July 2021

Sustainable Investment Approach

ASI Multi-Asset Climate Opportunities Fund

This document outlines how Aberdeen Standard Investments (ASI) defines these companies and how it checks to ensure that the portfolio is not exposed to certain environmentally or ethically controversial areas.

The Fund's definition of climate and environmental solutions is informed by international standards such as the EU Taxonomy on Sustainable Activities and by the expert research of ASI's dedicated ESG team.

Outline Investment Approach

ASI's Multi-Asset Climate Opportunities Fund aims to contribute to the long-term goals of the Paris Agreement by investing in companies that derive substantial revenues from products and services that enable the global transition to a sustainable zero carbon economy.

The transition to Net Zero requires an ample supply of reasonably priced capital for these activities. As such, this Fund is designed for investors seeking to support the transition to Net Zero by providing capital to aligned companies whose products and services enable the transition to a sustainable zero carbon global economy, in line with the EU Taxonomy. This approach differentiates itself from others which may seek merely to reduce exposure to carbon intensive companies.

The Fund will invest in companies deriving a high percentage of their revenues (>50% on average) from activities we assess to be aligned with the principles of the EU Taxonomy on Sustainable Activity and in support of the Paris Agreement.

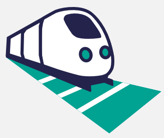
Climate and Sustainability Assessment criteria

1. Climate Opportunities Positive criteria[1]

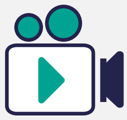
Selection of securities for the Fund is driven primarily by the positive selection criteria. Companies are only eligible for inclusion if they derive a *substantial proportion of their sales*[2] from products and services that *enable the transition to a sustainable, low carbon economy*.

Investing in such companies provides capital to finance the transition to a low carbon economy, while also offering investors the potential to benefit from the rapid structural growth expected for these sectors as the world economy shifts to a more sustainable basis. We are guided by EU Taxonomy definitions of sustainable activities. The fund will include companies with products and services in the following areas:

Clean power generation: renewable energy generation (wind, solar, hydro, geothermal), energy storage, smart grids.



Low carbon transport: fuel efficiency, fuel switching (e.g. hydrogen fuel cell), electric vehicles and hybrids, electric vehicle charging infrastructure, low carbon mass transit and freight (rail, bus, metro), equipment and parts supporting low carbon transport.



Smart working: technologies that result in avoidance of transport emissions e.g. video conferencing and remote working technologies.

Energy efficiency: in industrial processes, technologies which enable industrial decarbonisation strategies (chemicals, steel), and carbon capture.

[1] Data is sourced from FTSE Russell.
[2] The Fund aims to hold companies which, on average, derive well over half of their revenues from the positive categories outlined, and it will not hold companies with less than 30% of revenues in these categories.

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Green buildings: energy efficiency retrofits, low carbon buildings, low carbon heat (hydrogen), energy efficient building materials, energy efficient heating, cooling, lighting.

Agriculture & Land use: reforestation, afforestation, sustainable forests, low carbon agriculture.

Wider environmental sustainability: climate change adaptation, pollution control, environmental remediation, biodiversity protection, the circular economy and sustainable water.

These areas will be reviewed by the managers regularly to ensure that the Fund is gaining exposure to the activities which are most important in driving the global shift to a low carbon sustainable economy.

The above criteria are applicable across all companies the Fund invests in. The only exception is green bonds. These are bonds issued by companies that typically do not meet the above criteria, but where the use of the capital raised by the bond is use exclusively to fund green activities. We will review each green bond we invest in to check that it meets our positive criteria. We will also check that the issuer does not fall short on our exclusion criteria set out below.

The Fund invests in renewable infrastructure investment trusts, whose business is in most cases entirely within the scope of the positive criteria above.

2. Negative criteria[3]

Fossil fuels: A small number of companies that provide climate and environmental solutions also have business operations that are in some way associated with fossil fuels. The Fund will aim to avoid investing in companies with any material fossil fuel production activity.

