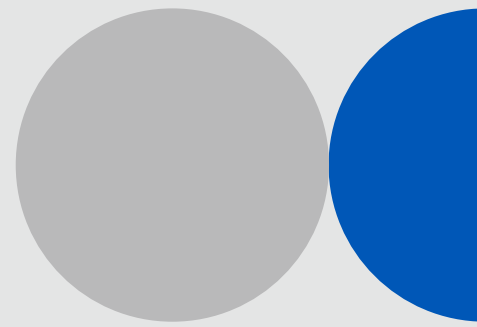


# Responsible Investing

September 2021



## ESG integration in Multi-Asset Solutions (MAS)

We are responsible investors. At abrDN, our goal is simple. Make a difference – for our clients, society and the wider world. This means ensuring we embed environmental, social and governance (ESG) considerations across all aspects of our business. For us it's about doing right thing – while aiming to help our clients achieve their long-term financial goals. Here's how we apply our responsible investment approach to our Multi-Asset Solutions team.

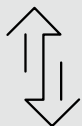
### Our core beliefs

Why is it so vital to integrate ESG factor into our multi-asset solutions process? There are three reasons:



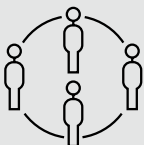
#### ESG is financially important.

ESG factors directly affect corporate performance. In fact, companies that take their ESG responsibilities seriously tend to outperform those that don't.



#### It makes us better investors.

Understanding ESG risks and opportunities, alongside other financial metrics, helps us to make more informed investment decisions for our clients.



#### It makes companies better too.

Informed and constructive engagement helps corporations improve practices – protecting and enhancing the value of our clients' investments.

### Investment strategy and process

We integrate assessment of ESG factors into every stage of our multi-asset investment process, including research and implementation, to asset allocation, risk management and stewardship.

#### Research

We believe high-quality fundamental research underpins sustainable outperformance. That's why our MAS team has embedded ESG experts as part of its line up.

Specialists include our centralised ESG team, who provide bespoke research on areas such as environmental responsibility, climate change, human rights and governance issues. We have also created an ESG working group that coordinates our research on ESG in the Multi-Asset Solutions department.

#### Implementation

We consider the characteristics of each portfolio to ensure it is aligned client ESG objectives and our company policies. For example, we exclude companies with exposure to controversial weapons (specifically cluster munitions and anti-personnel landmines) – this policy applies to all funds managed by abrDN.

#### Asset allocation

We consider ESG issues when we form our view of the return potential for different asset classes. This means asset allocation decisions and ESG are closely linked, as changes associated with ESG factors can shape the way we allocate capital. This also creates opportunities to direct capital where challenges are particularly pressing, such as climate change.



## Risk management

Scenario analysis helps us highlight risks associated with climate change, such as risks to fossil fuel companies as we transition to Net Zero. We use this to help investment managers to improve their understanding of how portfolios could behave in extreme scenarios, and to work with clients on their risk-mitigation strategies.

## Stewardship

We always act in the best interests of our clients. We believe in active, constructive engagement with companies and asset owners. For both active and passive strategies, wherever we have voting authority, we vote all shares globally. When engaging with companies from an ESG perspective, our goal is to understand how they are managing ESG risks. We are proud signatories to the Principles of Responsible Investment. When engaging with companies on ESG issues, we do so based on the principles set out by the UN Global Compact on human rights, labour, the environment and anti-corruption.

## Our engagement process

Our engagement process is made up of four interconnected stages, each as important as each other.

### Monitor

#### Ongoing due diligence

- Business performance
- Company financials
- Corporate governance
- Company's key risks and opportunities

### Contact

#### Frequent dialogue

- Senior executives
- Board members
- Heads of departments and specialists
- Site visits

### Engage

#### Using our voice

- Maximise influence as asset owners to drive positive outcomes
- Where possible, leverage equity holdings to vote on issues

### Act

#### Consider all options

- Increase or decrease our holdings
- Collaborate with other investors
- Take legal action if necessary

## Capability & collaboration

We're committed to continuous improvement as responsible investors – as individuals and as a company.

### Leading the way on ESG

abrdn's ESG resources are market leading, in terms of the number of people, experience and expertise.

Our central ESG team of more than 20 professionals provides support to all the asset classes we invest in.

More than 30 ESG analysts and ESG champions carry out bespoke research and make investment decisions within these asset classes.

### Collaboration across our business

Our MAS team works closely with teams right across our business. It has built strong relationships with our central and on-desk ESG teams.

