

Sustainable International Equities Fund

September 2025

Summary

Our abrdn Sustainable International Equities Fund contains high-quality companies that have been identified through our bottom-up equity research process which takes into consideration the sustainability of the business in its broadest sense and the company's environmental, social and governance (ESG) performance. Within our sustainable investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers to identify sustainable leaders and improvers and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment detailed below.

The Fund is managed under the Aberdeen Australian Sustainable Framework built on the framework Aberdeen has developed under SFDR (the Sustainable Finance Disclosure Regulation).

The Investment Framework

There are three core principles which underpin our Sustainable investment approach and the time we dedicate to ESG analysis as part of our overall equity research process:

- Informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments.
- ESG factors are financially material, and impact corporate performance
- Understanding ESG risks and opportunities alongside other financial metrics allows us to make better investment decisions.

As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. They also assess potential environmental and social risks that the companies may face. These insights are captured in our company research notes.

Our stock analysts work closely with dedicated ESG specialists who sit within each regional investment team and provide industry-leading expertise and insight at the company level. These specialists also mediate the insights developed by our central ESG Investment team to the stock analysts, as well as interpret and contextualise sector and company insights.

Our central ESG investment team provides thought leadership, thematic and global sector insights, as well as event-driven research. The team is also heavily involved in the stewardship of our investments and supports company engagement meetings where appropriate.

To measure financial performance, the fund’s reference index is the MSCI AC 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.

ESG Assessment Criteria

The Fund uses a number of ESG Assessment Criteria:

Within our equity investment process, for all companies under coverage we analyse the foundations of each business to ensure proper context for our investments. This includes the durability of its business model, the attractiveness of its industry, the strength of its financials and the sustainability of its economic moat. We also consider the quality of its management team and analyse the environmental, social and governance (ESG) opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary score (1 indicates best in class and 5 indicates laggard) to articulate the quality attributes of each company. The ESG Quality rating is an important consideration in assessing whether a stock is a sustainable leader or improver.

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

5 key components of Quality assessed by abrdn’s analysts for all companies under coverage					
Industry	Business Model	ESG	Management	Financial Strength	
Analyst ESG Rating	1	2	3	4	5
	Best in Class				Laggard
Examples of inputs	Strong Corporate Governance	Good Corporate Governance	Governance is generally good but some minor concerns	Known governance issues/poor treatment of minority shareholders	Severe governance concerns
	Strong management of the most material E&S risks and revenue growth from E&S opportunities	Strong management of the most material E&S risks and revenues from E&S opportunities	Mixed management of E&S risks	Limited oversight of key ESG issues	Poor treatment of minority shareholders
	Excellent disclosure	Good disclosure	Disclosure in line with regulatory requirements	Evidence of some financial material controversies	Many financially material controversies

ESG House Score

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks. The score is calculated by combining a variety of data inputs within a

proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context.

The Aberdeen ESG House Score was designed so that it can be broken down into specific themes and categories. The ESG score comprises of two scores; the Operational score and Governance score. This allows a quick view of a company's relative positioning on its management of ESG issues at a granular level.

- The Governance score assesses the corporate governance structure and the quality and behaviour of corporate leadership and executive management.
- The Operational score assesses the ability of the company's leadership team to implement effective environmental and social risk reduction and mitigation strategies in its operations.

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

The Fund looks to exclude at least the bottom 10% of companies with the lowest ESG House Score in the benchmark. If investing in a company that is not in the benchmark, the company must have an ESG House Score that is equal to or higher than the minimum acceptable score within the benchmark.

ESG Commitments

The Fund has two ESG commitments:

- **ESG Rating** - The Fund will target an ESG rating that is better than or equal to the benchmark measured by the MSCI ESG rating (CCC-AAA) based on the weighted average of each company's MSCI ESG rating.
- **Carbon Footprint** - The Fund will target a Carbon Intensity that is at least 10% lower than the benchmark, as measured by the Aberdeen 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.

If the Fund falls behind in these commitments it will normally be corrected within a month, but up to 3 months is permitted to allow for market movements.

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

Exclusions and Restrictions Criteria

The Fund targets to exclude at least 20% of the Fund's benchmark investable universe, through a combination of in-house proprietary scoring tools and we use negative 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:	Data Source
UN Global Compact or OECD Guidelines for Multinational Enterprises	Fail to uphold one or more principles.	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.	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
Gambling	Have a revenue contribution of 5% or more from gambling.	MSCI
Coal¹	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
Oil & Gas	Have a revenue contribution of 5% or more from unconventional oil and gas extraction. and/or derive 10% or more of revenue from the exploration, extraction, distribution or refining of oil fuels and/or derive 50% or more of revenue from the exploration, extraction, manufacturing or distribution of gaseous fuels.	MSCI
Electricity Generation	Derive 50% or more of revenue from electricity generation with a GHG intensity of more than 100g CO ₂ e/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.

¹ 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.

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 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.

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.

Divestment approach

Disinvestment from companies is required:

- If it becomes in breach of any of the negative or norms-based screens
- The ESG Quality rating falls below 3
- If it no longer meets the ESG House Score hurdle.

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.

For more information

If you have any questions or would like more information, you can contact Client Services in the following ways:

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Important information

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