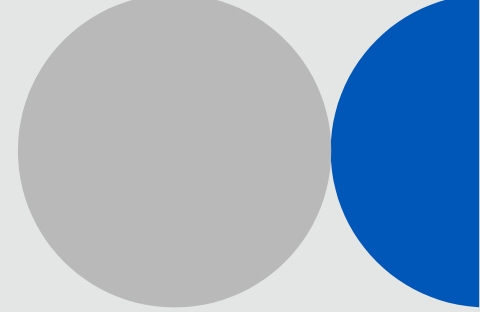


abrdn SICAV I

Emerging Markets Ex China Equity Fund

September 2024



Summary

Our Emerging Markets Ex China Equity 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 equity 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 exclude companies with material ESG risks and positively skew the portfolio towards ESG opportunities 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 classified under SFDR as Article 8 and therefore promotes Environmental & Social characteristics and investments follow good governance practices.

The Investment Framework

There are three core principals 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 Emerging Markets Ex China 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:

ESG Quality Score

We use our proprietary research framework to 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.

Companies eligible for inclusion in the Fund must have an ESG Quality rating of 4 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 abrdn 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 5% 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 the following 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 companies 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 abrdn 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 its commitments it will normally be corrected within a month, but up to 3 months is permitted to allow for market movements.

Sustainable Investments

The SFDR provides a general definition of "Sustainable Investment". This definition applies to Funds which have a sustainable investment objective. In addition, Article 8 Funds may also set a minimum proportion of Sustainable Investments but they do not have a specific sustainable objective. This Fund makes a commitment to a minimum proportion in Sustainable Investments of 10%.

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 8 approach to making Sustainable Investments is detailed in the SFDR Annex, appended to the fund prospectus.

Exclusions and Restrictions Criteria

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.



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

Screen	Criteria The Fund excludes investments that:	Data Source
UN Global Compact	Fail to uphold one or more principles ¹ .	We utilise a combination of external data sources, including MSCI and our own internal research and insights, as well as sustained engagement.
Weapons	Have any tie to controversial weapons ² covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers.	MSCI
Tobacco	Have a revenue contribution of 5% or more from tobacco wholesale trading or are tobacco manufacturers ³ .	MSCI
Thermal Coal	Have a revenue contribution of 5% from thermal coal extraction and/or power generation and/or are directly investing in new thermal coal capacity	MSCI, investment research
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/exclusion-of-companies/

¹ Ten Principles of the UN Global Compact <https://www.unglobalcompact.org/what-is-gc/mission/principles>

² https://www.msci.com/eqb/methodology/meth_docs/MSCI_Global_ex_Controversial_Weapons_Indexes_Methodology_Nov2019.pdf

³ This is supported by the MPOWER strategy developed in 2007 by the WHO to cut tobacco use and raise taxes on tobacco products.

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.

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.

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-indices>.

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 4
- 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.

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:

abrdn Investments Luxembourg S.A.

35a, Avenue J.F. Kennedy

L-1855 Luxembourg

Telephone: (+352) 46 40 10 820

Email: asi.luxembourg@abrdn.com

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.

abrdn Investments Luxembourg S.A. may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the Prospectus for the Fund.