Sustainability-related disclosures for abrdn SICAV I - Diversified Income Fund

This document provides you with a summary of sustainability-related information available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

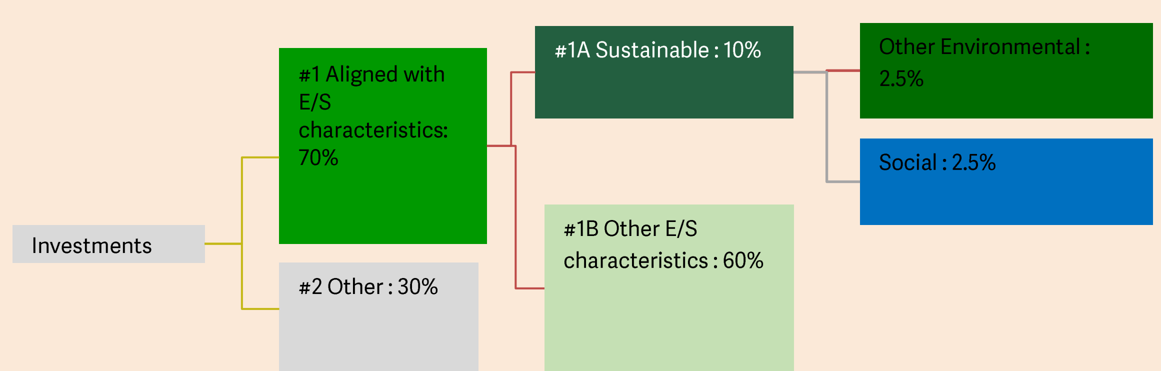
Date of Publication: 2024-05-16

Legal entity identifier 549300XT276EOJ765R93

Summary	The Fund is subject to article 8 of the European Union's (EU) 2019/2088 Sustainable Finance Disclosure Regulation ("SFDR") and thus it promotes environmental or social characteristics but does not have a sustainable investment objective. In line with the SFDR criteria for sustainable investments (positive contribution of the economic activity, no significant harm of the investment and good governance by the investee company) abrdn have developed an approach to identifying sustainable investments, the methodology of which is detailed in the Q&A below. The fund has an expected minimum of 10% in Sustainable Investments. The fund has not set a minimum proportion of investment in Taxonomy aligned economic activities, including Taxonomy aligned fossil gas or nuclear energy related activities. The Fund aims to achieve a combination of income and some growth by actively managing allocations in investments in a broad range of global assets. The Fund aims to exceed the return on cash deposits (as currently measured by a benchmark of US Secured Overnight Financing Rate ("SOFR")) by 5% per annum over rolling five-year periods (before charges). The Fund is a global fund insofar as its investments are not confined to or concentrated in any particular geographic region or market. The Fund's investments include, but are not limited to, shares of companies, bonds (which are loans that can pay a fixed or variable interest rated) issued by Governments, banks and international companies. The Fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash. The Fund may have exposure to currencies other than the Base Currency of up to 100% of its Net Asset Value. This fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. The benchmark is used as a comparator for performance and ESG metrics (fund vs benchmark). Alongside more traditional analysis we use Environmental, Social & Governance (ESG) integration, screening and the promotion of certain E&S characteristics, to achieve the Fund's objectives. Our tailored approach to ESG integration involves the incorporation of ESG factors into the investment analysis and decision-making process for holdings across the Fund. Specifically, we consider ESG factors both as part of the asset allocation process and within asset classes, with approaches tailored for the different areas of our portfolio. Pre-investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Furthermore, our approach positively identifies companies which promote certain E&S characteristics, seeking to ensure that at least 70% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking certain sustainability indicators, which allow us to measure the attainment of the E&S characteristics the Fund is promoting. These indicators include the aforementioned ESG screening, as well as the assessment of ESG performance using different approaches that are appropriate for the particular investment in question. The Fund has the following binding commitments: • A commitment to hold a minimum of 70% of the assets aligned with E&S characteristics and within these assets, the Fund commits to hold a minimum of 10% of those assets that meet abrdn's methodology for determining Sustainable Investments. • A commitment to apply binary exclusions to exclude the particular areas of investment related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. • A commitment to exclude the ESG laggards as identified via the relevant ESG assessment criteria deployed for that investment.

