

Product name: **Global Impact Equity Fund**

Legal entity identifier **213800A5KTINR38TJX25**

### Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <b>X</b> Yes	<input type="radio"/> <input type="radio"/> <b>No</b>
<input checked="" type="checkbox"/> It made <b>sustainable investments with an environmental objective: 45.10%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It promoted <b>Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input checked="" type="checkbox"/> It made <b>sustainable investments with a social objective: 50.81%</b>	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent was the sustainable investment objective of this financial product met?

The Fund's sustainable investment objective is to invest in companies listed globally that intentionally contribute to positive measurable environmental and/or social outcomes through their products. We use the United Nations' (UN) Sustainable Development Agenda and the associated Sustainable Development Goals (SDGs) to help us define environmental and social issues and determine a company's positive contribution. This is seen in our Impact Pillar Framework which maps the SDGs to eight investable themes: Circular Economy, Sustainable Energy, Food & Agriculture, Water & Sanitation, Health & Social Care, Financial Inclusion, Sustainable Real Estate & Infrastructure, Education & Employment. We also invest up to 10% of the Fund in 'Impact Leaders' which are companies that enable products in each of our pillars as integral parts of pillar supply chains.

We use a 'theory of change' to identify potential investments, examining specific local, regional and/or global issues and how a company's inputs and activities deliver specific outputs and contribute to outcomes and ultimately impact. Our minimum criterion for investment is a company's input, or its

'intentionality'. We want to see a board level strategy as well as meaningful investment (a minimum of 30% of total budget) directed towards developing products that create positive measurable impacts.

All companies in the portfolio invested a minimum of 30% in the development of products and services that sit within one of our eight impact pillars. In reality, most companies invested materially more than 50% of their budgets into products designed to deliver a positive impact. At the end of 2023, the Fund had exposure to all eight of the impact pillars.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained

### ● **How did the sustainability indicators perform?**

The Fund invested in companies with a minimum of 30% of their investment budget allocated to products that advanced the UN's Sustainable Development Agenda.

The fund allocated to all eight of the impact pillars and maintained below 10% exposure to Impact Leaders. As at year-end, the fund's pillar exposure was:

- 19% Financial Inclusion
- 5% Circular Economy
- 17% Sustainable Energy
- 8% Water & Sanitation
- 8% Education & Employment
- 14% Sustainable Real Estate & Infrastructure
- 23% Health & Social Care
- 6% Impact Leaders

The Fund also excluded a minimum of 20% of the Fund's investment universe.

Further, key performance indicators (KPIs), or targeted outputs, have been set for each company held in the Fund in order to assess how products and services contribute to positive social and environmental outcomes globally. Please see the most recent <https://www.abrdn.com/docs?editionId=91bd0106-a6e6-4019-9faa-b01f010146ce> for full discussion on these KPIs as they will vary year by year.

We also confirm that during the reporting period, binary exclusions are applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. These screening criteria apply in a binding manner and there are no holdings in the fund that fail the agreed criteria.

### ● **...and compared to previous periods?**

At the end of the previous year, the fund's pillar exposure was:

- 17% Financial Inclusion
- 5% Circular Economy
- 17% Sustainable Energy
- 1% Food & Agriculture
- 6% Water & Sanitation
- 4% Education & Employment

- 15% Sustainable Real Estate & Infrastructure
- 25% Health & Social Care
- 8% Impact Leaders

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

### ● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm (“Do No Significant Harm”/ “DNSH”) to any of the sustainable investment objectives. abrdn have created a 3-step process to ensure consideration of DNSH:

#### i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associate activities, (4) tobacco, (5) gambling and (6) alcohol.

#### ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) “do no significant harm”. Pass indicates under abrdn’s methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. Abrdn’s approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

#### iii. DNSH Materiality Flag

Using a number of additional screens and flags, abrdn consider the additional SFDR PAI’s indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

### — ***How were the indicators for adverse impacts on sustainability factors taken into account?***

The fund considers Principle Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com)

under "Fund Centre".

Post-investment the following PAI indicators are considered:

- o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.
- o Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis
- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

Yes, all sustainable investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process, and in turn excluded from consideration as a sustainable investment.



**How did this financial product consider principal adverse impacts on sustainability factors?**

(1) GHG Emissions Scope 1 & 2 and carbon footprint: This is undertaken via monitoring of the carbon benchmark and we confirm that during the reporting period that the portfolio performed better than the benchmark and in line with our overall commitment.

(2) Exclusions: We confirm that screening in line with our approach documents has been undertaken during the reporting period



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:  
- - 31/12/2023

Largest Investments	Sector	% Assets	Country
TETRA TECH INC	Industrials	4.78	United States of America
UNITEDHEALTH GROUP INC	Health Care	4.62	United States of America
NOVO NORDISK A/S-B	Health Care	4.49	Denmark
SCHNEIDER ELECTRIC SE	Industrials	4.18	United States of America
AstraZeneca PLC	Health Care	3.58	United Kingdom
RELX PLC	Technology	3.51	United Kingdom
MERCK & CO. INC.	Health Care	3.39	United States of America
USD Cash	Unclassified	3.28	MISSING
ANALOG DEVICES INC	Technology	3.23	United States of America
ASML HOLDING NV	Technology	3.11	Netherlands
PROLOGIS INC	Real Estate	3.06	United States of America
CROWN HOLDINGS INC	Materials	2.91	United States of America
AIA GROUP LTD	Financials	2.70	Hong Kong
SAMSUNG SDI CO LTD	Consumer Discretionary	2.63	Korea (South)
AXA SA	Financials	2.49	France



