 out of 100 ("Operationally Sustainable Companies"). • abrdn has determined the 20% revenue or investment budget thresholds outlined above to be an absolute measure of sustainability based both on in-depth internal research and alignment to the United Nation's Sustainability Development Goals ("SDGs"). The SDGs are the blueprint to achieve a better and more sustainable future for all. They address the global challenges that the world faces, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. Our comprehensive internal research together with the alignment to the SDGs demonstrate that such a level is material to a company's performance and that there is meaningful strategic intent on the part of the company's management to allocate significant management attention and company resources to growing activities that

positively contribute to one or more of the four thematic areas, in turn enabling delivery against the fund's sustainability objective. The 20% threshold means that companies are consistently delivering in line with the sustainability objective of managing adverse environmental impacts and promoting societal welfare in one of the four thematic areas of climate change, environment, labour management and human rights & stakeholders. The thematic areas themselves are aligned to the SDGs, which underpin the robust evidence based standard as they target the areas identified in the objective and have been adopted by all UN member states. For more details refer to the Sustainability Approach.

- The investment budget measures will typically use capital expenditure, research and development, or operational expenditure and will be utilised if this, based on abrdn's assessment, meaningfully demonstrates the intent of the investee company to generate revenue from a relevant product or service that contributes to the sustainability objective.
- The theme outcome categorisation of Companies with Sustainable Products is based on the nature of the products and services associated with the revenue or investment budget, and link to the SDGs their contributions align to addressing.
- The abrdn Operational Sustainability Score is a proprietary scoring system developed and maintained by abrdn's internal Investments Sustainability Group and is used to assess environmental and social performance of companies' operations. The score is calculated by combining a variety of data inputs within a proprietary framework, where environmental and social factors are weighted according to how relevant they are for each sector. The approach is informed by the Sustainability Accounting Standards Board (SASB) Standards and subject matter experts within the Investments Sustainability Group.
- It is considered that a score of 60 or above on the abrdn Operational Sustainability Score is reflective of companies that effectively manage and address adverse environmental impacts and promote societal welfare and therefore meet the standard for sustainable operations. Within the scoring framework environmental and social factors are grouped into the four thematic areas of climate change, environment, labour

	<p>management, and human rights & stakeholders. The Operational Sustainability Score assesses a company against the relevant standards, leveraging expected performance against independent standards to inform this threshold score. For more details refer to the Sustainability Approach.</p> <ul style="list-style-type: none"> • It is considered that a score below 40 on the abrdn Operational Sustainability Score is reflective of companies carrying notable environmental and/or social risk without an appropriate approach to addressing these risks. These would therefore be considered in conflict with the sustainability objective and would not be eligible investments. • The fund’s sustainability standards have been assessed to be appropriate by the abrdn Investments Sustainability Group, which is independent from the fund’s investment process. The sustainability standards are reviewed on an ongoing basis and at least annually to confirm that they remain appropriate and the data received with respect to SDG alignment and Operational Sustainability Score is updated periodically during this process. • Engagement with external company management teams is used to evaluate the sustainability performance, ownership structures, governance and management quality of those companies in order to inform portfolio construction. For more details refer to the Sustainability Approach. • In seeking to achieve the performance target, the MSCI AC World Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation (“tracking error”) between the returns of the fund and the index is not ordinarily expected to exceed 12%. Due to the active and sustainable nature of the management process, the fund will not invest in a material number of stocks and sectors in the MSCI AC World Index. This means the fund’s performance profile may deviate significantly from that of the MSCI AC World Index.
<p>Derivatives and techniques</p> <ul style="list-style-type: none"> • The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as “Efficient Portfolio Management”). • Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in 	<p>Derivatives and Techniques</p> <ul style="list-style-type: none"> • The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as “Efficient Portfolio Management”). • Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to

<p>these instances, cash can be invested while maintaining the fund's existing allocations to company shares.</p> <ul style="list-style-type: none">• Derivatives are exempt from the abrdn Sustainable and Responsible Investment Equity Approach.	<p>significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.</p>
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abrdn Sustainable Equity Investment Approach

The Sustainable Approach detailed below applies to the abrdn UK Sustainable Equity Fund and the abrdn Global Sustainable Equity Fund. For the purpose of the approach document a reference to 'fund' shall include both the funds and the capitalised terms shall have the meaning given to such term in the investment objective and policy of the relevant fund or the glossary of terms, unless specifically defined below.