	Due diligence for each asset held is detailed in the Fund's Investment Approach document, published at www.abrdn.com, under **Fund Centre.** The Fund's ESG screening and binding commitments determine that Environmental or Social characteristics of holdings are met and are part of the overall portfolio construction. In addition, abrdn consider Principal Adverse Impact Indicators (PAIs) within our investment process for the Fund, which is detailed in the Q&A below. Monitoring of the Fund's environmental and social characteristics are carried out on desk by the fund managers, through systematic oversight and independently through abrdn's ESG Governance teams. abrdn have selected several internal and external data sources that serve an intended purpose to attain environmental and social characteristics. As part of the onboarding or review process, we have several controls in place to test quality, which includes, but not limited to, coverage, validity checks and consistency. For details on the Stewardship and Engagement policies, please see abrdn's Stewardship Report published on www.abrdn.com under **Sustainable Investing**, within the **Governance and Active Ownership** section.
No sustainable investment objective	This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.
Environmental or social characteristics of the financial product	The Fund promotes environmental and social characteristics by aiming to invest in issuers that: • Avoid severe, lasting or irremediable harm; and • Appropriately address adverse impacts on the environment and society; and • Support a decent standard of living for their stakeholders. The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment by investment basis: **Environment** – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts. **Social** – promoting good labour practices and relations, maximising employee health and safety, supporting diversity in the workforce, and healthy relationships with communities. No benchmark is used for portfolio construction or as a basis for setting risk constraints in the management of the Fund or for attaining the abovementioned characteristics promoted by the Fund.
Investment strategy	As part of our investment process, we analyse the risks and opportunities, including those influenced by ESG factors. In the Diversified Assets team our focus is on providing genuine diversification. We do this by identifying and capturing the best long-term opportunities across a broad range of asset classes. We believe a one-size-fits-all approach does not adequately capture all risks and opportunities. Our tailored approach considers ESG factors within asset classes as well as in the asset allocation process. It is supported by our centralised Sustainability Group. On a top-down basis, we integrate ESG by incorporating climate scenario analysis within our strategic asset allocation when considering long term expected returns. On a bottom-up basis we tailor for different areas within our portfolio. These areas can broadly be broken down into our allocations to listed alternatives, internal capabilities, and external funds. For every listed investment company in our portfolio, we produce a structured ESG research note. This analysis contributes to our broader investment view on the company. It also acts as a basis for ongoing engagement. For the other parts of our portfolio, we take advantage of internal ESG capabilities across different investment teams. This way there is a tailored approach for the different areas and asset classes of our portfolio. Our ESG process for external funds is centred around understanding, for each manager, their ESG policies and procedures. Assessing whether they are appropriate and aligned with our expectations. For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example controversies and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and

	behaviour of its leadership and management. A low score will typically by given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders. The investment must further be 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.
Proportion of investments	A minimum of 70% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying the binding ESG commitments to these underlying assets. Within these assets, the Fund commits to a minimum of 10% in Sustainable Investments. The Fund invests a maximum of 30% of assets in the "Other" category, which can include cash, money market instruments and derivatives.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Monitoring of environmental or social characteristics	**First line** Our investment teams have the primary responsibility for implementing the investment strategy. Our sustainable investing governance committees support investment desks with regards to the implementation of the framework as well as understanding the regulatory environment. **Second line** ***Investment Risk*** abrdn's Investment Risk Department carries out the analysis of risks and their overall contribution to the Fund's risk profile. The RAG status of funds as well as action taken to address moderate/high risks are reported to boards, and relevant committees as required, on a regular basis. The Investment Risk Department also undertakes an annual review of the fund risk profiles to determine the efficacy of the current limits and any potential forward looking trends. ***Compliance*** abrdn's Compliance function reviews a range of funds' legal and regulatory documents to ensure they comply with regulations. Compliance also reviews marketing communications, including fund and non-fund specific material, to ensure marketing material and ESG related statements are clear, fair and non-misleading. abrdn's EMEA Compliance function plays a key role in monitoring ESG related investment limits and adherence to the binding commitments of funds that have environmental or social characteristics (in line with SFDR Article 8) and funds that have sustainable investment objectives (in line with SFDR Article 9). Through the ESG Regulatory & Standards Taskforce, Compliance feeds all sustainability-related regulatory developments and new requirements to relevant first line stakeholders to ensure these are duly considered and integrated into abrdn's investment approach and adequately reflected in our disclosures. In this taskforce, Compliance teams from all jurisdictions in which abrdn operates are represented.

