Sustainable Investment Approach for the ASI Global Ethical Equity Fund

Aberdeen Standard Investments recognises that the world faces a number of significant environmental and social challenges. Our ethical funds seek to invest in companies that are supporting the solutions to these challenges and uphold the highest standards of corporate responsibility. N.B. The approach for Aberdeen Standard Investments Global Ethical Equity Fund is different to the approach of the ASI Ethical Funds Range.

Assessment criteria

The Fund’s objective is to generate growth over the long term (5 years or more) by investing in global equities (company shares) which meet its ethical screening criteria.

The process for ASI Global Ethical Equity Fund is designed to ensure that only companies passing the twin hurdles of fundamental strength and acceptable ethical, social and environmental behaviour are eligible for investment.

For companies to pass the first hurdle, regional analysts identify stocks with quality management and superior earnings potential. To do this, they use their own research, direct company contacts, and valuation expectations from a variety of outside research sources.

Next, ASI’s experienced Responsible Investing team screens the companies against a number of ethical, environmental and social criteria. The team uses a list of well-researched and clearly defined criteria covering the three broad areas of ethical, environmental and social policies and practices when deciding whether to pass or fail each company.

The screening process uses negative exclusionary screening criteria and is also supported by ASI’s strong engagement approach to environmental, social and governance (ESG) issues. With negative screening, we examine companies to see if they are or have been involved in what we determine to be “areas of concern” over a defined historical period. Trends in adverse behaviour can suggest longer-term problems for an organisation. Companies failing our screening criteria are excluded from investment.

### Negative screening

Aberdeen Standard Investments Global Ethical Equity Fund applies negative criteria to avoid investing in companies involved in certain industries and activities that our customers are concerned with. We will avoid investment in companies involved in the activities listed below:

- **Adult entertainment**: companies which derive over 5% of their gross annual revenue from the production, transmission or sale of pornographic materials.
- **Alcohol production**: companies which derive over 10% of their gross annual revenue from the production and/or sale of alcoholic beverages.
- **Animal testing**: companies that test or commission tests of their products on animals.
- **Poor business practices**: companies with evidence of poor business practices that cause harm to society or their employees.
- **Cluster munitions/anti-personnel landmines**: captured by ASI’s Controversial Weapons policy - [https://www.aberdeenstandard.com/docs?editionId=fc0dd666-269a-40f4-a484-d044e4daad3d](https://www.aberdeenstandard.com/docs?editionId=fc0dd666-269a-40f4-a484-d044e4daad3d).
- **Poor environmental practices**: companies with evidence of poor environmental practices that cause harm to society or their employees.
- **Gambling**: companies which derive more than 10% of their gross annual revenue from betting or gambling operations and/or from supplying gambling equipment.
- **Poor human rights record**: companies that
  - operate in any country with a poor record of human rights and fail to have mechanisms in place to uphold human rights
  - face continued accusations of human rights abuses, no matter where they operate
  - have been involved in controversial projects that have been linked to human rights abuses
  - are deemed to be supporting controversial regimes.
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.

The information herein should not be considered an offer, investment recommendation, or solicitation to deal in any financial instruments or engage in any investment service or activity. The information is provided on a general basis for information purposes only, and is not to be relied on as advice, as it does not take into account the investment objectives, financial situation or particular needs of any specific investor.

Please consider the below risk factors:

- **Poor labour/employment practices**: companies with evidence of poor labour or employment practices that cause harm to society or their employees.
- **Military involvement**: companies that earn in excess of 10% of gross annual revenue from the production, sale, or servicing of military contracts.
- **Nuclear energy**: companies that earn in excess of 10% of gross annual revenue from the ownership of nuclear energy facilities or generation of nuclear energy.
- **Product quality**: companies which have a history of convictions for poorly produced (non-food) products or that have had multiple product recalls.
- **Tobacco**: companies which make over 10% of their gross annual revenue from the production and/or sale of tobacco products.
- **Weapons**: companies which manufacture or sell nuclear weapons or which derive more than 10% of their gross annual revenue from the manufacture or sale of conventional weapons, or weapon systems.

**Our responsible investing capabilities**

As a leading global asset manager, we believe that investing responsibly can help generate long-term value for our clients. We offer an extensive and growing range of investment solutions, as well as the very highest levels of service and support.

When investing our clients' capital, environmental, social and governance (ESG) considerations are an integral part of our decision-making. By understanding how ESG factors affect our investments, we believe we can generate better outcomes for our clients, society and the wider world.

To help us achieve this, our dedicated, 20-strong ESG Investment team works closely with colleagues across all asset classes to support this work. A further 30 dedicated ESG asset-class analysts provide an additional layer of expertise.

Everything’s Future

Invest today. Change tomorrow.