Key Performance Indicators

Each company held by the fund must demonstrate alignment to the sustainability objective through at least one key performance indicator ("KPI") to evidence how the company is either a Company with Sustainable Products or an Operationally Sustainable Company, including appropriate data sources. abrdn will periodically report on the alignment to the sustainability objective through the breakdown of the aggregate weight of companies by:

- the thematic focus areas for products and services;
- the aggregate weight that is specifically meeting the standard through business operations; and
- the aggregate weight in companies that do not currently meet either standard but do not conflict with the objective.

Provided below are more details on the applicable KPIs:

KPIs for a Company with Sustainable Products

For a company with Sustainable Products KPI's, the thematic categorisation is based on the nature of the products and services associated with the revenue or investment budget which in turn determines the SDG with which it is aligned. The table below breaks the sustainability objective down into thematic focus areas and then specific SDGs to which a company's revenue or investment budget is aligned. See below for more details regarding this:

Sustainable Objective/Outcome	Thematic focus	Linked SDGs*	>20% Revenue or Investment Budget from:**
Manages adverse environmental impacts	Climate change	7, 9, 11 13	<ul style="list-style-type: none"> • Renewable Energy • Sustainable Real Estate and Infrastructure
	Environment	1, 2, 6, 11, 12, 14, 15	<ul style="list-style-type: none"> • Circular Economy • Sustainable Food & Agriculture • Access to Water & Sanitation

Promotes societal welfare	Labour management	4, 5, 8, 10	<ul style="list-style-type: none"> Educational & Employment Initiatives
	Human rights & stakeholders	1, 2, 3, 5, 8, 10	<ul style="list-style-type: none"> Health & Social Care Financial Inclusion

*The above is a broad mapping to themes, but the SDGs are interlinked and overlap on many ways. Individual products may align to the SDGs shown but be seen to contribute to one of the other thematic focus areas.

**This list is not exhaustive

Climate Change

- Renewable Energy includes but is not limited to clean energy generation and energy efficiency.
- Sustainable Real Estate and Infrastructure includes but is not limited to affordable housing, eco-construction and components, and clean mobility.

Environment

- The Circular Economy includes but is not limited to resource efficiency, and material recovery and reuse.
- Sustainable Food & Agriculture includes but is not limited to access to nutrition, food quality, and sustainable agriculture practices.
- Access to Water & Sanitation includes but is not limited to access to water & hygiene, clean water, and water efficiency.

Labour Management

- Educational & Employment Initiatives includes but is not limited to access to education and skill development, and quality employment and job creation.

Human Rights & Stakeholders

- Health & Social Care includes but is not limited to access to healthcare & social care, enhanced healthcare outcomes and systems, and treatment of priority healthcare concerns.
- Financial Inclusion includes but is not limited to access to basic insurance services, and access to basic banking services.

United Nations SDGs

The SDGs underly this robust evidence-based standard as they directly target addressing the thematic areas specified in the objective, and have been adopted by all UN member states, where the fund conducts its operations and investments. Therefore, the revenue or investment budget alignment will ultimately be linked to one of the SDGs noted below:

SDG 1	SDG 2	SDG 3	SDG 4
No Poverty End poverty in all its forms everywhere	Zero Hunger End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SDG 5	SDG 6	SDG 7	SDG 8

Gender Equality Achieve gender equality and empower all women and girls	Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all	Affordable and Clean Energy Ensure access to affordable, reliable, sustainable and modern energy for all	Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
SDG 9	SDG 10	SDG 11	SDG 12
Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Reduced Inequalities Reduce inequality within and among countries	Sustainable Cities and Communities Make cities and human settlements inclusive, safe, resilient and sustainable	Responsible Consumption and Production Ensure sustainable consumption and production patterns
SDG 13	SDG 14	SDG 15	SDG 16
Climate Action Take urgent action to combat climate change and its impacts	Life Below Water Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Life on Land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
SDG 17			
Partnerships for the Goals Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development			

In setting these goals the United Nations also set a range of more specific targets against each goal, further details of which can be found at sdgs.un.org/goals.

