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# abrdn Sustainable investing

September 2021

## Investing for a better world

# A+ ratings

in six categories for responsible investment

Principles for Responsible Investment assessment report, 2020

# £33.7 billion<sup>1</sup>

managed in specialist sustainable, ethical, impact and thematic strategies

<sup>1</sup> as at June 2021

# Top 2%

in our sector in the DJSI World index – a global measure of corporate sustainability

Dow Jones Sustainability Indices (DJSI) review, 2020

## Focusing on environmental, social and governance (ESG) factors to improve client outcomes and power positive change

How and where the world chooses to invest has critical implications for the well-being of society and our planet. Equally – as concerns over climate change and social inequality grow – investments that could have positive social and environmental impacts may pose less risk and potentially lead to better performance outcomes for our clients over the long-term.

For both these reasons, abrdn is committed to putting environmental and social considerations and good governance at the heart of all our investment decision-making – and our own operational activities. We also manage a wide range of sustainable strategies to meet investors' specific needs.

## Why abrdn for sustainability?

We work towards becoming a global leader in sustainable investing and are focused on providing the resources and commitment to enable our clients to align their portfolios with their social and environmental goals.

## Everything we do acknowledges that what we invest in today will determine the world we live in tomorrow.

ESG is integrated across all asset classes and clients can dial up targeting of specific outcomes depending on their goals.

In addition we support clients with:

- Transparency through portfolio level ESG reporting
- Robust investment process
- Deep research
- Tailored client solutions
- Thought leadership
- Active ownership

The PRI principles are voluntary and an aspirational set of investment principles. They are available at [unpri.org/pri](https://www.unpri.org/pri). The number of PRI signatories total in excess of 3,000 organizations – spanning investment managers, asset owners and service providers from 60 countries and representing about US\$100 trillion in assets. The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions. Signatories complete a full annual **transparency report** which is reviewed and scored by PRI. The **Assessment Report** is designed to provide feedback to the signatories to support them in their ongoing learning and development in this regard. More information about PRI and its assessment reports can be found on the following website: [unpri.org/signatories/reporting-and-assessment-resources](https://www.unpri.org/signatories/reporting-and-assessment-resources). Additional information on PRI's assessment methodology is available here.

[abrdn.com](https://www.abrdn.com)

**"Active ownership of the investments we hold aims to protect and enhance the value of the portfolios we manage. Our engagement with companies – to encourage high levels of environmental, social and governance practice – is extensive, constructive and ongoing."**

**Mike Everett**

Head of Stewardship

### Global sustainability resources

We look to lead the market in terms of number of sustainability professionals, their experience, expertise and talent. Our ESG investment team of 20+ professionals support all of the asset classes in which we invest. Across asset classes we have 50+ specialists carrying out ESG and active ownership activities to inform our investment decisions.




### ESG integration

For us, ESG is not simply a list of criteria to be adhered to, or a box-ticking exercise. We research, analyse and engage with investments worldwide as part of our investment process. This helps us make better informed investment decisions for our clients – and drive higher standards among the investments we hold.

### Looking to lead by example

We strive for the same high standards that we demand from the companies we invest in. We work to incorporate sustainability and diversity and inclusion into our operational practices. We are a signatory to the Principles for Responsible Investment (PRI), committing to align our investments to the broader objectives of society.

## Our principles – how we invest sustainably

	<p><b>Embed ESG factors</b></p> <p>As active investors we aim to integrate environmental, social and governance (ESG) considerations into every stage of research, investment rating and selection, and portfolio construction.</p>
	<p><b>Focus on client outcomes</b></p> <p>We aim to make clear to all our clients how we are using our focus on sustainability to manage risk, optimise opportunity and act in their long-term interests.</p>
	<p><b>Be active stewards</b></p> <p>We actively engage with companies and assets in which we invest to get better insight and encourage action that we believe will create long-term value, including in relation to ESG practice. We also vote at AGMs to drive change.</p>
	<p><b>Leverage our influence</b></p> <p>We look to work closely with governments, regulators and industry bodies globally to advance policy, including that relating to social and environmental standards.</p>

## Driving positive outcomes across asset classes

We embed sustainability considerations into our investment processes, tailoring our approach to each asset class to help achieve maximum effectiveness and optimal outcomes.