Information is shared quickly and effectively thanks to several ESG working groups.

### ESG helps personal and professional development

We consider ESG in role descriptions, performance management and continued professional development for all relevant investment staff.

## Transparency & integrity

It's not enough to say we're responsible investors. We know clients want to see evidence of it in our actions. We preach what we practice.

We're always transparent in communication and discussion of our ESG strategy and always act in the best interest of our clients.

We stay connected to our clients and stakeholders on ESG topics, making sure that products and solutions are in tune with their aspirations.

We have a duty to actively promote policy, regulation and industry standards, which we take seriously. We believe this helps us contribute to a better future for our clients, the environment, and society as a whole.

## Our Multi-Asset Solutions team

### Insight and expertise across the spectrum

We have more than 100 investment professionals in the Multi-Asset Solutions team. They represent a full range of specialist functions, including portfolio management, implementation, modelling & analytics, research and business management.

### Specialist support and deeper commitments

The MAS team doesn't work in isolation. It's supported by our experienced ESG Investment team, which carries out sector and thematic research, company engagement and voting.

And we're committed to continuous improvement, with dedicated resources focused on further embedding ESG into the MAS investment process



**"ESG has been part of our firm's DNA for almost 30 years. And we're committed to ensuring it's at the heart of everything we do."**

**Aymeric Forest**

Global Head of Multi-Asset Solutions

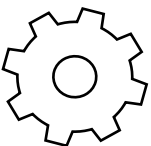
## Our commitment to responsible investing

We're committed to helping you accomplish your long-term goals through our core capabilities.

- ESG specialists and ESG Champions are an integral part of every team.
- Thematic sector and asset-level research help us make more informed investment decisions.
- Engagement leadership of our holdings across all asset classes – and voting on every shareholder resolution globally.
- Raising global standards by engaging with governments, regulators and industry bodies, working with other stakeholders to improve company practices.
- Continually working to develop innovative client solutions.

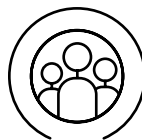
## abrdn's ESG principles

Stewardship and ESG considerations are at the heart of everything we do at abrdn



### ...in our investment process

we integrate and appraise ESG factors in how we invest, to help generate the best long-term outcomes for our clients.



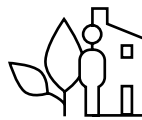
### ...in our client journey

we're committed to clarity and transparency with our clients – defining how we act in their interests delivering our stewardship and ESG principles and reporting on our actions to meet those interests.



### ...in our investment activity

we act as stewards of our clients' capital, and actively take steps to deliver long-term, sustainable value consistent with their objectives.



### ...in our corporate influence

We aim to deliver a better for our clients, the environment and society. To do this we actively push for improvements in policy, regulation and industry standards.

## About abrdn

As a leading global asset manager, we're dedicated to creating long-term value for our clients.

As a client of abrdn, your investment needs are at the heart of everything we do.

That's why considering ESG factors is fundamental to our multi-asset process. It's vital to how we assess every investment case.

We offer a comprehensive range of investment solutions, and the very highest level of service and support.



More than 100  
multi-asset  
specialists globally



50 ESG specialists  
company-wide



£71.8 billion under  
management across  
multi-asset solutions

Source: abrdn, as at June 2019



**"We've embedded a culture of continuous improvement within Multi-Asset Solutions; a natural evolution of this is the integration of ESG into every step of our investment process"**

**Craig Mackenzie**

Head of Strategic Asset Allocation

## Important Information

**Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results.**

The information contained in this document is of a general nature on the activities carried out by the entities listed below. This information is therefore only indicative and does not constitute any form of contractual agreement, nor is it to be considered as an offer or solicitation to deal in any financial instruments or engage in any investment service or activity. No warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document. Please note that some of the investments referenced in this publication are not authorised for distribution in all of those jurisdictions in which we operate. For further information, please speak to your usual contact or visit our website [abrdn.com](http://abrdn.com)

### Risks of investing:

**Multi-Asset:** Investment in multi-asset involves diversification across a wide range of asset classes including equities, fixed income, real estate and certain alternative investments – all of which involve different degrees of risk.

Diversification does not necessarily ensure a return or protect against a loss. This is not a complete list or explanation of the risks involved and investors should read the relevant offering documents and consult with their own advisors investing.