In demonstrating company alignment to this standard, abrdn has determined an absolute level of sustainability as a 20% threshold for revenue or investment in relation to products or services that are aligned with an SDG and therefore contribute to the relevant sustainability outcome. This is based on

long-term research and analysis of companies, a cumulative understanding of corporate behaviour, establishing key triggers for insight and understanding of those corporate behaviours, and assessing the importance of components of a business in establishing an investment thesis. Therefore, it has been assessed that a company generating at least 20% of its revenue from or allocating 20% of its investment to a specific area (regardless of that activity) demonstrates strategic intent on the part of management to allocate significant management attention and company resources to growing this activity. It therefore follows that, with respect to sustainability, if a company has reached the stage that it generates at least 20% of its revenue from or allocates 20% of its investment to an activity addressing an SDG, this is indicative that sustainability is a core feature of the company's broader business strategy, in turn allowing them to consistently deliver against the fund's sustainability objective of managing adverse environmental impacts and promoting societal welfare in one of the four thematic areas and increasing the likelihood to grow that area of the business. This is taken alongside the view that a threshold below 20% may pose the risk that a company's activity aligned with SDGs may be immaterial to the company and/or not part of its long-term strategy, thereby reducing the potential for contributing to sustainability outcomes.

KPIs for an Operationally Sustainable Company

- For Operationally Sustainable Company KPIs the abrdn Operational Sustainability Score is used.
- The abrdn Operational Sustainability Score is a proprietary scoring system developed and maintained by the abrdn Investments Sustainability Group. The score assesses companies' performance on environmental and social issues identified as relevant to the company's operations. This can range from significant risks that are not being addressed to enhancing environmental and societal long-term value.
- The foundation of the Operational Sustainability Score is a sector mapping informed by the SASB Standards and subject matter experts within the Investments Sustainability Group. Within the framework environmental and social factors are grouped into 4 themes (as illustrated below) and mapped to different sectors based on relevance, and weighted according to whether the Investment Sustainability Group considers them to be high, medium or low risks for that particular sector.
- Companies' management of environmental and social factors is assessed using associated metrics. For example, Employee Health & Safety incorporates system certifications, incident rates and controversies (among others). In total the framework includes over 100 potential metrics. While a sector mapping is used to identify relevant risks, the underlying metrics used to assess them are consistent across industries.
- The metrics to assess operational performance against environmental and social factors are determined by the appropriate standards within the framework identified as the most salient for its sector (the "Appropriate Standards"). The table below details the sustainability factors covered within the framework for each thematic area, one of the key operational scoring standards in each area that informs the Appropriate Standards, and how an Operationally Sustainable company would be expected to perform when assessed against those standards.

Objective/outcome	Thematic focus	Sustainability factors assessed*	What good looks like: summary of key operational scoring standards**
Manages adverse environmental impacts	Climate change	<ul style="list-style-type: none"> • GHG emissions and resilience • Air quality • Energy management 	The Institutional Investors Group on Climate Change (IIGCC) Net Zero Framework: Companies should measure and track their emissions, set appropriate targets and action plans to reduce emissions and report regularly on their progress. For further information, please see: Net Zero Investment Framework
	Environment	<ul style="list-style-type: none"> • Water and wastewater • Waste management • Supply chain materials • Ecological impacts 	The Taskforce on Nature-related Financial Disclosure: The Companies should identify and acknowledge their material dependencies and impacts on nature and manage these effectively. This should be done through governance, with a clear strategy of risk and impact management and can be shown through the disclosure of metrics and the attainment of targets. For further information, please see: The Taskforce on Nature-related Financial Disclosures
Promotes societal welfare	Labour management	<ul style="list-style-type: none"> • Labour practices • Employee health and safety • Engagement and diversity 	The International Labour Organization (ILO) Core Conventions: Companies should respect and acknowledge worker rights, with appropriate policies and procedures to implement this, effective grievance mechanisms for employees, and responsible procurement practices. They should also support and facilitate diversity, employee engagement and equal career opportunities. For further information, please see: List of conventions
	Human rights & stakeholders	<ul style="list-style-type: none"> • Community engagement • Privacy & data security • Product quality & customer welfare • Supply chain management 	The UN Guiding Principles on Business & Human Rights: Companies should acknowledge their duty to respect human rights, implement appropriate due diligence and effective grievance mechanisms, and continually learn and reassess to make improvements. For further information, please see: Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework OHCHR