### Active equities

- Holistic company and board risk/opportunity assessment, including ESG factors
- Engagement with management on ESG risks, areas of improvement and opportunities
- Exercise voting rights

### Fixed income

- ESG analysis embedded in in-house credit research
- ESG risks categorised according to severity, allowing them to be priced appropriately alongside other credit risks
- Engagement with management on ESG risks, areas of improvement and opportunities

### Real estate

- Full ESG assessment prior to asset purchase
- KPI monitoring and sustainability plans for all assets
- ESG embedded from start to end of any development
- Fund-level ESG reporting, improvement targets and GRESB benchmarking

### Alternatives

- ESG risks in funds identified and analysed using third-party insight where appropriate
- Engagement with managers to encourage ESG adoption
- Adopt ESG approaches – e.g. exclusion lists

### Multi-asset

- Assess environmental, social and governance (ESG) factors when investing
- Take climate into account in strategic asset allocation

### Quantitative investing

- ESG integrated into investment processes at both universe construction and portfolio construction stages
- Exercise all voting rights

## Strategies to match client values

As well as embedding sustainability and ESG activity into our investment processes, we offer a range of approaches to support clients' specific values, beliefs or impact goals.



### Integrated – ESG considerations as standard process

Integrated funds embed the consideration of environmental, social and governance (ESG) risks and opportunities into the investment process. These funds aim to make better-informed investment decisions and benefit from the active ownership of assets.



### Values

#### Reflecting investors' ethics or values

Funds that invest according to an investor's ethical or sustainability values. They may exclude or include certain companies or industries based on those values. They can also combine both approaches.



### Sustainable

#### Improving standards and supporting best practices

Aim to manage sustainability issues on a more proactive basis. Invest in sustainable companies or other investment activities with better management of ESG factors. They avoid certain industries that are deemed unsustainable.



### Impactful

#### Positively impacting the world around us

Aim to contribute positively to the world by investing in companies providing solutions, products or services to counter environmental and/or social challenges. Often align to standards such as the UN Sustainable Development Goals.



### Thematic

#### Focus on environmental or social themes

Thematic funds aim to help investors benefit from specific responsible themes such as climate change or changing demographics and sustainable technology

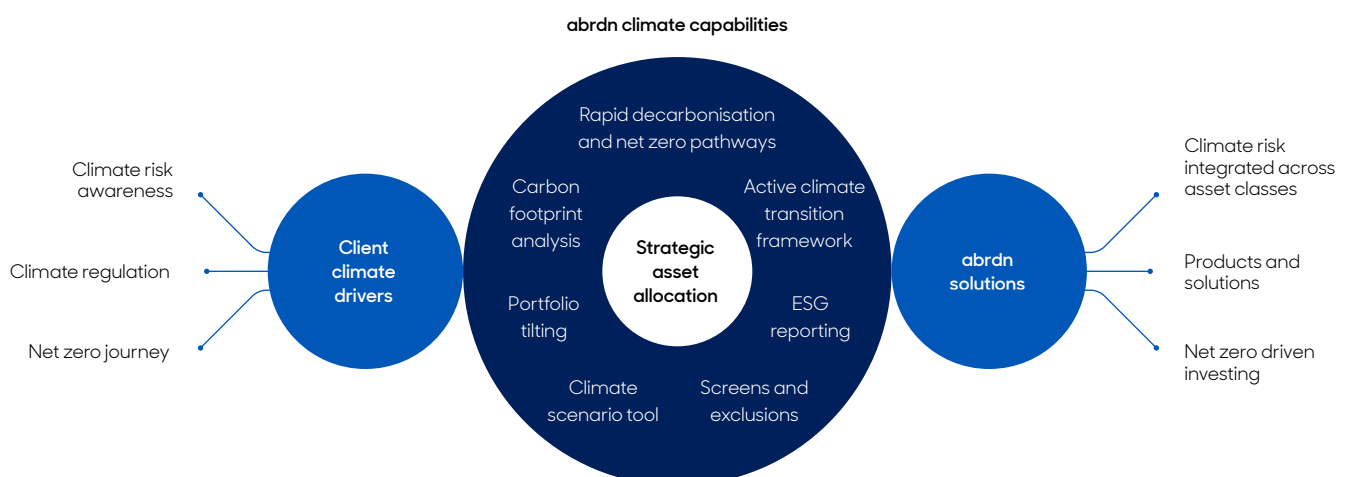
## Insight into sustainability themes

We conduct extensive research and analysis around a range of social and environmental themes aligned to the UN Sustainable Development Goals to help support client activities and investment decision-making. For example, our focus on climate change enables us to provide high quality data and insights on climate change trends, risks and opportunities, and integrate these into our decision making, driving positive outcomes for our clients.

## About abrdn

abrdn is a global investor. By harnessing the power of investment, we're dedicated to creating more opportunity for our clients – and more positive impact for the world around us.

We use our worldwide investment expertise and local market resources to seek out investment opportunity globally. Through active investment, stewardship and innovation, we aim to deliver the most sustainable and future-fit investment solutions to help every client achieve more with their capital.



**"As active and engaged investors, we can use our influence and insight to drive higher standards of environmental, social and governance practice among the assets in which we invest which in turn can help reduce long-term risks in our portfolios."**

Amanda Young,

Global Head of Responsible Investment

## 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.

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