April 2021

Sustainable Investment Approach for the Global Equity Impact Fund

Approach applies to
- Standard Life Investments Global SICAV II Global Equity Impact Fund

The Global Equity Impact Fund ('the fund') seeks to deliver long term growth by investing in companies that intentionally aim to create positive measurable, positive environmental and social impact. Our approach is aligned to the United Nations' (UN) Sustainable Development Agenda which currently uses UN Sustainable Development Goals (SDGs). We use the SDGs as a framework to ensure that efforts are directed to the areas of greatest unmet need. This framework may change over time. Combined with the expert analysis of our global and regional equity teams and ESG (environmental, social and governance) specialists, our portfolio managers invest in companies where they have strong conviction in both the financial and positive impact potential.

Our sustainable development proposition

Investing in companies that deliver an attractive financial return while making a positive contribution to the environment and society

Assessment framework aligned to the UN SDGs, which seek to address the world's greatest challenges

Focus on intentional, measurable impacts that address the unique issues facing particular regions

Company engagement to demonstrate intentionality and promote meaningful impact disclosure

Investment approach

In managing our sustainable equity strategies, we will seek to:

deliver both attractive financial returns and positive social and environmental outcomes

invest in companies intentionally developing products and services that contribute to quantifiable, positive social and environmental outcomes

benefit from our active engagement with companies, where we encourage positive changes in corporate behaviour

leverage the support and insights of our large, dedicated equity teams and ESG specialists

To measure financial performance, the fund's reference index is the MSCI All Country World Index (USD). We aim 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.

AberdeenStandard Investments

Our approach to assessing and measuring the fund's impact performance is detailed within this document.

Impact framework

The UN's 2030 Agenda for Sustainable Development[1] provides a blueprint for governments to guide investment and development toward a more sustainable and prosperous future. The Agenda lays out 17 SDGs to help countries tackle the most pressing global social and environmental concerns. Using the Agenda as a guide, there are tangible opportunities to generate positive contributions to society and the environment, while simultaneously generating long-term financial value. We therefore aligned our impact mission to address the key social and environmental issues identified by the SDGs.

Our portfolio managers combine the expert analysis of our equity teams with the insights of our ESG specialists. This allows us to assess a company's alignment with ASI's eight-pillar impact framework.

Pillars	Sub-themes
Circular Economy	Resource efficiency Material recovery and reuse
Sustainable Energy	Access to energy Clean energy Energy efficiency
Food & Agriculture	Access to nutrition Food quality Sustainable agriculture
Water & Sanitation	Access to water & hygiene Clean water Water efficiency
Health & Social Care	Access to healthcare & social care Enhanced healthcare Drug development
Financial Inclusion	Access to financial services
Sustainable Real Estate & Infrastructure	Affordable housing Eco-construction Improved access
Education & Employment	Access to education and skills development Quality employment and job creation

In addition to the eight impact pillars, we also invest up to 10% of the fund in impact leaders. These are companies that enable our other pillars, contributing products and services that are part of a wider value / supply chain.

Assessment criteria

The Fund combines financial and impact objectives, so our investment process starts with the strongest investment ideas across our equity desks.

[1] Further information on the 2030 Agenda for Sustainable Development and UN Sustainable Development Goals is available at www.un.org/sustainabledevelopment/. This framework may change over time.

Avoiding negative impact

Before assessing a company's potential for positive impacts, we consider the company's potential for negative impacts. This initial risk assessment helps us ensure that companies in the fund are operating responsibly, and avoids offsetting any positive impact generated with negative impacts from operations or other business segments, products and services. This includes the following:

- We exclude companies involved in tobacco production or controversial weapons manufacturing.
- We also exclude companies found to be in breach of the UN Global Compact, as assessed by an independent, third-party ESG research provider.
- We 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.
- We assess each company in a holistic manner, considering the potential for positive and negative impact of all business segments, products and services.

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.

Assessing positive impact

Once we are comfortable with the initial risk assessment, we then consider the company's potential to deliver intentional, measurable positive social and environmental impact. We undertake contextual and needs-based analysis to understand the unique nature of the social and environmental issues in a particular region. For example, a funding gap for micro-enterprises in South East Asia or a lack of quality and affordable education in Brazil. We then evaluate how a company may address the environmental and social issues in the regions in which they operate.

We believe the key facets of impact investing are that investments must be intentional and measurable. Our process employs a 'theory of change' model. This assesses a company's inputs, activities, outputs, outcomes and impacts in three 'impact maturity' stages: intentionality, implementation and impact. These stages build upon one another. We expect to see companies at the intentionality stage mature to implementation and finally to impact.