* Not all companies are assessed against all sustainability factors and the relevant key operational standards and this will vary depending on the sector in which the company operates. Weightings against each factor may also vary depending on a company's sector, as explained above.

** This is a summary of standards used within the operational scoring methodology and inform the investment manager how to assess companies in each thematic area. We may also review and consider additional standards in these areas as appropriate.

- The outputs of the underlying metrics are assessed and weighted based on their importance in understanding a companies' management of these factors, in order to arrive at a score for each theme. These scores are aggregated into the Operational Sustainability Score based on the high, medium or low risk designation for each factor. In calculating the 0-100 score, higher risks have a higher weight.

The table below summarises how a company is assessed to be scored in the key brackets of being Operationally Sustainable Companies (60 or above), that do not conflict with the funds sustainability objective (40 or above, but less than 60), or are in conflict with the sustainability objective and therefore not permitted investments (below 40). It also provides a sector-based example for each scoring bracket demonstrating what a company may or may not be doing to achieve the overall score.

Score	What it means
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60+*	<p>A company with an Operational Sustainability Score of 60 or higher is demonstrative of a company which is considered as meeting or exceeding the Appropriate Standards against which it has been assessed. This typically includes strong commitments or targets in relation to salient environmental or social issues, processes to support those in practice, metrics to demonstrate progress and willingness for continual improvement. Our research shows that an asset with this score is sustainable as companies are making material efforts, with sufficient evidence to confirm that this will result in outcomes that meet the sustainability objective.</p>
Sector based example (scoring 60+):	
Application Software	<p>Salient issues identified for this sector by our scoring include:</p> <p>Human rights & stakeholders: customer privacy and data security Labour Management: employee engagement, and diversity and inclusion Climate change: Energy management</p> <p>To score 60+, a typical company from the noted sector in this banding meets all the Appropriate Standards to address salient issues. For example, on climate change, longer term credible targets are in place, with demonstrable efforts undertaken to manage energy consumption and use cleaner energy sources and there will be appropriate processes, oversight and disclosure in place. Such companies are therefore considered to effectively manage and address adverse environmental impacts and promote societal welfare and therefore meet the standard for sustainable operations.</p>
>40 and <60	<p>A company with an Operational Sustainability Score of at least 40 but less than 60 is demonstrative of a company approaching the Appropriate Standards against which it has been assessed but which is not yet achieving those standards (or is not doing so across the areas identified as most salient for its sector). This is likely to include a lack of sufficient data disclosures, policies and/or controls in place to manage salient environmental or social issues; or companies making some efforts to address the identified issues but further improvement is needed to meet the Appropriate Standards. Our research shows that an asset with this score, although not in conflict with the sustainability objective, does not provide sufficient evidence that it is able to contribute to or meet the sustainability objective.</p>
Sector based example (scoring >40 and <60):	
Integrated Telecommunications Services	<p>Salient issues relevant for this sector by our scoring include:</p> <p>Human rights & stakeholders: customer privacy and data security, product quality and customer welfare, human rights and community relations Labour management: labour practices Environment: energy management and materials sourcing</p> <p>To score >40 and <60, a typical company of the noted sector in this banding may have adequate policies or data disclosure in place on many but not all salient issues. It is also likely that some efforts may have been made by the company to address the identified issues but requires further improvements to be made which is impacting the overall score. For example, the company may have made efforts and have indicated longer term ambitions for energy management, however the ambition is not backed by credible action or expenditure and its energy usage is higher than peers indicating a need for more action. Whilst it may meet some of the standards, there are still some gaps which reflects in the score.</p>
Below 40	<p>A company with an Operational Sustainability Score below 40 is demonstrative of a company that is below the Appropriate Standards against which it has been assessed and where it would take significant efforts from the company to meet such Appropriate Standards in the short- to medium-term. This is likely to include a lack of sufficient data disclosures, policies and/or controls in place to manage salient environmental or social issues. The assets are in conflict with the</p>

