

Sustainable Investment Approach

abrdn Sustainable Index Range

January 2023

For professional investors only – Not for use by retail investors or advisers.

Approach applies to

- abrdn Sustainable Index World Equity Fund

The Sustainable Index range combines abrdn's experience of passive index management with a deep understanding of sustainable and responsible investment. The funds seek to generate strong, long term returns by investing in sustainability focused indices. Each index focuses on managing exposure to both long term financial risks and opportunities.

Summary

The Sustainable Index range of funds are index tracking products that aim to closely replicate the constituents and risk / return outcome of a specified index. The indices in question have been customised by abrdn in partnership with the calculation agent MSCI, a global leader in index design and provision of ESG data and analytics. The approach varies from traditional market cap through the exclusion of companies who undertake specific controversial activities and then optimising the remaining universe of stocks to target enhanced outcomes in ESG, carbon and clean technology.

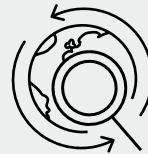
Both the exclusions and the targeted sustainable outcomes aim to improve the long term financial returns in each fund by helping to manage emerging risks and benefiting from transition activities.

Assessment criteria

Our investment approach follows two key steps in shaping the sustainable outcomes from each strategy.

"abrdn's Sustainable Index Range of funds applies negative criteria to avoid investing in companies involved in certain industries and activities that our customers are concerned with."

Investment Performance



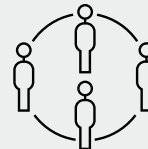
Deliver returns in line with the target index in order to minimise tracking error

Sustainable Investment



Exclude companies identified as having long term financial risks and target material improvements in quantifiable, robust and meaningful sustainability metrics

Engagement



Ensure active stewardship in place across all portfolios leveraging abrdn voting and engagement strengths

Environmental, Social and Governance (ESG) Framework



Embedded ESG assessment utilising on-desk expertise and analytic tools

Client Outcome



Maintain features of passive investment strategies but with enhanced sustainable outcomes, generating long-term financial returns in a sustainable way



Sustainability Targets

The Sustainable Index range aims to achieve clear and material enhancements to its sustainable outcomes when compared to traditional index tracking funds.

The range of target outcomes focuses on minimising long term risks associated with ESG and climate as well as

benefitting from opportunities arising from the transition to cleaner technologies.

Each fund in the range will target the key outcomes listed below.

	ESG Outcomes	Climate Risks	Climate Opportunities
Objective	Aim to improve ESG scores relative to the parent index	Aim to materially reduce carbon intensity relative to the parent index	Aim to enhance green revenues scores relative to the parent index
Metrics	MSCI ESG Score (0-10)	Carbon Intensity (tCO ₂ e / \$m Sales) Potential Carbon Emissions (tCO ₂ e / \$m invested)	Clean Technology Solutions Revenue
Improvement	10% (UK, Europe, Japan) 20% (World, US, Asia, EM Markets)	50%	50%
Description	Weighted average ESG Score, indicating how well companies manage their most material environmental, social & governance risks relative to sector peers, 10 (best) to 0 (worst)	Carbon Intensity: scope 1 & 2 carbon emissions divided by total sales Potential Emissions: energy related fossil fuel reserves data	Weighted average % revenue derived from any of the six clean tech themes including alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture

Each of the above improvement targets is relative to the equivalent MSCI traditional market cap index. For example, the enhancements to the Sustainable Index World Equity fund are measured relative to the equivalent metrics for the MSCI World index.

Negative screening

abrdn Sustainable Index Range of funds applies negative criteria to avoid investing in companies involved in certain industries and activities that our customers are concerned with. We will avoid investment in companies involved in the activities listed below:

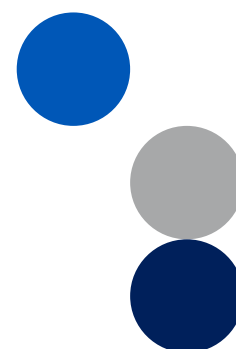
- Are involved in controversial weapons covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, depleted uranium ammunition and blinding lasers.
- Have a revenue contribution of 5% or more from tobacco or are tobacco manufacturers.
- Have a revenue contribution of 5% or more from thermal coal extraction and thermal coal based power generation.
- Have a revenue contribution of 5% or more from unconventional oil and gas extraction.
- Have failed to uphold one or more principles of the UN Global Compact.
- Are involved in very severe environmental, social and/or governance controversies.

Engagement

All abrdn passive portfolios benefit from abrdn's stewardship activities covering both engagement and voting. abrdn's engagement with company management teams provides us with a more holistic view of a company including current and future ESG risks that a firm needs to manage and opportunities from which it may benefit.

It also provides the opportunity for us to discuss any areas of concern, share best practice and drive positive change within the business.

The stewardship activity also incorporates voting and all abrdn passive portfolios benefit from abrdn's voting policy. In addition abrdn has adopted a bespoke template for proxy voting which is designed to ensure a consistent application of abrdn's views and concerns.



Further information about Aberdeen Standard ACS I (Prospectus, KIID, report & accounts) can be found at abrdn.com, where documents may be obtained free of charge. A full list of the risks applicable to the funds can be found in the Prospectus which is available on the website or upon request. Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI' Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (www.msci.com).

Important Information

abrdn is a global business providing a range of services to help clients and customers plan, save and invest. abrdn group uses different legal entities to meet different client and customer needs. Some elements of the abrdn client experience may contain previous brand names until all brand name changes have completed.

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

The views expressed in this document should not be construed as advice or an investment recommendation on how to construct a portfolio or whether to buy, retain or sell a particular investment. The information contained in the document is for exclusive use by professional customers/eligible counterparties (ECPs) and not the general public. The information is being given only to those persons who have received this document directly from abrdn and must not be acted or relied upon by persons receiving a copy of this document other than directly from abrdn. No part of this document may be copied or duplicated in any form or by any means or redistributed without the written consent of abrdn.

The information contained herein including any expressions of opinion or forecast have been obtained from or is based upon sources believed by us to be reliable but is not guaranteed as to the accuracy or completeness. Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

Ireland: Produced by abrdn Investment Management Limited which is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL and authorised and regulated by the Financial Conduct Authority in the UK. Unless otherwise indicated, this content refers only to the market views, analysis and investment capabilities of the foregoing entity as at the date of publication.

Issued by abrdn Investments Ireland Limited. Registered in Republic of Ireland (Company No.621721) at 2-4 Merrion Row, Dublin D02 WP23. Regulated by the Central Bank of Ireland.

For more information visit abrdn.com

DH code

abrdn.com

STA0423292220-001