

April 2020

# Sustainable Investment Approach for the Employment Opportunities Equity Fund



## Approach applies to

- ASI UK Impact - Employment Opportunities Equity Fund

Creating good employment opportunities is one of the most significant benefits business brings to society. Aberdeen Standard Investments, in collaboration with Big Issue Invest, has developed the UK Equity Impact – Employment Opportunities Fund. Driven by fundamental research and a bottom-up stock picking approach, the Fund aims to generate an attractive return over the long term by investing in companies that promote and implement good employment opportunities and practices.

## Fund focus

- The Fund provides an innovative and compelling solution for those investors who wish to invest in UK equities in pursuit of both societal and financial benefits.
- The foundation of the Fund's strategy is UN Sustainable Development Goal (SDG) number 8 – “to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.
- An annual impact review, that is unique to the Fund, provides clients with measurable outcomes that investment in the Fund helps to support.

## Impact approach

- The Fund focuses on those companies with a significant portion (typically at least 50%) of their workforce in the UK.
- Each potential investment is assessed for impact on both a company and sector basis via the four employment pillars to determine a total score (see below).

- To supplement our on-desk research, we send out a questionnaire to gather additional data, insights and thoughts directly from the company. The questionnaire is part of our active engagement with companies.
- The portfolio is actively weighted towards those companies best placed to make a positive contribution to SDG 8's aim of “full and productive employment and decent work for all”.

## Active engagement

Our shareholder engagement strategy is an important feature of the Fund. Through active engagement with the companies in which we invest, we can assess their ability to deliver financial returns, as well as ensure that the identified employment impact remains a significant part of the company's strategy and aims. We can also encourage management to adopt best practice on human capital management, particularly in relation to pay, diversity and inclusion.

## Impact assessment criteria

On behalf of Big Issue Invest, the Good Economy Partnership, a social advisory and data analytics firm specialising in measuring social impacts, has collaborated with Aberdeen Standard Investments to develop a rigorous impact assessment framework that is applied across the Fund's investment universe. This assesses companies for inclusion in the Fund using the four employment pillars outlined below.

### The four employment pillars

 Job creation	 Wages	 Workforce	 Geographical deprivation
Job growth in absolute and relative terms	Average wage versus sector median; living wage employer	Training & career development; young people's employment and entry level opportunities; gender equality	Level of economic deprivation of employment area

## 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.

### 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:

- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- 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 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.
- Interpretation of "Impact Investing" will vary according to beliefs and values. Consequently the fund may invest in companies which do not align with the personal views of any individual investor.

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