	sustainability objective and therefore will not be included within the portfolio. Companies with an Operational Sustainability Score approaching the threshold of 40 do have information on which they can be assessed, but which have been found to be materially below the Appropriate Standards overall.
Sector based example (scoring below 40):	
Healthcare Equipment sector	<p>Salient issues relevant for this sector by our scoring include:</p> <p>Human rights & stakeholders - product quality and customer welfare, supply chain management Labour management - employee engagement, including diversity and inclusion. Environment - materials sourcing and waste management</p> <p>To score below 40, a typical company from this sector is unlikely to have sufficient data disclosures, policies and/or controls in place to manage salient environmental or social issues. Lack of information on salient Appropriate Standards would result in an Operational Sustainability Score lower than 40 or no score.</p>

** It is worth clarifying that within our scoring system, it is very difficult for a company to achieve a perfect score of 100, as we take a conservative view and believe even when companies meet Appropriate Standards they should continue to improve. Our scoring methodology aims to support our teams in identifying ways in which companies can do this, hence achieving a score of 100 is rare. A lack of information or disclosure will bring a company's score down, therefore in the absence of information demonstrating a company to be operating sustainably, we will assume that it is not.*

- A more detailed methodology document regarding the Operational Score is published at [hyperlink to be added].

Oversight of the Sustainability Standards

- The sustainability standards will be reviewed annually to confirm that they remain appropriate for the fund in determining the assets in which the fund invests in line with the investment objective.
- This review will be conducted by the Investments Sustainability Group (which is independent from the investment process) who confirmed the appropriateness of the sustainability standards as currently stated.
- The assessment of the standard will consider:
 - i. a review of the underlying methodology for assessing revenue or investment alignment to outcomes and the methodology of the Operational Sustainability Score;
 - ii. a review of the minimum criteria of the fund; and
 - iii. a review of the fund's sustainability objective in light of the above reviews, to ensure it appropriately reflects the standard applied.

Exclusionary Screens

- The fund will not invest in companies that fail any one or more of the screens or criteria outlined below:

Screen	Criteria The fund excludes investments that:	Data Source
UN Global Compact	Fail to uphold one or more principles ¹ .	We utilise a combination of external data sources, including MSCI and our own internal research and insights, as well as sustained engagement.
State-owned enterprises	Are state-owned enterprises in countries subject to international sanctions or that materially violate universal basic principles. ²	We utilise a combination of external data sources, including MSCI and our own internal research and insights.
Weapons	Have any tie to controversial weapons ³ covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers.	MSCI
	Have a revenue contribution of 5% or more from conventional weapons. ⁴	MSCI

¹ Ten Principles of the UN Global Compact <https://www.unglobalcompact.org/what-is-gc/mission/principles>

² Countries sanctioned by the UN are used as the basis for classification combined with internal research and insight.

³

https://www.msci.com/eqb/methodology/meth_docs/MSCI_Global_ex_Controversial_Weapons_Indexes_Methodology_Nov2019.pdf

⁴ The UN Programme of Action on Small Arms and Light Weapons (PoA) and the Arms Trade Treaty (ATT).

Tobacco	Have a revenue contribution of 5% or more from tobacco wholesale trading or are tobacco manufacturers ⁵ .	MSCI
Gambling	Have a revenue contribution of 5% or more from gambling. ⁶	MSCI
Thermal Coal	Have a revenue contribution of 5% from thermal coal extraction and/or power generation and/or are directly investing in new thermal coal capacity	MSCI, investment research
Unconventional Oil & Gas Extraction	Have a revenue contribution of 5% or more from unconventional oil and gas extraction. ⁷	MSCI
Conventional Oil & Gas	Have a revenue contribution of 5% or more from conventional oil and gas extraction and do not have a significant revenue (at least 40%) contribution from natural gas or renewable alternatives.	MSCI, investment research
Electricity Generation and alignment with Transition Pathway	Generate 5% or more revenue from electricity generation which has a carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario.	Trucost, MSCI, investment research

Stewardship approach

Overview and sources

The funds will follow the abrdn-wide stewardship approach, where our aim is to both enhance and preserve the value of our clients' investments by considering a broad range of factors that impact the

⁵ This is supported by the MPOWER strategy developed in 2007 by the WHO to cut tobacco use and raise taxes on tobacco products.

