

# Sustainable and Responsible Investment Approach

October 2021

## Global Sustainable and Responsible Investment Equity Fund

### Approach applies to

Aberdeen Standard SICAV I – Global Sustainable and Responsible Investment Equity Fund

Aberdeen Standard Investments' Sustainable and Responsible Investment equity strategies seek to generate strong long-term performance by allocating capital to companies which demonstrate that they are sustainable leaders and improvers versus their peers, through their management of environmental, social and governance (ESG) risks and opportunities.

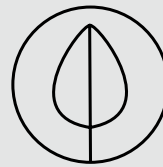
### Summary

Our Sustainable and Responsible Investment equity portfolios contain high-quality companies that have been identified through our bottom-up equity research process which takes into consideration the sustainability of the business in its broadest sense and the company's ESG performance. Within our equity investment process, every company that we invest in is given a proprietary overall **Quality rating** and a component of this is the **ESG Quality rating** which enables portfolio managers to identify sustainable leaders and improvers and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, portfolio managers also use our proprietary **ESG House Score** to identify and exclude those companies exposed to the highest ESG risks within high and medium risk sectors. Finally for this range of products, binary exclusions are applied to exclude the particular areas of investment detailed below.

### Integrated ESG analysis

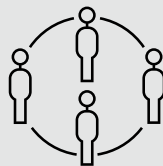
There are three core principles which underpin our integrated ESG approach and the time we dedicate to ESG analysis as part of our overall equity research process:



ESG factors are financially material, and impact corporate performance



Understanding ESG risks and opportunities alongside other financial metrics allows us to make better investment decisions



Informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments

The Fund aims to achieve a combination of growth and income by investing in companies in global companies which follow the Investment Manager's Sustainable and Responsible Investment Equity Approach. The Fund aims to outperform the MSCI AC World Index (USD) benchmark before charges.





As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. They also assess potential environmental and social risks that the companies may face. These insights are captured in our company research notes.



Our stock analysts work closely with dedicated ESG specialists who sit within each regional investment team and provide industry-leading expertise and insight at the company level. These specialists also mediate the insights developed by our central ESG Investment team to the stock analysts, as well as interpret and contextualise sector and company insights.



Our central ESG investment team provides thought leadership, thematic and global sector insights, as well as event-driven research. The team is also heavily involved in the stewardship of our investments and supports company engagement meetings where appropriate.

## Assessment criteria

### Identifying sustainable leaders and improvers

We use our proprietary research framework to identify companies which we believe to be sustainable leaders or improvers.

We analyse the foundations of each business to ensure proper context for our investments. This includes the durability of its business model, the attractiveness of its industry, the strength of its financials and the sustainability of its economic moat. We also consider the quality of its management team and analyse the environmental, social and governance (ESG) opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary score (1 indicates leaders and 5 indicates laggards) to articulate the quality attributes of each company.

Companies eligible for inclusion in our Sustainable and Responsible Investment equity range must be rated 3 or better on both overall **Quality** and **ESG Quality**.

### ESG House Score

Our Sustainable and Responsible Investment equity strategies use our proprietary ESG House Score, developed by our central ESG investment team, to identify companies with potentially high or poorly managed ESG risks.

The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. Our Sustainable and Responsible Investment equity strategies exclude companies with the highest ESG risks, as identified by the ESG House Score, in sectors identified as medium or high risk by our central ESG investment team.

Where an investment falls below our threshold, we have set a three month review period to determine an appropriate outcome.

## Negative screening

The focus of each Sustainable and Responsible Investment equity portfolio is to identify sustainable leaders and improvers through bottom up fundamental research. In addition, binary and norms-based exclusions are applied.

We will not invest in companies which:

- have failed to uphold one or more principles of the UN Global Compact
- appear on the Norges Bank Investment Management (NBIM) exclusion list
- are involved in controversial weapons covering; cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, depleted uranium ammunition and blinding lasers
- have a revenue contribution of 10% or more from the manufacture or sale of conventional weapons or weapons support systems
- have a revenue contribution of 10% or more from tobacco or are tobacco manufacturers have a revenue contribution of 10% or more from gambling
- have any revenue contribution from thermal coal extraction
- have a revenue contribution of 10% or more from unconventional oil and gas extraction or are investing in new unconventional extraction capacity in their own operations
- are primarily involved in conventional oil and gas extraction and do not have a significant revenue contribution from natural gas or renewable alternatives
- are directly involved in electricity generation which has a carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario
- are directly investing in new thermal coal or nuclear electricity generation capacity in their own operations
- are state-owned enterprises in countries subject to international sanctions or that materially violate universal basic principles.