## What was the proportion of sustainability-related investments?

**Asset allocation** describes the share of investments in specific assets.

### ● *What was the asset allocation?*

The Fund committed to a minimum of 75% in Sustainable Investments. Environmental & Social sustainable investments have dual objectives and we therefore we do not currently split out percentage for social and environmental objectives. The Fund invests a maximum of 25% of assets in the "Non Sustainable" category, which is mainly made up of cash, money market instruments and derivatives



### ● *In which economic sectors were the investments made?*

Sector	Sub-sector	% Assets
Consumer Discretionary	Consumer Discretionary Products	0.53

Consumer Discretionary	Consumer Discretionary Services	2.29
Consumer Discretionary	Retail & Whsle - Discretionary	1.07
Financials	Financial Services	1.98
Financials	Insurance	5.81
Financials	Banking	7.53
Industrials	Industrial Products	11.63
Industrials	Industrial Services	4.78
Materials	Materials	6.61
Health Care	Health Care	21.74
Technology	Software & Tech Services	3.84
Technology	Tech Hardware & Semiconductors	9.30
Consumer Staples	Consumer Staple Products	0.89
Consumer Staples	Retail & Wholesale - Staples	1.10
Energy	Renewable Energy	2.49
Utilities	Utilities	7.21
Real Estate	Real Estate	7.55

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities are

economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund holds 0% sustainable investments with an environmental objective aligned with the EU Taxonomy. This assessment has not been subject to an external review.

These sustainable investments will not be EU Taxonomy aligned as the environmental objective does not have associated technical standards for comparison and relevant data is not available to confirm alignment

Yes

In fossil gas

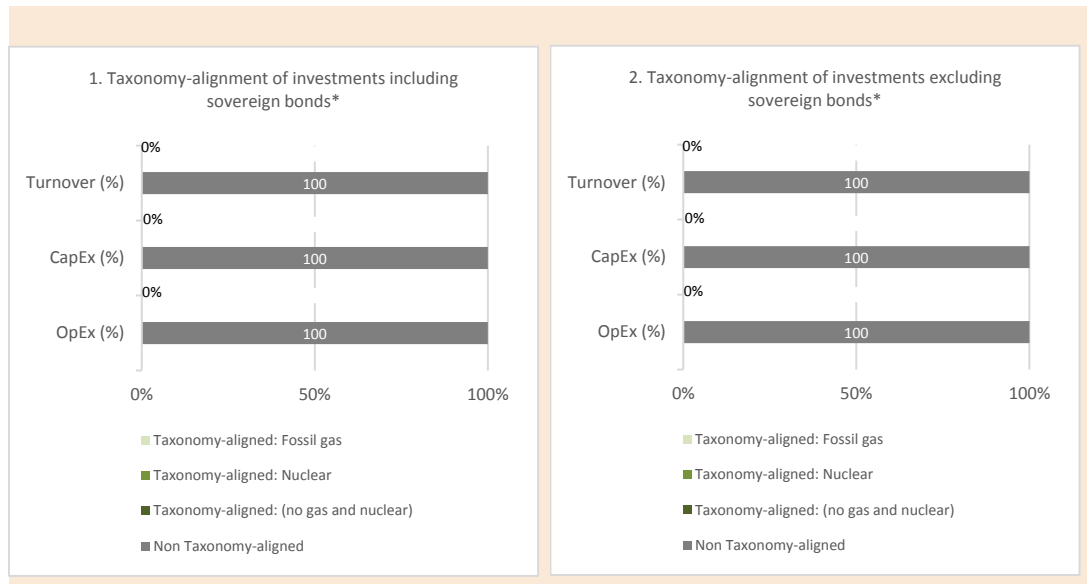
In nuclear energy

No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 0 % of the total investment.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What was the share of investments made in transitional and enabling activities?**

The fund holds 0% investments made in transitional and enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

No change

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 22/852.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy is 45%

● **What was the share of socially sustainable investments?**

The share of sustainable investments with a social objective is 51%

● **What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

The Fund invested 4% of assets in the “not sustainable” category. The investments included are cash, money market instruments, and may also include derivatives. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.



**What actions have been taken to attain the sustainable investment objective during the reference period?**

Diverse Impact Exposure:

We aim to invest 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. During the reference period we had holdings exposed to all eight of our impact pillars.

#### Avoiding 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.

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.

#### Monitoring company progress in achieving impact:

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.

abrdn's Impact Management Group is the governing body that reviews new investment opportunities. This Group peer reviews all new candidates for the impact 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 Sustainability Group. In order for a company to be included in the investable universe, consensus must be reached by the Group.

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.

#### Impact 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. We agree with the Global Impact Investing Network's stance that "context is critical to interpreting impact results in a robust and reliable way." 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 and needs. Above all, we aim to frame the local impact delivered against the global issues our portfolio targets.



## How did this financial product perform compared to the reference sustainable benchmark?

Not applicable



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.

- ***How did the reference benchmark differ from a broad market index?***

Not applicable

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable

- ***How did this financial product perform compared with the broad market index?***

Not applicable