⁶ MSCI Values Based Exclusion Criteria on Gambling
<https://www.msci.com/documents/1296102/14524248/MSCI+ESG+Research+BISR+Methodology+Overview.pdf>

⁷https://www.febelfin.be/sites/default/files/2019-02/quality_standard_-_sustainable_financial_products.pdf

long-term success of the company.

The abrdn approach to stewardship is described in detail in the documents listed below which are available upon request. abrdn is also a signatory to the UK Stewardship Code.

- Stewardship Report
- Engagement Policy
- Listed Company ESG Principles & Voting Policies

In summary, our stewardship aim is to both enhance and preserve the value of our clients' investments by considering a broad range of factors that impact on the long-term success of the company.

abrdn's core activities:

In implementing our stewardship approach abrdn commits to:

- take into consideration, in our investment process, the policies and practices on environmental, social and governance matters of the companies in which we invest.
- seek to enhance long-term shareholder value through constructive engagement with the companies in which we invest.
- actively engage with companies and assets in which we invest where we believe we can influence or gain insight.
- seek to exercise voting rights, where held, in a manner consistent with our clients' long-term best interests.
- seek to influence the development of appropriately high standards of corporate governance and corporate responsibility in relation to environmental and social factors for the benefit of our clients.
- communicate our Listed Company ESG Principles and Voting Policies to clients, companies and other interested parties.
- be accountable to clients within the constraints of professional confidentiality and legislative and regulatory requirements.
- be transparent in reporting our engagement and voting activities.

From the activities listed above, we would highlight the following:

Engagement:

It is a central tenet of our active investment approach that we strive to meet with the management personnel and directors of our investee companies on a regular basis. We normally concentrate such engagement on investee companies undergoing transformation or facing exceptional challenges or opportunities. The discussions we have cover a wide range of topics, including, but not limited to: strategic, operational, ESG issues and considering the long-term drivers of value. Engagement with investee companies on ESG risks and opportunities is a fundamental part of our investment process. It is a process through which we can discuss how an investee company identifies, prioritises and mitigates its key risks and optimises outcomes from its most significant opportunities.

As such, we regard engagement as:

- Important to understanding investee companies holistically.

- Helpful when conducting comprehensive ESG analysis.
- Useful to maintaining open dialogue and constructive relationships with companies.
- An opportunity to generate positive change on a company's holistic risk management programme – be active with our holdings rather than activist.

Our engagement process consists of four components:

- **Review:** part of our ongoing due diligence and frequent interactions led by the analyst responsible for oversight of the investment.
- **Respond:** reacting to an event that may impact a single investment or a selection of similar investments.
- **Enhance:** designed to seek change that, in our view, would enhance the value of the investment.
- **Thematic:** resulting from our focus on a particular ESG theme, such as climate change, diversity and inclusion or modern slavery.

How engagement efforts are monitored:

We believe it is important for our engagement activities to lead to improvements in our investments and the way they manage and mitigate risks informs our investment decisions. We record concerns and issues raised with our investee companies and set timeframes within which we expect our concerns to be addressed. To do this we have defined the following 'lifecycle' steps for our engagements:

- **Identify:** we identify specific concerns or issues to be raised with those investee companies.
- **Acknowledge:** the concern is acknowledged by those investee companies.
- **Plan:** there is a credible plan to address our concerns.
- **Execute:** the plan is being executed to address our concerns.
- **Close:** the plan has been successfully executed and our concerns have been addressed.