Financial derivative instruments are exempt from this approach

**We target a minimum 20% exclusion of the fund's benchmark investable universe, through a combination of in-house proprietary scoring tools and negative screening. Data is sourced from MSCI, ISS, Bloomberg and Trucost.**

## Carbon Footprint

The funds will target a Carbon Intensity lower than the benchmark as measured by ASI Carbon Footprint tool (which uses Trucost data for Scope 1&2 emissions)<sup>1</sup>.

## Stewardship

In our view, good governance and stewardship are vital to safeguard the way in which a company is managed and to ensure that it operates responsibly in relation to its customers, employees, shareholders, and the wider community. We also believe that markets and companies which adopt best practices in corporate governance and risk management – including the management of environmental and social risks – are more likely to deliver sustainable, long-term investment performance.

As owners of companies, the process of stewardship is a natural part of our investment approach as we seek to benefit from their long-term success on our clients' behalf. Our fund managers and analysts regularly meet with the management and non-executive directors of companies in which we invest. Our approach to stewardship is set out more fully in the ASI UK Stewardship Code disclosure.

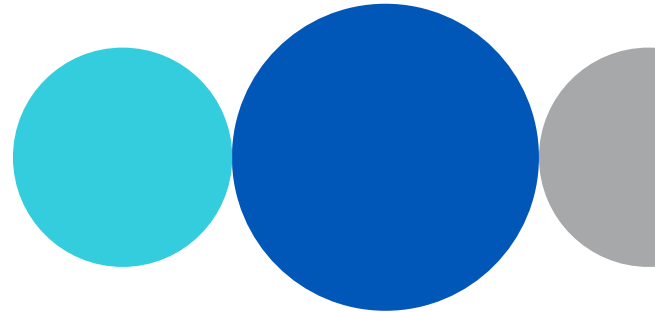
For more information please visit our Responsible Investing website [abrdn.com/responsible-investing](https://abrdn.com/responsible-investing)

## Engagement

Engagement with company management teams is a key and standard part of our equity investment process and ongoing stewardship programme. It provides us with a more holistic view of a company, including current and future ESG risks that the firm needs to manage and opportunities from which it may benefit.

It also provides the opportunity for us to discuss any areas of concern, share best practice and drive positive change. Priorities for engagement are established by:

1. the use of the ESG House Score, in combination with
2. bottom-up research insights from investment teams across asset classes, and
3. areas of thematic focus from our company-level stewardship activities.



<sup>1</sup> Our current approach is to consider Scope 1, 2 and 3 emissions at company and sector level. We use Scope 1 and 2 emissions for calculating the portfolio's carbon footprint in order to avoid double counting and data inconsistencies as recommended by TCFD.

## 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.**

- 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 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.
- 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.
- 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](http://aberdeenstandard.com).

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website [www.abrdn.com](http://www.abrdn.com). The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website's Legal Notice at [www.abrdn.com](http://www.abrdn.com)

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

**In Spain:** Aberdeen Standard SICAV I has been registered with the Comisión Nacional del Mercado de Valores under the number 107.

**In The United Kingdom:** Deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Under Luxembourg law, there is no compensation scheme available to UK investors in funds managed by such firms, which includes this fund.

The fund has been authorised for public sale in certain jurisdictions and private placement exemptions may be available in others. It is not intended for distribution or use by any person or entity that is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited.

The information contained in this marketing material 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 [www.aberdeenstandard.com](http://www.aberdeenstandard.com). Prospective investors should read the prospectus carefully before investing. The Fund Management company may terminate arrangements for marketing the fund under the Cross-border Distribution Directive denotification process.

**In Switzerland** these documents along with the fund's articles of association can be obtained from the fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH 8002 Zürich, Switzerland (Tel. 058 212 63 77). These documents and the articles of incorporation are available in English/Italian/German/ French free of charge on [www.abrdn.com](http://www.abrdn.com). **In Italy** these documents can be obtained from one of the Paying Agents listed in the prospectus of the fund. **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: BNP Paribas Securities Services, 3, rue d'Antin, 75002 Paris, 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.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrDN\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrDN\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. \* abrDN means the relevant member of abrDN group, being abrDN plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

\* abrDN means the relevant member of abrDN group, being abrDN plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Please note not all of the countries of distribution listed below have a registered retail share class.

**United Kingdom (UK):** Issued by Aberdeen Standard Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No. 120637. Authorised in Luxembourg and regulated by CSSF.

**Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, and Sweden:** Issued by Aberdeen Standard Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No. B120637. Authorised in Luxembourg and regulated by CSSF.

**Switzerland:** Issued by Aberdeen Standard Investments (Switzerland) AG. Registered in Switzerland (CHE-114.943.983) at Schweizergasse 14, 8001 Zürich.

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.



For more information visit [abrDN.com](http://abrDN.com)

GB-290921-158087-1

**abrDN.com**

STA0921437502-002