However, a few predominantly renewable energy power generation companies have legacy power generation assets. Where these are less than 10% of a company's assets, and the company is committed to exiting this activity within three years, the Fund will be able to invest.

The Fund may buy 'green bonds' from utility companies with more substantial legacy exposures, but only where the green bond is being used to finance the construction of the renewable energy assets, and the company is committed to phasing out fossil fuels use entirely within 10 years.

The above exceptions are each reviewed individually by the managers.

Nuclear power generation: Nuclear power is a source of low carbon electricity, but given concerns about the nuclear safety record, about how to manage nuclear waste and about the high cost of building nuclear power plants, this Fund will avoid investment in companies with material involvement in nuclear power generation.

Biofuel production: biofuels potentially offer a route to low carbon energy but there are concerns about the sustainability of feedstock (e.g. cutting down forests). We shall only invest in biofuels where, in the judgement of the managers there are no major concerns about sustainability.

Carbon emissions: The manufacture of wind turbines, batteries, solar panels and other clean technologies, does itself result in carbon emissions. These are far smaller than the emissions that are saved by using these products rather than fossil fuel alternatives. The Fund will avoid investing in companies with high carbon emissions. Where we invest in green bonds, we evaluate the carbon associated with the use of proceeds of the bond, rather than the company using the same carbon emissions standard.

Ethically controversial activities: Careful investigation[5] confirms that companies with substantial sales from green products and services do not tend to have involvement in ethically controversial business activities like tobacco production or arms manufacture.[6] This means that the Fund's positive screens result is a low risk of exposure to these activities. However, in order to provide extra assurance, we regularly check that there are no companies with material involvement in a range of ethically controversial activities held in the portfolio.

Company engagement

ASI takes its Stewardship responsibilities seriously and will vote its shares at company meetings and engage with companies on relevant ESG issues. However, engagement is not the primary way that the Fund aims to achieve sustainability benefits. These come primarily from its focused allocation of capital to climate solutions companies.

> "This Fund is designed for investors seeking to support the transition to Net Zero by providing capital to aligned companies whose products and services enable the transition to a sustainable zero carbon global economy, in line with the EU Taxonomy."

[3] Data is sourced from MSCI.
[4] ASI has assessed its list of climate and environmental solutions companies against against a comprehensive set of screens and in most cases found no companies failed them. There were a few screens (e.g. labour controversies) that identified a small number of companies (<5% of total), and these companies were excluded.
[5] The issues we check include tobacco and armaments, as well as controversies relating to breaches of labour standards, human rights and the UN Global Compact.

Important Information

The value of an investment is not guaranteed and can go down as well as up. An investor may get back less than they invested. Please consider the below risk factors:

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.
- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.
- More details of the risks applicable to this fund can be found in the Key Investor Information Document (KIID) and Prospectus, both of which are available on request or at our website **aberdeenstandard.com**

The investment objective is to generate growth over the long term (5 years or more) by investing in a diversified portfolio of equities and corporate bonds issued by companies whose core business enables the transition to a sustainable low carbon economy.

The fund is a sub-fund of Aberdeen Standard SICAV l a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement á Capital Variable (a "SICAV").

In Spain Aberdeen Standard SICAV l has been registered with the Comisión Nacional del Mercado de Valores under the number 107

The information contained in this marketing document is intended to be of general interest only and should not be considered as an offer, investment recommendation or solicitation to deal in the shares of any securities or financial instruments. Subscriptions for shares in the fund may only be made on the basis of the latest prospectus, relevant Key Investor Information Document (KIID) and, in the case of UK investors, the Supplementary Information (SID) for the fund which provides additional information as well as the risks of investing. These may be obtained free of charge from the Fund Management company Aberdeen Standard Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg or the local paying agents detailed below. All documents are also available on **aberdeenstandard.com**. Prospective investors should read the prospectus carefully before investing.

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