Proxy Voting:

Proxy voting is an integral part of our active stewardship approach and we seek to exercise voting rights in a manner in line with our clients' best interests. We seek to ensure that voting reflects our understanding of the companies in which we invest on behalf of our clients. We believe that voting is a vital mechanism for holding boards and management teams to account, and is an important tool for escalation and shareholder action.

Voting Process:

In line with our active ownership approach, we review the majority of general meeting agendas convened by companies which are held in our active equity portfolios. To enhance our analysis we may engage with a company prior to voting to understand additional context and explanations, particularly where there is deviation from what we believe to be best practice. To supplement our own analysis we make use of the benchmark research and recommendations provided by ISS, a provider of proxy voting services. In the UK we also make use of the Investment Association's (IA) Institutional Voting Information Service. We have implemented regional voting policy guidelines with ISS which ISS applies to all meetings in order to produce customised vote recommendations. These custom recommendations help identify resolutions which deviate from our expectations. They are also used to determine votes where a company is held only in passive funds. Within our custom policies, however, we do specify

numerous resolutions which should be referred to us for active review. For example we will analyse all proposals marked by ISS as environmental or social proposals.

Stewardship activities specific to the abrdn Global Sustainable Equity Fund and abrdn UK Sustainable Equity Fund:

Fund activities:

The stewardship activities specific to this fund will primarily consist of the following:

1. annual assessments of all portfolio companies for their ongoing alignment with the fund's sustainability objective and sustainability standards.
2. where concerns arise about a company's alignment with the fund's sustainability objective or sustainability standards as a result of an annual review or other event, such as a corporate action or decline in a company's internal Operational Sustainability Score, we will initiate engagement with the company's management to ascertain whether it continues to meet the fund's requirements. We outline below the escalation plan for instances where we identify the risk that a company likely no longer meets the fund's sustainability standards and objective.
3. these targeted engagements take place alongside regular or 'due diligence' engagements with the management teams and directors of portfolio companies. In these engagements the portfolio managers scrutinise the sustainability performance of the companies, including with respect to the fund's sustainability standards and objective, and encourage further improvements in sustainability performance. We intend to conduct these due diligence reviews with at least 75% of portfolio companies by AUM annually.

Resourcing and broader firm stewardship activities:

The fund's stewardship activities are led by the portfolio managers and a dedicated on-desk ESG Analyst, with support from abrdn's central Active Ownership Team, where appropriate.

The findings from the stewardship activities by the fund's investment manager help inform abrdn's broader stewardship activities, such as voting decisions, which are taken in accordance with abrdn's wider stewardship policy.

abrdn's firm stewardship and engagements policies provide guidance and do not directly dictate the investment decisions or sustainability standards and objective of individual funds, mitigating the risk of conflict between the fund's and firm's approach to stewardship and engagement.

Internal differences of opinion on whether a portfolio company meets the fund's sustainability standards and objective are overseen by the abrdn Investments Sustainability Group, which is independent from the management teams investment process.

Engagement escalation plan and governance oversight of sustainability standards

Targeted engagements and research related to compliance with the fund's sustainability standards and objective:

Where concerns arise about a company's alignment with the fund's sustainability objective or standards as a result of an annual review or other event, the portfolio managers will initiate a research process to

ascertain whether it continues to meet the fund's requirements. This research process will typically involve engagement with the company's management.

The portfolio managers must conduct this engagement and additional research in order to demonstrate that a company is not in conflict with the fund's standards and objective and seek comfort this will remain the case. If it is confirmed the company is in conflict with the fund's sustainability objective the intention would be to exit as soon as is practicably possible, but generally no longer than 3 months, allowing for market conditions.

Divestment approach

Disinvestment from companies is required if:

- they become in breach of any of the negative screens; or
- they have a Sustainalytics Operational Sustainability Score of less than 40; or
- less than 70% of the net asset value invested in companies that align with the Sustainability Objective; or
- more than 20% of the net asset value is invested in companies with a Sustainalytics Operational Sustainability Score of 40 or above but that do not align with the Sustainability Objective

Should the review of a security result in it being deemed non-compliant, the intention would be to exit as soon as is practicably possible, but generally never longer than 3 months, allowing for market conditions.