



Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Multi-Asset Climate Opportunities Fund

Legal entity identifier

213800FB19YE179R9797

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.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 75%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective** _%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What is the sustainable investment objective of this financial product?

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

The investment objective of the Fund is to generate growth over the long term (5 years or more) by investing in a diversified portfolio of equities and corporate bonds (loans to companies) issued by companies whose core business enables the transition to a sustainable low carbon economy. To achieve that objective, a key determinant of inclusion will be those activities identified by the EU Taxonomy as Sustainable Activities.

The Fund aims to contribute to the long-term goals of the Paris Agreement by investing only 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 from activities we assess to make a substantial contribution to the six goals of the EU Taxonomy on Sustainable Activity and in support of the Paris Agreement.

The fund is a multi-asset fund and does not have a reference benchmark.

● **What Sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

Corporate revenue alignment with sustainable taxonomies is the primary metrics for identifying holdings for the Fund. In addition, carbon intensity is considered.

The portfolio construction and the Multi-Asset Climate Opportunities Investment Approach, published at www.abrdn.com under 'Fund Centre', reduces the investment universe by a minimum of 20%.

● **How do sustainable investments not cause significant harm to any environmental or social 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.

We have created a 4-step process to ensure consideration of DNSH. The first three steps relate to SFDR DNSH requirements, the final step relates specifically to the requirements of the EU Taxonomy:

i. Sector Exclusions

We 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 associated 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. Our 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, we 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. We aim to enhance our engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

iv. EU Taxonomy activity-specific DNSH criteria

For the percentage of the portfolio that is assessed as being aligned with the EU Taxonomy, we seek to apply the relevant DNSH criteria, together with a set of norms and controversy screens.

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 have the indicators for adverse impacts on sustainability factors been 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 under "Fund Centre".

Post-investment the following PAI indicators are considered:

- 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.
- Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis
- Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance
- 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.

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

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.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, this Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

Principal Adverse Impact Indicators are metrics that measure the negative effects on environmental and social matters. We consider PAIs within our investment process for the Fund, this may include considering whether to make an investment, or they may be used as an engagement tool for example where there is no policy in place and this would be beneficial, or where carbon emissions are considered to be high, we may engage to seek the creation of a long-term target and reduction plan. We assess PAIs by using, amongst others, the PAI indicators referred to in the SFDR Delegated Regulation; however, dependent on data availability, quality and relevance to the investments not all SFDR PAI indicators may be considered. Where Funds consider PAIs, information on that consideration will be made available in annual reports.

No



What investment strategy does this financial product follow?

The Fund follows a multi-asset investment strategy, combining various climate-solutions focused equity, credit and infrastructure asset allocations to deliver long-term growth, while targeting a level of risk below that of equity benchmarks.

The fund's ESG approach has three components.

1. Positive screening: the fund will only invest in companies where over 40% of the revenues are from products and services identified as contributing to the six environmental objectives of the EU Taxonomy.
2. Negative screening: within the positively screened universe, only investing in companies which meet a various norms- and sector-based exclusionary screens;
3. Stewardship: voting shares engaging with companies on ESG issues.

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

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.
- 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

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

exposure to the activities which are most important in driving the global shift to a low carbon sustainable economy.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Fund has two binding elements:

- It will only invest in companies that derive substantial revenues (over 40%) from products and services that enable the global transition to a sustainable zero carbon economy (as defined by the environmental goals of the EU Taxonomy). The fund will include companies with products and services in the following areas:
 - Clean power generation
 - Low carbon transport
 - Smart working
 - Energy efficiency
 - Energy efficiency
 - Agriculture & Land use.
 - Wider environmental sustainability
- it will exclude companies which breach a variety of ethical, norms-based screens relating to breaches of human rights, labour rights, Global Compact; and sector screens including fossil fuel exposure, nuclear power, tobacco, weapons and other topics as listed in the fund's published investment approach documentation. These screening criteria apply in a binding manner and on an ongoing basis.

● ***What is the policy to assess good governance practices of the investee companies?***

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 corruption, tax compliance 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 be 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.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation and the minimum share of sustainable investments?

The Fund commits to a minimum of 75% in Sustainable Investments with an environmental objective.

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.

Asset allocation describes the share of investments in specific assets.

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.



- **How does the use of derivatives attain the sustainable investment objective?**
The Fund will not use derivatives to attain any sustainable investment objective.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?¹**

Yes

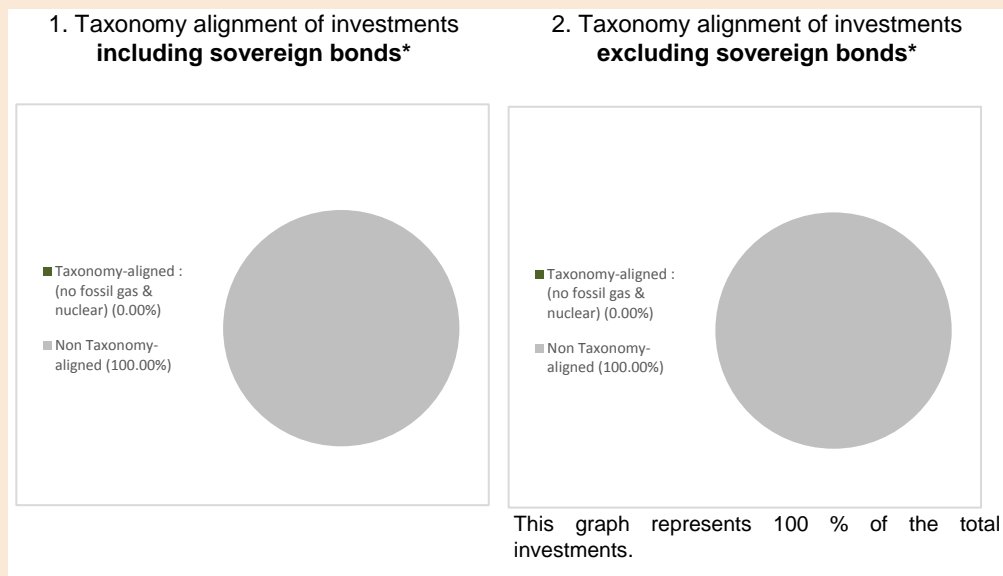
In fossil gas

In nuclear energy

No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are 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.



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

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund's invests primarily in business activities that make substantial contribution to the six EU Taxonomy environmental objectives. However, lack of data currently prevents robust assessment of full alignment with the Taxonomy Do No Significant Harm and Minimum Social Safeguards requirements. The fund's norms and sector-based screens mean that in practice many of these criteria may in fact be satisfied, but at this time we cannot verify this. Therefore, the fund classifies its holdings as meeting environmental sustainable investment objectives, but not in full alignment with the requirements of the EU Taxonomy. We hope to add a substantial share of EU Taxonomy aligned assets and a minimum target once the relevant data becomes available.



What is the minimum share of sustainable investments with a social objective?

Not applicable



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund may invest in securities that are not deemed sustainable including cash, money market instruments and derivatives but only for the purpose of hedging and liquidity management.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities. Many pre-investment PAI indicators are considered but below are the ongoing post-investment PAI indicators that continue to be considered:

- 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.
- Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis
- Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance
- 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.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No

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

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable



Where can I find more product specific information online?

Fund specific documentation, including Sustainability Related Disclosures, are published at www.abrdn.com under **Fund Centre**.

More product-specific information can be found on :

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