- Intentionality is a company's recognition of a particular social or environmental issue, with investment to deliver products and services in response. To assess this, we examine company-specific inputs such as strategy and investments and expect to see a minimum of a third of a company's investment budget allocated to products or services aligned with our pillars.
- Companies that mature from intentionality to implementation have progressed from inputs to activities in our theory of change model. The company's strategy and investment in products and services that address global social and environmental issues has matured to meet revenue and growth rate thresholds we have set for each pillar.
- Finally, a company that has matured to the impact stage of our model is able to report on the data points and deliverables its products and services have achieved. For example, this could include carbon emissions reductions or the number of people provided with access to energy. Outcomes and impacts are the consequences of these results, which we assess and communicate to clients through our annual impact report.

Intentionality acts as our minimum criterion for inclusion in the Fund; implementation and impact quantification demonstrate a more mature approach. We invest in companies across all stages of impact maturity, enabling us to support innovative solutions from concept through to delivery.

We target a minimum 20% exclusion of the equity investment team's active research coverage, through our approach to avoiding negative impacts combined with our strict intentionality criterion.

Ongoing assessments

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.

Peer review and debate

All new ideas for the impact fund and its investable universe are rigorously peer reviewed by our Impact Management Group. 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 ESG investment team. In order for a company to be included in the investable universe, consensus must be reached by the group.

Following agreement, a distinct company note is saved to our internal research platform detailing the impact case made for the company. This includes the ways in which the company addresses the specific issues identified in our contextual and needs-based analysis.

Measuring performance

Key performance indicators (KPIs), or targeted outputs, have been set for each of our impact pillars, in order to assess how products and services contribute to positive social and environmental outcomes globally. We use the UN's underlying SDG targets and indicators as the basis for our own KPIs, thereby linking a company's ability to affect positive change back to these overarching global challenges. We focus on the company's business model, products and services to identify the key ways in which its financial success is driven by progress against these indicators.

Company self-disclosure is a crucial source of information for our approach to assessing impact. We believe that if a company meets our intentionally requirement for delivering positive impact, the impact must ultimately be reported. We also gain a significant number of insights through our extensive engagement efforts.

Other information sources for our analysis include (but are not limited to) media outlets; reports from non-governmental organisations (NGOs); ESG data providers such as Bloomberg, ISS and MSCI; external bodies such as the UN and its agencies, the World Bank, the Access to Medicine Initiative (ATMI), etc.

Engagement

The Fund has an active engagement approach. We engage actively and regularly with companies, questioning their ability to deliver financial returns and ensuring that positive social and environmental impact remains part of their core strategy. Our active engagement approach enables us to learn more about a company's sustainability strategy and impact, appraise company management, encourage best practice on ESG issues and/or exchange views. An active engagement approach is essential to managing a meaningful impact investment strategy.

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.

Within our impact reporting, we aggregate company data by pillar to demonstrate the positive outputs delivered. We then examine where the outputs from these companies occur, how this contributes to the social and environmental issues in these areas, and what conclusions we can draw about the ultimate outcome and impact of companies in the fund. We also provide case studies to illustrate our impact assessment and measurement approach, as well as details of the engagements undertaken with companies in the fund.

Important information

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.

- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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 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 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.
- Interpretation of 'Impact Investing' will vary according to beliefs and values. Consequently the fund may invest in companies which do not align with the personal views of any individual investor.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- 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 fund is a sub-fund of Standard Life Investments Global SICAV II, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement á Capital Variable (a "SICAV").

In Spain Standard Life Investments Global SICAV II has been registered with the Comisión Nacional del Mercado de Valores under the number 1528.

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.

In Switzerland the prospectus, the key investor information documents (KIIDs), the articles of incorporation, the annual and semi-annual report in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: **www.carnegie-fund-services.ch**. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva. The latest share prices can be found on **www.fundinfo.com**. **In Italy** these documents can be obtained from the Paying Agent, Société Générale Securities Services S.P.A, Via Benigno Crespi 19A - MAC2, 20159 Milan. **In Germany** these documents can be obtained from the Paying Agent Marcard, Stein & Co. AG, Ballindamm 36, D-20095 Hamburg, **in Austria** from the Fund's Representative and Paying Agent Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, A-1030 Wien. **In France**, these documents can be obtained from the Centralising Correspondent Agent: CACEIS Bank, 1-3 Place Valhubert, Paris Cedex 13, France. **In Belgium,** these documents can be obtained from the Fund's Paying Agent, BNP Paribas Securities Services, Succursale de Bruxelles, 489, Avenue Louise, 1050 Bruxelles.

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