	Finally, a dedicated Monitoring & Oversight team operates a risk-based programme to provide assurance to senior management over the effectiveness of controls to ensure regulatory compliance. The outcome of the reviews is reported to the relevant entity boards and other governance forums, including the Risk and Capital Committee, Group Audit Committee and Executive Leadership Team Controls meeting. Assurance activities include both thematic reviews of risk or regulatory topics and focused reviews on specific regulatory or customer outcomes. **Third line** abrdn's Internal Audit function conducts internal audits including of sustainability rule implementation as part of its internal audit agenda.
Methodologies	The Fund promotes environmental and social characteristics by aiming to invest in issuers that: • Avoid severe, lasting or irremediable harm; and • Appropriately address adverse impacts on the environment and society; and • Support a decent standard of living for their stakeholders. The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment by investment basis: **Environment** – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts. **Social** – promoting good labour practices and relations, maximising employee health and safety, supporting diversity in the workforce, and healthy relationships with communities. No benchmark is used for portfolio construction or as a basis for setting risk constraints in the management of the Fund or for attaining the abovementioned characteristics promoted by the Fund. this Fund considers Principal Adverse Impacts (PAI) on sustainability factors. Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring is in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund. PAI 1: GHG emissions (scope 1 and 2) PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) **Adverse impacts monitoring** Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to: 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 under "Fund Centre". **Post-investment the above PAI indicators are monitored in the following way**: Company carbon intensity and GHG emissions is monitored via our Climate tools and risk analysis. On a regular 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. **Post-investment we also undertake the following activities in relation to additional PAI's**:

	Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by- case basis. abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. Governance indicators are monitored via our proprietary governance scores and risk framework, including consideration of sound management structures, and remuneration. **Adverse impact mitigation** PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and can not be held by the Fund. PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement. These adverse indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.
Data sources and processing	**Data Sources** We have selected several data sources to support our sustainability indicators, Sustainable Investment calculations and PAI commitments. We use a combination of publicly available information, third-party data and ratings providers, proprietary ESG scoring, primary research and directly obtained information through engagement with companies. The Regulatory Technical Standards (RTS) under the EU Sustainable Finance Disclosure Regulation call on financial market participants to source sustainability data in various ways, including research providers, internal analysis, commissioned studies, publicly available information, and direct engagement with companies. The following sources are used by abrdn and our third-party data providers to collect company data and form a view on sustainability products and practices: • Company direct disclosure, including but not limited to: sustainability reports, annual reports, regulatory filings, investor updates, company websites and direct engagement with company representatives. • Indirect information sources, including but not limited to: government agency published data, industry and trade associations, non-governmental organization (NGO) reports and websites, trade union reports, media and periodicals, and financial data providers. Where company disclosure is unavailable, we may also choose to leverage estimated metrics based on sector averages or provided by credible third parties. These datasets are built based on proprietary methodologies using the data sources mentioned above. **Data Quality assurance process** *Third Party Data Sources* We work with several third-party ESG data providers and use their data points both as inputs into derived analytics, such as internal ESG house scores, as well as in raw format, for example in screening. As part of our onboarding process, we ensure that these providers have appropriate quality assurance in place. On an ongoing basis we have both qualitative governance and challenge processes as well as quantitative checks to understand quality of data, data inputs and gaps where appropriate. Our third-party providers regularly review their data collection and assessment methodologies. They also have an internal escalation process to allow for cases that require further interpretation or an update to the relevant methodology. At abrdn, we expect our third-party data providers to engage with us as appropriate, providing a timely response to queries and any concerns raised about the day-to-day use of their data and assessments within our investment processes. *Qualitative Assessment Process* In all cases where we apply our own insights or judgment, this follows a rigorous quality assurance and oversight process.
Limitations to methodologies and data	For all data sources, the availability and quality of company disclosed data varies, typically in line with company size and the regional domicile. Smaller companies and emerging market regions are typically more challenging areas, though this has been improving over time. In some regions, corporate sustainability disclosure regulations are coming into force, which improves the information available to us, though this may not cover the full range of ESG issues and data required to form a complete view of a company's sustainability products and practices. For many companies, a blend of direct and indirect sources, estimated data, and internal insights from our research and engagement are used to form a view. Across our third-party data providers, estimated data is around 20-40%, depending on the particular data point. In cases where judgement is required, for example within third-party or proprietary ESG scoring, there may be instances where we reach an incorrect conclusion. For example, a media allegation or controversy may arise, highlighting that a company's remedial action on an identified ESG challenge is not as advanced as we expected. In such instances, we will investigate the issue and take appropriate

