Aberdeen Standard SICAV II

Global Impact Equity Fund

December 2022

Summary

The Global Impact Equity Fund seeks to deliver long term growth by investing in companies that intentionally aim to create positive measurable, positive environmental and social impact. Our approach is aligned to the United Nations' (UN) Sustainable Development Agenda which currently uses UN Sustainable Development Goals (SDGs). We use the SDGs as a framework to ensure that efforts are directed to the areas of greatest unmet need. This framework may change over time. Combined with the expert analysis of our global and regional equity teams and ESG (environmental, social and governance) specialists, our portfolio managers invest in companies where they have strong conviction in both the financial and positive impact potential.

This fund is subject to article 9 of the Sustainable Finance Disclosure Regulation ("SFDR").

Our sustainable development proposition

- Investing in companies that deliver an attractive financial return while making a positive contribution to the environment and society
- Assessment framework aligned to the UN SDGs, which seek to address the world's greatest challenges
- Focus on intentional, measurable impacts that address the unique issues facing particular regions
- Company engagement to demonstrate intentionality and promote meaningful impact disclosure

Investment approach

In managing the Fund strategy, we will seek to:

- Deliver both attractive financial returns and positive social and environmental outcomes
- Benefit from our active engagement with companies, where we encourage positive changes in corporate behaviour
- Invest in companies intentionally developing products and services that contribute to quantifiable, positive social and environmental outcomes
- Leverage the support and insights of our large, dedicated equity teams and ESG specialists

To measure financial performance, the fund's reference index is the MSCI All Country World Index. We aim 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.

Impact framework

The UN's 2030 Agenda for Sustainable Development[1] provides a blueprint for governments to guide investment and development toward a more sustainable and prosperous future. The Agenda lays out 17 SDGs to help countries tackle the most pressing global social and environmental concerns. Using the Agenda as a guide, there are tangible opportunities to generate positive contributions to society and the environment, while simultaneously generating long-term financial value. We therefore aligned our impact mission to address the key social and environmental issues identified by the SDGs.

Our portfolio managers combine the expert analysis of our equity teams with the insights of our ESG specialists. This allows us to assess a company's alignment with abrdn's eight-pillar impact framework.

Pillars	Sub-themes
Circular Economy	Resource efficiency Material recovery and reuse
Sustainable Energy	Access to energy Clean energy Energy efficiency
Food & Agriculture	Access to nutrition Food quality Sustainable agriculture
Water & Sanitation	Access to water & hygiene Clean water Water efficiency
Health & Social Care	Access to healthcare & social care Enhanced healthcare Drug development
Financial Inclusion	Access to financial services
Sustainable Real Estate & Infrastructure	Affordable housing Eco-construction Improved access
Education & Employment	Access to education and skills development Quality employment and job creation

In addition to the eight impact pillars, we also invest up to 10% of the fund in impact leaders. These are companies that enable our other pillars, contributing products and services that are part of a wider value / supply chain.

Assessment criteria

The Fund combines financial and impact objectives, so our investment process starts with the strongest investment ideas across our equity desks.

Avoiding negative impact

Before assessing a company's potential for positive impacts, we consider the company's potential for negative impacts. This initial risk assessment helps us ensure that companies in the fund are operating responsibly, and avoids offsetting any positive impact generated with negative impacts from operations or other business

[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.

segments, products and services. This includes the following:

- We exclude companies involved in tobacco production or controversial weapons manufacturing.
- We also exclude companies found to be in breach of the UN Global Compact, as assessed by an independent, third-party ESG research provider.
- We 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.
- We assess each company in a holistic manner, considering the potential for positive and negative impact of all business segments, products and services.

Because the fund aims to invest in companies that aim to have a positive impact on the environment and society, we avoid any investment that we consider may detract from progress in one of our other pillars. We do not weigh positive and negative impacts against each other to calculate 'net impact'. Instead, we aim to establish that operations and other business segments are at a minimum 'neutral' in terms of their impact on the environment and society, or that there is a clear, time- bound plan to transition potential negative impacts into neutral or positive impacts.

Assessing positive impact

Once we are comfortable with the initial risk assessment, we then consider the company's potential to deliver intentional, measurable positive social and environmental impact. We undertake contextual and needs-based analysis to understand the unique nature of the social and environmental issues in a particular region. For example, a funding gap for micro-enterprises in South East Asia or a lack of quality and affordable education in Brazil. We then evaluate how a company may address the environmental and social issues in the regions in which they operate.

We believe the key facets of impact investing are that investments must be intentional and measurable. Our process employs a 'theory of change' model. This assesses a company's inputs, activities, outputs, outcomes and impacts in three 'impact maturity' stages: intentionality, implementation and impact. These stages build upon one another. We expect to see companies at the intentionality stage mature to implementation and finally to impact.

- 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 and expect to see a minimum of a third of a company's investment budget allocated to products or services aligned with our pillars.
- Companies that mature from intentionality to implementation have progressed from inputs to activities in our theory of change model. The company's strategy and investment in products and services that address global social and environmental issues has matured to meet revenue and growth rate thresholds we have set for each pillar.
- 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.

We target a minimum 20% exclusion of the equity investment team's active research coverage, through our approach to avoiding negative impacts combined with our strict intentionality criterion.

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

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.

Peer review and debate

All new ideas for the impact fund and its investable universe are rigorously peer reviewed by our Impact Management Group. 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 ESG investment team. 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.

Measuring performance

Key performance indicators (KPIs), or targeted outputs, have been set for each of our impact pillars, in order to assess how products and services contribute to positive social and environmental outcomes globally. We use the UN's underlying SDG targets and indicators as the basis for our own KPIs, thereby linking a company's ability to affect positive change back to 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.

Company self-disclosure is a crucial source of information for our approach to assessing impact. We believe that if a company meets our intentionally requirement for delivering positive impact, the impact must ultimately be reported. We also gain a significant number of insights through our extensive engagement efforts.

Other information sources for our analysis include (but are not limited to) media outlets; reports from nongovernmental organisations (NGOs); ESG data providers such as Bloomberg, ISS and MSCI; external bodies such as the UN and its agencies, the World Bank, the Access to Medicine Initiative (ATMI), etc

Engagement

The Fund has an active engagement approach. We engage actively and regularly with companies, questioning their ability to deliver financial returns and ensuring that positive social and environmental impact remains part of their core strategy. Our active engagement approach enables us to learn more about a company's sustainability strategy and impact, appraise company management, encourage best practice on ESG issues and/or exchange views. An active engagement approach is essential to managing a meaningful impact investment strategy.

Reporting

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.

Within our impact reporting, we aggregate company data by pillar to demonstrate the positive outputs delivered. We then examine where the outputs from these companies occur, how this contributes to the social and environmental issues in these areas, and what conclusions we can draw about the ultimate outcome and impact of companies in the fund. We also provide case studies to illustrate our impact assessment and measurement approach, as well as details of the engagements undertaken with companies in the fund.

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.

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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