abrdn SICAV II

Global Impact Equity Fund

May 2025

Summary

The Global Impact Equity Fund seeks to deliver long term growth by investing in companies that intentionally aim to contribute to positive, measurable environmental and/or social outcomes through their products and services.

This fund is subject to Article 9 of the Sustainable Finance Disclosure Regulation (“SFDR”).

How is impact defined:

There are two core principles which underpin Global Impact Equity Fund Investment Approach: Impact outcomes must be intentional and must be measurable.

We leverage the UN’s 2030 Agenda for Sustainable Development[1] and its 17 Sustainable Development Goals (SDGs) to help us define positive impact and target the most pressing global issues. As the UN’s Agenda evolves, the investment approach will also evolve to mirror the UN’s priorities. Ultimately, we are looking for companies providing local solutions to major global problems, helping countries meet the UN’s agenda in its entirety.

What are the objectives:

We have identified eight ‘pillars of impact’ that address these broad challenges of climate change, unsustainable production and consumption and social inequalities and align with the UN’s overarching agenda of creating a more peaceful and prosperous society and environment. The Fund invests in companies whose products and services align with one of these pillars and measure how the products help countries achieve the UN’s sustainable development agenda.

We believe companies that intentionally develop products aimed at solving some of the world’s biggest problems offer attractive investment characteristics. These businesses are often aligned with governments and regulators and should benefit from structural growth opportunities.

To measure financial performance, the Fund’s reference index is the MSCI All Country World Index. The Fund aims to outperform the index before charges. While the index is representative of the investment opportunities we explore for the Fund, the index is not constructed using any environmental or social criteria.

Our approach to assessing and measuring the Fund’s impact performance is detailed within this document.

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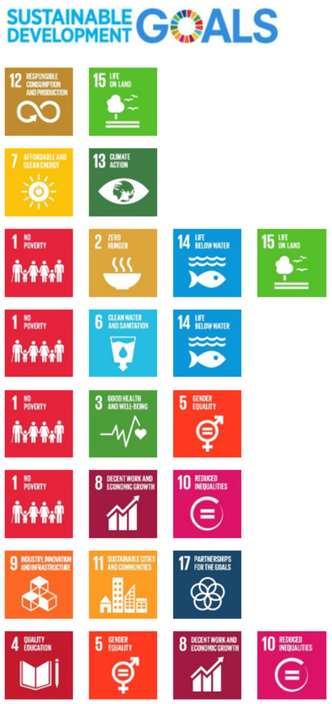
[1] Further information on the 2030 Agenda for Sustainable Development and UN Sustainable Development Goals is available at www.un.org/sustainabledevelopment/. This framework may change over time.

How we identify opportunities and assess impact investments:

Our portfolio managers combine the expert analysis of our equity teams with the contextual insights from our Investment Vector Sustainability Group. This allows us to assess a company's alignment with abrdn's eight-pillar impact framework.

The Fund aims to have diversified impact pillar exposure rather than being focused on any particular pillar at a given point in time.



Pillar	Sub-theme
Circular economy	• Resource efficiency • Material recovery and reuse
Sustainable energy	• Access to energy • Clean energy generation • Energy efficiency
Food and agriculture	• Access to nutrition • Food quality • Sustainable agriculture practices
Water and sanitation	• Access to water & hygiene • Clean water • Water efficiency
Health & social care	• Access to healthcare & social care • Enhanced healthcare outcomes and systems • Treatment of priority healthcare concerns
Financial inclusion	• Access to basic insurance services • Access to basic banking services
Sustainable real estate & infrastructure	• Affordable housing • Eco-construction and components • Clean mobility
Education & employment	• Access to education and skills development • Quality employment and job creation
Impact enablers	• Companies that are integral to the supply chains and enable our other pillars

Source: abrdn

In addition to the eight impact pillars, we also invest up to 10% of the Fund in impact enablers. These are companies that enable our other pillars, contributing products and services that are part of a wider value / supply chain. We split them out to avoid double counting in our impact report but these companies are assessed using abrdn's theory of change analysis as described below, and therefore must meet the minimum intentionality requirement.

Our impact research employs a 'theory of change' analysis for all investment which we call 'Impact Maturity'. We first identify the specific local, regional or global unmet need we believe a company addresses with their products and services. Then we examine a company's inputs, activities, outputs, outcomes, and impacts in three "impact maturity" stages: intentionality, implementation and impact to understand how the company may contribute a solution.

- **Intentionality** is a company's recognition of a particular social or environmental issue, with investment to deliver products and services in response. To assess this, we examine company-specific inputs such as strategy and investments. At least 30% of company investment (e.g. research and development, capital expenditure) must be directed towards a product or service aligned with one of the impact pillars to demonstrate intentionality.
- Companies that mature from intentionality to **implementation** have progressed from inputs to activities in our theory of change model. The company's strategy and has matured to deliver products and services that address global social and environmental issues with revenue and growth rates that meet our pillar-specific thresholds.
- Finally, a company that has matured to the **impact** stage of our model is able to report on the data points and deliverables its products and services have achieved. For example, this could include carbon emissions reductions or the number of people provided with access to energy. Outcomes and impacts are the consequences of these results, which we assess and communicate to clients through

our annual impact report.

Intentionality acts as our minimum criterion for inclusion in the Fund; implementation and impact quantification demonstrate a more mature approach. We invest in companies across all stages of impact maturity, enabling us to support innovative solutions from concept through to delivery.

ESG Commitments

The Fund has the following ESG commitment:

- **Carbon Footprint –** The Fund will target to have a Carbon Intensity that is lower than the benchmark, as measured by the abrdn Carbon Footprint Tool (which uses Trucost data for Scope 1&2 emissions). This tool enables analysis of company, sector, and the overall portfolios carbon footprint.
- **Gender Diversity –** The Fund will target to have a better board gender diversity than the benchmark, as measured using MSCI data.

How we identify, avoid and mitigate negative impact:

We assess each company in a holistic manner, considering the potential for positive and negative impact of all business segments, products and services. As part of this process, we also revisit the company's ESG assessments by our on-desk analysts and ESG investment team. In doing so, we consider the impact of the company's management of ESG issues on its potential for generating positive impact.

For more details please visit our website at **www.abrdn.com** under "Sustainable Investing" where we have position statements on various ESG-related issues.

In addition to qualitative on-desk research, this includes the following screens:

Screen	Criteria The fund excludes investments that:	Data Source
Normative screening	Fail to uphold one or more principles of UNGC, ILO or OECD guidelines for Multinational Enterprises.	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.	We utilise a combination of external data sources, including MSCI and our own internal research and insights.
Norges Bank IM	Companies that appear on the NBIM exclusions list.	The exclusion list is based on recommendations from the Council on Ethics moderated by the Ministry of Finance. Found here: https://www.nbim.no/en/responsible-investment/ethical-exclusions/exclusion-of-companies/

Weapons	Have any tie to controversial weapons covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers.	MSCI
	Have a revenue contribution of 5% or more from conventional weapons firearms, military equipment or weapons support systems or services.	MSCI
	Have a revenue contribution of 25% or more from bespoke products, equipment or services dedicated to enabling the execution of activities associated to: • Manufacture of weapons or tailor-made components thereof • Sale of weapons	MSCI
Tobacco	Are involved in the cultivation or production of tobacco product and/or Have a revenue contribution of 5% or more from tobacco wholesale trading	MSCI
	Have a revenue contribution of 25% or more from bespoke products, equipment or services dedicated to enabling the execution of activities associated to: • Production of tobacco, tobacco products or e-cigarettes • Wholesale trading of tobacco products or e-cigarettes	MSCI
Gambling	Have a revenue contribution of 5% or more from gambling.	MSCI
Alcohol	Have a revenue contribution of 5% or more from alcohol and related activities.	MSCI
Coal[2]	Derive 1% or more of revenue from the exploration, mining, extraction, distribution or refining of hard coal and lignite and/or are directly investing in new thermal coal extraction or power generation capacity	MSCI, Global Coal Exit List (https://www.coalexit.org/), investment research

[2] This excludes coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading.