	action within our funds as soon as possible. Once the immediate issue is addressed, we will consider how we can improve our approach or methodologies to avoid similar issues in the future. Economic contributions to environmental and social objectives, which form a key component of the SFDR definition of Sustainable Investments, are not defined within the SFDR. As a result, there are varying interpretations and methodologies in use across the investment industry. The percentage of Sustainable Investments reported in funds cannot be meaningfully compared across financial market participants. Within our Sustainable Investment calculations, abrdn uses the six environmental objectives of the EU Taxonomy to inform contributions to environmental objectives and the 17 Sustainable Development Goals to inform contributions social objectives. We use both quantitative and qualitative information to arrive at these figures, both of which require a degree of interpretation or judgement on whether the economic contribution should be considered 'Sustainable' under the SFDR definition. We rely on third-party data providers to form an initial view, and any internal insights we apply follow a robust, independent oversight process, with the rationale for our conclusions clearly documented. Within our screening processes, we rely on third-party data providers to identify companies that do not meet our criteria, based on the parameters and scope of the exclusions that we define for our funds. If we receive information from other sources (e.g., NGO or media reports) that is inconsistent with these screening results, we will investigate this to confirm whether a company is appropriate for the fund as soon as possible. Our portfolio managers also sense check the results of the screening for their funds and highlight any inconsistencies or unexpected results that we may wish to query with our provider.
Due diligence	Due diligence for each asset held is detailed in the Fund's Investment Approach document, published at www.abrdn.com, under **Fund Centre**.
Engagement policies	We believe it's our duty to be active and engaged owners of the assets in which we invest. Our aim is to both enhance and preserve the value of our clients' investments by considering a broad range of factors that impact on the long-term success of the company. Through our engagement we seek to improve the financial resilience and performance of investments, sharing insights from our ownership experiences across geographies and asset classes. Where we believe we need to catalyse change, we will endeavour to do so through our strong stewardship capabilities. As a global investor, with a focus on sustainability, we leverage our scale and market position to raise standards in both the companies and industries in which we invest and help drive best practice across the asset management industry. To meet the needs of our clients and key stakeholders, we focus on these core areas: 1. Our investment process: We integrate and appraise ESG factors in our investment process and seek to generate the best long-term outcomes for our clients, consistent with their risk and asset allocation preferences. 2. Our investment activity: We actively take steps as stewards and seek to deliver longterm, sustainable value consistent with our clients' objectives and risk tolerance. 3. Our client journey: We clearly define how we act in our clients' interests in delivering stewardship and ESG principles and transparently report on our actions to meet those interests. 4. Our corporate influence: We actively support enhancements to policy, regulatory and industry standards to deliver a better future for our clients, the environment and society. 5. Our corporate activity: We gather data to understand and manage the material ESG factors in our own operations to ensure our own impact contributes to positive outcomes for stakeholders. Our engagement process consists of four components: • Review: Part of our ongoing due diligence and frequent interactions led by the analyst responsible for oversight of the investment. • Respond: Reacting to an event that may impact a single investment or a selection of similar investments. This may include but is not limited to media-related controversies. • Enhance: Designed to seek change that, in our view, would enhance the value of our investment. • Thematic: Resulting from our focus on a particular ESG theme, such as climate change, diversity and inclusion or modern slavery. Our regular 'review' meetings are normally held with the investee company's executive management, but we will also engage with board members – generally the chair or other non-executive directors. Such meetings further develop our understanding of how the board is fulfilling its responsibilities and give us the opportunity to communicate views constructively, as and when appropriate. Our 'respond' and 'enhance' engagements are bespoke interactions with specific outcome intentions and are defined as priority engagements. These also focus on the delivery of long-term value from the investments we make on behalf of clients. The nature of ESG risks is such that they are ever-present but often require a long-term outlook to fully assess them. Our engagements will often be with board members, both executive and non-executive, but will also include detailed assessment of specific risk mitigation through engagement with relevant experts within a company, including those relating to sustainability. For our 'thematic' engagements, we select investments which are felt to be materially impacted by sustainability themes identified by our research. These themes may arise in the short term due to

	particular events or may be long running in nature and impacting many sectors and investments. Engagements relating to a specific theme are likely to occur over multiple planning periods and are often led by our Investments Sustainability Group (ISG) experts. *Escalation approach* We consider escalation on a case-by-case approach and aim to identify risks early and set measurable milestones with investee companies. We may choose to refer to escalation in certain instances where a company is unresponsive, or in our view, the company is insufficiently responding to a material issue. We have a decision tree that provides potential tools of escalation in the instance when an investee company in our view, has inadequately responded to a material risk. At abrdn, we engage with investments through escalation actions to drive change and achieve outcomes toward objectives. A flexible escalation approach is essential, given certain escalation actions may occur simultaneously or as part of regular due diligence with investments. Please also see our Engagement Policy published on www.abrdn.com under Sustainable Investing.
Designated reference benchmark	This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics