At Aberdeen Standard Investments (ASI) we are responsible investors. As such, we ensure environmental, social and governance (ESG) considerations are embedded in everything we do. Our goal is to make a difference – for our clients, society and the wider world. It's about doing the right thing, while aiming to achieve our clients’ long-term financial goals. Here's how this applies to the Multi-Asset Solutions team.

Our core beliefs

There are three reasons why we think it’s vital to integrate ESG factors into our multi-asset process.

- ESG factors can directly impact our investments. By comprehensively assessing ESG risks and opportunities alongside traditional financial metrics, we seek better outcomes for our clients.
- Understanding ESG risks and opportunities, alongside other financial metrics, helps us make better investment decisions for our clients.
- Informed and constructive engagement help corporations improve practices – protecting and enhancing the value of our clients’ investments.

Investment strategy and process

The assessment of ESG factors is integrated into every stage of our multi-asset investment process, from research and implementation, to asset allocation, risk management and stewardship.

How we do it

- We believe high-quality fundamental research underpins sustainable outperformance and our team has been organised to support this. Within Multi-Asset Solutions we have embedded ESG experts. These specialists are members of the ESG working group that aims to connect our team with other parts of the business. These include our centralised ESG team which provides bespoke research on areas such as environmental responsibility, climate change, human rights and governance issues. MAS’ ESG experts also contribute to ASI’s Climate Change Working Group.

- Implementation: when implementing an investment idea, we consider the characteristics of each stock and bond to reflect the preferences of different investors. In addition, we have a company-wide policy of excluding companies with exposure to controversial weapons (specifically cluster munitions and anti-personnel landmines) – this applies to all funds managed by ASI.

- Asset allocation: this relates to how we form our view of the return potential of different asset classes. It informs how we construct portfolios to give the best risk-adjusted returns for our clients. Asset allocation decisions and ESG are closely linked, as changes associated with ESG issues shape the way we allocate capital. This also creates an opportunity to direct capital to where the challenges are particularly pressing, such as climate change.

- Risk management: we use scenario analysis to provide a framework that can help identify risks associated with climate change, such as flooding, hurricanes and wildfires. The results of such a process can be useful to portfolio managers, improving their understanding of how portfolios may behave in such extreme scenarios. Scenario analysis also allows us to work with clients on risk-mitigation strategies.

- Stewardship: we are committed to always acting in the best interests of our clients. We believe in active, constructive engagement. For both active and passive strategies, we vote all shares globally wherever we have voting authority. 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 process consists of four interconnected and equally important stages.

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<th>Monitor</th>
<th>Contact</th>
<th>Engage</th>
<th>Act</th>
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<tr>
<td>Ongoing due diligence</td>
<td>Frequent dialogue</td>
<td>Using our voice</td>
<td>Consider all options</td>
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<tr>
<td>• Business performance</td>
<td>• Senior executives</td>
<td>• Maximise influence as asset owners to drive positive outcomes</td>
<td>• Increase or decrease our holdings</td>
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<tr>
<td>• Company financials</td>
<td>• Board members</td>
<td>• Where possible, leverage equity holdings to vote on issues</td>
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<tr>
<td>• Corporate governance</td>
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<tr>
<td>• Company’s key risks and opportunities</td>
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Capability & collaboration

We are committed to being the most responsible investor we can be and are dedicated to creating a culture of continuous improvement.

- ASI has market-leading ESG resource in terms of the number of people, experience and expertise. We have a central ESG team of over 20 professionals providing support to all of the asset classes in which we invest. Within asset classes we have more than 30 ESG analysts and ESG champions conducting bespoke research and making investment decisions.
- The MAS team works collaboratively with all areas of the business. It has strong relationships with our central and on-desk ESG teams. This is facilitated by a number of working groups designed to ensure information is shared in a timely and effective manner.
- More broadly, we take ESG into consideration in role descriptions, performance measurement and continued professional development.

Transparency & integrity

We believe it’s important to show clients we are responsible investors.

- We are committed to acting transparently and in the best interests of our clients at all times.
- We will continue to engage with clients and stakeholders on ESG topics. We are committed to conducting and publishing market-leading ESG research.
- We take seriously our duty to actively promote policy, regulation and industry standards. In this way, we seek to provide a better future for our clients, the environment and society as a whole.

The Multi-Asset Solutions team

The Multi-Asset Solutions (MAS) team comprises more than 100 investment professionals across a range of specialist functions, including portfolio management, implementation, modelling & analytics, research and business management.

Reflecting our commitment to continuous improvement, we have dedicated resource focusing on ESG embedded within our MAS investment process.

Aymeric Forest
Global Head of Multi-Asset Solutions

“While ESG has been a part of the firm’s DNA for almost 30 years, we’ve made a commitment to put ESG at the heart of everything we do”

Everything’s Future
Invest today. Change tomorrow.
Our commitment to Responsible Investing

Our Multi-Asset Solutions team doesn’t work in isolation. It is supported by our experienced ESG investment team, which undertakes sector and thematic research, engagement and voting. As a company, we seek to accomplish our clients’ long-term goals through our core capabilities.

- We integrate ESG factors into all investment decisions.
- ESG specialists and champions are also an integral part of each team.
- We carry out thematic sector and asset-level research to help inform our investment decisions.
- We engage with the leadership of our holdings across all asset classes, and vote on every shareholder resolution globally.
- We engage with governments, regulators and industry bodies globally to raise standards, and work with other stakeholders to improve companies’ practices.
- We continually work to develop innovative client solutions.

ASIs ESG principles

We put stewardship and ESG considerations at the heart of:

our investment process – we integrate and appraise ESG factors in our investment process, with the aim of generating the best long-term outcomes for our clients

our investment activity – we actively take steps as stewards to deliver long-term, sustainable value consistent with our clients’ objectives

our client journey – we clearly define how we act in our clients’ interests in delivering our stewardship and ESG principles and transparently report on our actions to meet those interests

our corporate influence – we actively advance policy, regulation and industry standards to deliver a better future for our clients, the environment and society.

About ASI

As a leading global asset manager, we at Aberdeen Standard Investments are dedicated to creating long-term value for our clients - their investment needs are at the heart of what we do.

With this in mind, the consideration of ESG factors is a fundamental part of our multi-asset process. It is vital in the way we assess the investment case for any company in which we seek to invest.

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: Aberdeen Standard Investments, as at June 2019

“...”

David Sol
Head of Process and ESG
Multi-Asset Solutions

Everything’s Future
Invest today. Change tomorrow.
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 www.aberdeenstandard.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.

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