abrdn UK Ethical Equity Fund – Investment Approach (Effective 27th November 2026)

The investment approach detailed below applies to the abrdn UK Ethical Equity Fund. For the purpose of the approach the capitalised terms shall have the meaning given to such term in the investment objective and policy of the fund or the glossary of terms, unless specifically defined below.

The fund uses a number of ethical assessment criteria and Aberdeen Investments will periodically report on the following three metrics:

- Exclusions / Restrictions criteria
- ESG Quality Rating
- Product/Service and Operational assessment

Exclusions / Restrictions criteria

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

Screen	Criteria **The fund excludes investments that:**	Source
UN Global Compact	Fail to uphold one or more principles.	MSCI, Investment research
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 • manufacture or sell whole or strategic parts of weapons systems and weapons platforms. • derive more than 20% of revenue from non-offensive military sales, such as vehicles or support to the military.	MSCI
Tobacco –	• produce tobacco products or grow or process raw tobacco leaves. • derive more than 20% of revenue from supplying products essential to the tobacco industry.	MSCI
Gambling –	have a revenue contribution of 10% or more from gambling	MSCI
Alcohol Production -	have a revenue contribution of 10% or more from alcohol production	MSCI
Animal testing -	conduct animal testing for medical and non-medical products	MSCI, Investment research
Animal husbandry -	companies with significant exposure to activities which may lead to poor animal husbandry, such as intensive or factory farming, where there is evidence of poor practices	MSCI, Investment research

Fur -	manufacture or sell fur products that are not a by-product of the meat industry	MSCI, Investment research
Marketing breast milk substitutes -	are identified to be in violation of the International Code of Marketing of Breast Milk Substitutes	MSCI
Nuclear energy -	are involved in the mining of uranium, and operators and owners of nuclear power stations, deriving more than 5% revenue from nuclear power generation.	MSCI
Adult Entertainment -	derive 3% or more revenue from adult entertainment products in which the dominant theme is sexually explicit conduct	MSCI
Employment -	are in breach of the International Labour Organization's (ILO) Core Labour Conventions	MSCI, Investment research
Human rights -	are in breach of the UN Guiding Principles on Business and Human Rights	MSCI, Investment research
Environmental protection –	Thermal coal • have a revenue contribution of 5% or more from mining thermal coal • have a revenue contribution of 30% or more from power generated from thermal coal Oil & gas • have a revenue contribution of 30% or more from oil & gas exploration and production, equipment and services, distribution or refining. • own proved oil shale & tar sands reserves Chemicals • manufacture chemicals of concern (such as ozone depleting chemicals and pesticides) without stringent policies, processes, and practices to mitigate the harmful impact of their processes and products Genetically modified organisms • produce and sell genetically modify plants, such as seeds and crops, and other organisms intended for agricultural use or human consumption Raw materials • are sourcing or utilising raw materials with high environmental concerns that lack appropriate management, policies and processes.	MSCI, Investment research
Poor business practices -	evidence poor business practices that cause harm to society or their employees that have not already been captured under other criteria	MSCI, Investment research

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 ethical and the environmental, social and governance (ESG) criteria is subjective, meaning that the fund may invest in companies which do not align with the personal views of individual investors. We regularly review the criteria, both positive and negative, through customer surveys and consultations to ensure they remain relevant.

ESG Quality Rating

We utilise Aberdeen Investment's equity investment process, where companies invested in are given overall quality rating, which includes the assessment of its business model, the industry they operate in and their financial strength.

We also consider the quality of its management team and analyse the ESG opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary rating (1 indicates best in class and 5 indicates laggard) to articulate the quality attributes of each company.

Companies eligible for inclusion in the fund must have an ESG Quality rating of 3 or better.

Product/Service and Operational assessment

A company is assessed to manage adverse environmental impacts and promote societal welfare through either:

- at least 20% of their revenues or investment budget must be related to products or services that align to the United Nation's Sustainable Development Goals (evidenced through company reporting, third party data vendors, company engagement, etc.); or
- the company's business operations, as assessed by the Aberdeen Investments Operational Sustainability Score, must meet the minimum threshold of 4 out of 5.

The Aberdeen Investments Operational Sustainability Score is a proprietary scoring system developed and maintained by the Aberdeen 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. 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. They are mapped to different sectors based on relevance and the outputs of the underlying metrics are assessed and weighted based on their importance in understanding a companies' management of these factors. These scores are aggregated into the Operational Sustainability Score based on the high, medium or low impact designation for each factor. In calculating the 1-5 score, higher impacts have a higher weight.

The fund will invest at least 60% its net asset value in those companies that pass the negative screens (outlined in more detail above) and meet either the product/service threshold or operational threshold.

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

Active Stewardship

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 of our clients' behalf. Our fund managers and analysts seek to engage with the companies in which we invest at least annually, typically through meetings with their management and non-executive directors.

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.

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 proprietary ESG scoring, in combination with
    - Bottom-up research insights from investment teams across asset classes, and
    - Areas of thematic focus from our company level stewardship activities

Divestment approach

Disinvestment from companies is required if:

- They become in breach of any of the negative screens; or
- Less than 60% of the net asset value is invested in companies that are assessed to manage adverse environmental impacts and promote societal welfare; or
- The ESG Quality rating falls below 3

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.