	Have a revenue contribution of 25% or more from bespoke products, equipment or services dedicated to enabling the execution of activities associated to: • Thermal coal prospecting or exploration • Extraction/mining of thermal coal • Processing of thermal coal • Transportation of thermal coal	
Oil & Gas	Derive 5% or more of revenue from the exploration, extraction, distribution or refining of oil fuels and/or derive 5 % or more of revenue from the exploration, extraction, manufacturing or distribution of gaseous fuels	MSCI, investment research
	Have a revenue contribution of 25% or more from bespoke products, equipment or services dedicated to enabling the execution of activities associated to: • Oil or gas prospecting or exploration • Extraction of oil or gas • Processing or refining of oil or gas (except oil to chemicals) • Transportation of oil (not distribution)	MSCI, investment Research
	Have any IEA NZE Expansion Overshoot or having any Exploration CapEx (3-year average).	Global Oil and Gas Exit List https://gogel.org/
	Have unconventional production of more than 5% or have any short-term unconventional expansion.	Global Oil and Gas Exit List https://gogel.org/
Electricity Generation	Derive 5 % or more of revenue from electricity generation with a GHG intensity of more than 100g CO_2e/kWh.	MSCI

The above sets out the screens that are applied for this Fund. We cannot exhaustively list screens that are not applied and it is important for investors to be clear that the interpretation of ESG and sustainability criteria is subjective, meaning that the Fund may invest in companies which do not align with the personal views of individual investors.

Investment in financial derivative instruments, money market instruments and cash may not adhere to this approach.

Because the Fund aims to invest in companies that aim to have a positive impact on the environment and/ or society, we avoid any investment that we consider may detract from progress in one of our other pillars. For example, when looking at a hydroelectric dam, if the construction is displacing an indigenous population, there is clear negative social impact to be considered against the potential positive impact from the green energy generation. We prefer to avoid this type of investment rather than try to calculate how much green energy would offset the negative social consequences.

Our approach to avoiding negative impacts combined with our strict intentionality criterion means that a minimum of 25% investment universe is excluded. The investment universe is defined as listed global equities under active research by abrdn's developed markets and emerging markets equity teams.

How do we monitor company progress in achieving impact:

Ongoing assessments

We aim to review the companies in the investable universe at least annually. Companies will be removed from the investable universe if:

- The company begins to pursue a strategy that does not align to one of our impact pillars.
- The company does not provide sufficient evidence of impact maturity progression over what we would consider an appropriate timeline.
- Red flags, controversies and/or incidents emerge that highlight a persistent, structural ESG problem within the company's operations, strategy or culture, to which the company does not appropriately respond.

Impact Management Group:

abrdn's Impact Management Group is the governing body that reviews new investment opportunities. This Group peer reviews all new candidates for the Fund and its investable universe. The Group meets weekly and includes the Fund's portfolio managers, analysts from across our global and regional equity teams, and senior members of the Investment Vector Sustainability Group. In order for a company to be included in the investable universe, consensus must be reached by the Group.
Following agreement, a distinct company note is saved to our internal research platform detailing the impact case made for the company. This includes the ways in which the company addresses the specific issues identified in our contextual and needs-based analysis.

Sustainable Investments

The SFDR provides a general definition of "Sustainable Investment". The minimum proportion of Sustainable Investments for this Fund is 75%.

In line with the SFDR definition, abrdn has developed an approach on how to satisfy the three criteria for Sustainable Investments in the relevant Funds as set out below. The three criteria are:

1. **Economic Contribution** - The economic activity makes a positive contribution to an environmental or social objective.
2. **No Significant Harm** - The investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.
3. **Good Governance** - The investee company follows good governance practices.

If the investment passes all of the above three tests, it can then be deemed as a Sustainable Investment. Additional information on the Article 9 approach to making Sustainable Investments is detailed in the SFDR Annex, appended to the Fund prospectus.

Active Stewardship:

Company self-disclosure is a crucial part of our approach to impact investing. We believe that if a company intends to deliver a product to address a specific environmental or social need, the impact must be reported. Therefore we heavily rely on engagement with companies and our conversations with the supervisory board, executive management teams, and divisional heads.

Active Ownership

In our view, good governance and stewardship are vital to safeguard the way in which a company is managed and to ensure that it operates responsibly in relation to its customer, employees, shareholders, and the wider community. We also believe that markets and companies which adopt best practices in corporate governance and risk management – including the management of environmental and social risks – are more likely to deliver sustainable, long-term investment performance. As owners of companies, the process of stewardship is a natural part of our investment approach as we seek to benefit from their long-term success on our clients' behalf. Our fund managers and analysts regularly meet with the management and non-executive directors of companies in which we invest.

Voting

Voting analysis is carried out for all general meetings in actively-held companies. Vote instructions on our holdings are decided by analysts in our regional and ESG investment teams. We subscribe to proxy research providers IVIS and ISS and use their research to support our own analysis rather than automatically following recommendations of any third party. Our decisions will reflect our knowledge of companies, and insights gained through engagement. The involvement of our investment managers in voting decisions allows us to ensure proxy voting remains an integral part of the investment process. Our fixed income votes are decided directly by the relevant investment analyst for the holding.

ESG Engagement

Engagement with company management teams is key and a standard part of our equity investment process and ongoing stewardship programme. It provides us with a more holistic view of a company, including current and future ESG risks that the firm needs to manage and opportunities from which it may benefit. It also provides the opportunity for us to discuss areas of concern, share best practice and drive positive change. Priorities for engagement are established by:

- The use of the ESG House Score, in combination with
- Bottom-up research insights from investment teams across asset classes, and
- Areas of thematic focus from our company level stewardship activities.

How is impact reported:

Progress against each pillar is measured using key performance indicators (KPIs) that mirror the SDG's KPIs, linking the company's ability to affect positive change in the context of these overarching global challenges. We focus on the company's business model, products and services to identify the key ways in which its financial success is driven by progress against these indicators.

Impact measurement and reporting is a developing area. We are committed to presenting regular, transparent accounts of the impact generated by companies in the Fund. We agree with the Global Impact Investing Network's stance that "context is critical to interpreting impact results in a robust and reliable way."[3] In addition to case studies and pillar level data, we also analyse the impact companies delivered according to country and region. And we compare this to international sources, most frequently the World Bank databank, to understand how the impact delivered compares to the underlying country-specific issues

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[3] The GIIN (2019) Evaluating Impact Performance [Online]. Accessed 22 January 2020 (Available at https://thegiin.org/research/publication/evaluating-impact-performance)

and needs. Above all, we aim to frame the local impact delivered against the global issues our portfolio targets.

Stock Lending

abrdn ESG funds take part in our Stock Lending programme, details of which can be found in the prospectus. Collateral held on behalf of ESG funds is currently restricted to Government bonds and securities issued by constituents of the MSCI ESG Screened indices; further detail on these indices can be found at https://www.msci.com/esg-screened-indexes.

Divestment approach

Disinvestment from companies is required:

- If it becomes in breach of any of the negative or norms-based screens
- If there is a change in the impact thesis and we can no longer evidence intentionality as prescribed by our theory of change.

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.

Additional Disclosures

For further information about the Fund, including the prospectus, annual report and accounts, half-yearly reports, the latest share prices, or other practical information, please visit www.abrdn.com where documents may be obtained free of charge.

Further information can also be obtained from:
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The rights of investors in this Fund are limited to the assets of this Fund.

For further information about Paying agents, Depositories, Custodians and Administrators, please refer to the Prospectus.

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