This content is available in the following countries/regions and issued by the respective abrdn group members detailed below. abrdn group comprises abrdn plc and its subsidiaries:

(entities current as at 27 September 2021)

## Europe, Middle East and Africa

**United Kingdom (UK):** Aberdeen Asset Managers Limited, registered in Scotland (SC108419) at 10 Queen's Terrace, Aberdeen, AB10 1XL. Standard Life Investments Limited registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Both companies are authorised and regulated in the UK by the Financial Conduct Authority. **Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, and Sweden:** Aberdeen Asset Managers Limited, registered in Scotland (SC108419) at 10 Queen's Terrace, Aberdeen, AB10 1XL, and Standard Life Investments Limited registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Both companies are authorised and regulated by the Financial Conduct Authority in the UK. **Switzerland:** Aberdeen Standard Investments (Switzerland) AG. Registered in Switzerland (CHE-114.943.983) at Schweizergasse 14, 8001 Zürich. **Abu Dhabi Global Market ("ADGM"):** Aberdeen Asset Middle East Limited, 6th floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, P.O. Box 764605, Abu Dhabi, United Arab Emirates. Regulated by the ADGM Financial Services Regulatory Authority. For Professional Clients and Market Counterparties only.

## Asia-Pacific

**Australia and New Zealand:** abrdn Australia Limited ABN 59 002 123 364, AFSL No. 240263. In New Zealand to wholesale investors only as defined in the Financial Markets Conduct Act 2013 (New Zealand). **Hong Kong:** abrdn Hong Kong Limited. This document has not been reviewed by the Securities and Futures Commission. **Japan:** abrdn Japan Limited Financial Instruments Firm: Kanto Local Finance Bureau (Kinsho) No.320 Membership: Japan Investment Advisers Association, The Investment Trusts Association, Type II Financial Instruments Firms Association, Japan Securities Dealers Association. **Malaysia:** abrdn Malaysia Sdn Bhd (formerly known as Aberdeen Standard Investments (Malaysia) Sdn Bhd), Company Number: 200501013266 (690313-D). This document has not been reviewed by the Securities Commission of Malaysia. **The People's Republic of China ("PRC"):** abrdn Private Fund Management (Shanghai) Company Limited (formerly known as Aberdeen Standard Asset Management (Shanghai) Company Limited) in the PRC only. Registered by Asset Management Association of China (AMAC) with the number of P1065987. **Taiwan:** Aberdeen Standard Investments Taiwan Limited, which is operated independently, 8F, No.101, Songren Rd., Taipei City, Taiwan Tel: +886 2 87224500. **Thailand:** Aberdeen Asset Management (Thailand) Limited. **Singapore:** Aberdeen Standard Investments (Asia) Limited, Registration Number 199105448E.

## Americas

**Brazil:** abrdn is the marketing name in Brazil for Aberdeen do Brasil Gestão de Recursos Ltda. which is an entity duly registered with the Comissão de Valores Mobiliários (CVM) as an investment manager. **Canada:** Aberdeen Standard Investments ("ASI") is the registered marketing name in Canada for the following entities, which now operate around the world under the abrdn brand: Aberdeen Standard Investments (Canada) Limited, Aberdeen Standard Investments Luxembourg S.A., Standard Life Investments Private Capital Ltd, SL Capital Partners LLP, Standard Life Investments Limited, Aberdeen Standard Alternative Funds Limited, and Aberdeen Capital Management LLC. Aberdeen Standard Investments (Canada) Limited, is registered as a Portfolio Manager and Exempt Market Dealer in all provinces and territories of Canada as well as an Investment Fund Manager in the provinces of Ontario, Quebec, and Newfoundland and Labrador. **United States:** abrdn is the marketing name for the following affiliated, registered investment advisers: Aberdeen Standard Investments Inc., Aberdeen Asset Managers Ltd., Aberdeen Standard Investments Australia Ltd., Aberdeen Standard Investments (Asia) Ltd., Aberdeen Capital Management LLC, Aberdeen Standard Investments ETFs Advisors LLC and Aberdeen Standard Alternative Funds Limited.

abrdn is a global business providing a range of services to help clients and customers plan, save and invest. abrdn group uses different legal entities to meet different client and customer needs. Some elements of the abrdn client experience may contain previous brand names until all brand name changes have completed.

Aberdeen Standard Fund Managers Limited, registered in England and Wales (740118) at Bow Bells House, 1 Bread Street, London, EC4M 9HH. Authorised and regulated by the Financial Conduct Authority in the UK.

For more information visit [abrdn.com](https://abrdn.com)

GB-200821-155511-5 © abrdn plc 2021.

**abrdn.com**

STA0921318180-001