

July 2021

Sustainable Investment Approach

ASI Global Climate and Environment Equity Fund

The ASI Global Climate & Environment Equity Fund draws on ASI's deep resources and understanding of climate and environmental issues to help clients benefit from the long-term shift towards greater sustainability. The fund seeks to generate strong long term performance by investing in companies that develop or use products and services designed to drive resource efficiency, support the transition to a low carbon economy and address the wider environmental challenges we face.

Our climate and environment proposition



Focus on the areas in the **market** with **strong long term growth potential** driven by the economy and society's ability to address its **impact on the climate and environmental**



Invest in **companies** generating **attractive returns** by delivering **environmental solutions or leadership** that supports the transition to a more sustainable future



Driving **enhanced investment decisions** by leveraging the **strength, depth and diversity** of ASI's global research platform and **integrated approach to ESG**

The global economy and the environment are inextricably linked. As the global economy has grown and developed, so too has our impact on the world's resources, ecosystems and climate in ways that are both unprecedented and unsustainable.

As a society we have never been more aware of the critical challenges these pressures present, or the scale of the changes required to meet them. This is leading to a generational shift in our thinking and approach to the environment and climate, presenting an increasingly broad and attractive opportunity for investors.

The transformation to a low carbon, more sustainable environment will touch all aspects of society and economic activity. The ASI Global Climate and Environment fund aims to support and benefit from these growing long term structural dynamics by investing in companies across 5 key pillars, structured to reflect the key areas where society and the economy can positively address our impact on the climate and environment.

“The fund seeks to generate strong long term performance by investing in companies that develop or use products and services designed to drive resource efficiency, support the transition to a low carbon economy and address the wider environmental challenges we face.”



How we source & power

Sourcing food, water, basic materials and generating power are amongst the most significant contributors to climate and environmental pressures power accounts for 35% of GHG emissions and agriculture and land use 24%. As enablers of daily life, companies that invest in and develop products and services that support the delivery of reliable, sustainable and low carbon supplies will capture a greater proportion of future growth and profits



How we build

3.5 billion people live in towns and cities and by 2050 this is expected to nearly double. Building sustainable infrastructure and incorporating energy efficient and low emission technologies will therefore be key to mitigating and adapting to the pressures this growth brings, lowering future energy requirements, ecological impacts and operating costs



How we transport

Transportation consumes over 60% of global oil supply and is a major contributor to air pollution and GHG emissions. As a core element of our daily lives and a vital link for sustaining economic growth it is also an exciting investment area, with a variety of solutions which address the current environmental impacts, such as sustainable transport systems, fuel efficiency technology and alternative fuel systems such as EV



How we make & use

Global industrial output is projected to nearly double over the next 30 years, but industrial output is currently very resource intensive and accounts for 32% of global emissions when power usage is taken into account. Facilitating growth while tackling climate change and environmental degradation therefore requires a major transformation in the way we design, produce, consume and recycle goods and services



How companies operate

If society and the economy are to successfully navigate the environmental challenges we face, we must ultimately go beyond the key areas encompassed above and reach into every corner of the economy. Backing leaders in environmental efficiency across all industries sets the tone for positive, tangible change

Investment Approach

Our 5 key pillars are divided into two broad groups of companies: those delivering solutions and those providing leadership.

	 Solutions				 Leadership
ASI Pillars	1 How we source & power Environmental solutions in power generation and sourcing of key resources	2 How we build Sustainable urbanisation and infrastructure	3 How we transport Sustainable and efficient transportation	4 How we make and use Environmental solutions in the life cycle of a product or service	5 How companies operate Companies leading the drive for environmental efficiency among their peer group
Key Themes	<ul style="list-style-type: none"> Clean energy Renewables tech Power grid efficiency Sustainable Ag Water management 	<ul style="list-style-type: none"> Sustainable infrastructure Green buildings Energy efficiency Smart building tech 	<ul style="list-style-type: none"> Sustainable transport systems Fuel efficiency EV & AV Emissions tech 	<ul style="list-style-type: none"> Industrial efficiency Specialist materials Circular economy Environmental services 	Leading operational strategies to reduce emissions, waste or resource use

Solutions

The first four pillars focus on identifying companies delivering a positive change through the products and services they provide in those areas of the economy that most directly influence the environment and emissions. Core to each of these pillars is the ability of the products and services to assist in either reducing emissions, improving resource efficiency or cutting waste and pollution; ultimately enabling society to transition to a lower carbon, more environmentally sustainable economy.

Leadership

The fifth pillar “How companies operate” provides a crucial link in addressing society’s influence on the environment. If society and the economy are to successfully shape our future relationship with the planet, environmental sustainability must be embraced across industries. By identifying those companies delivering a positive impact through leading operational performance with respect to emissions, resource efficiency or waste-minimisation compared to peers, the fund completes that circle. Such companies not only play a key role in lowering society’s impact on the environment, they also create new market opportunities, lower operational costs, reduce the threat of tail risks, build positive reputation and brand awareness, and potentially lower their cost of capital – a powerful and financially beneficial combination.

Assessment criteria

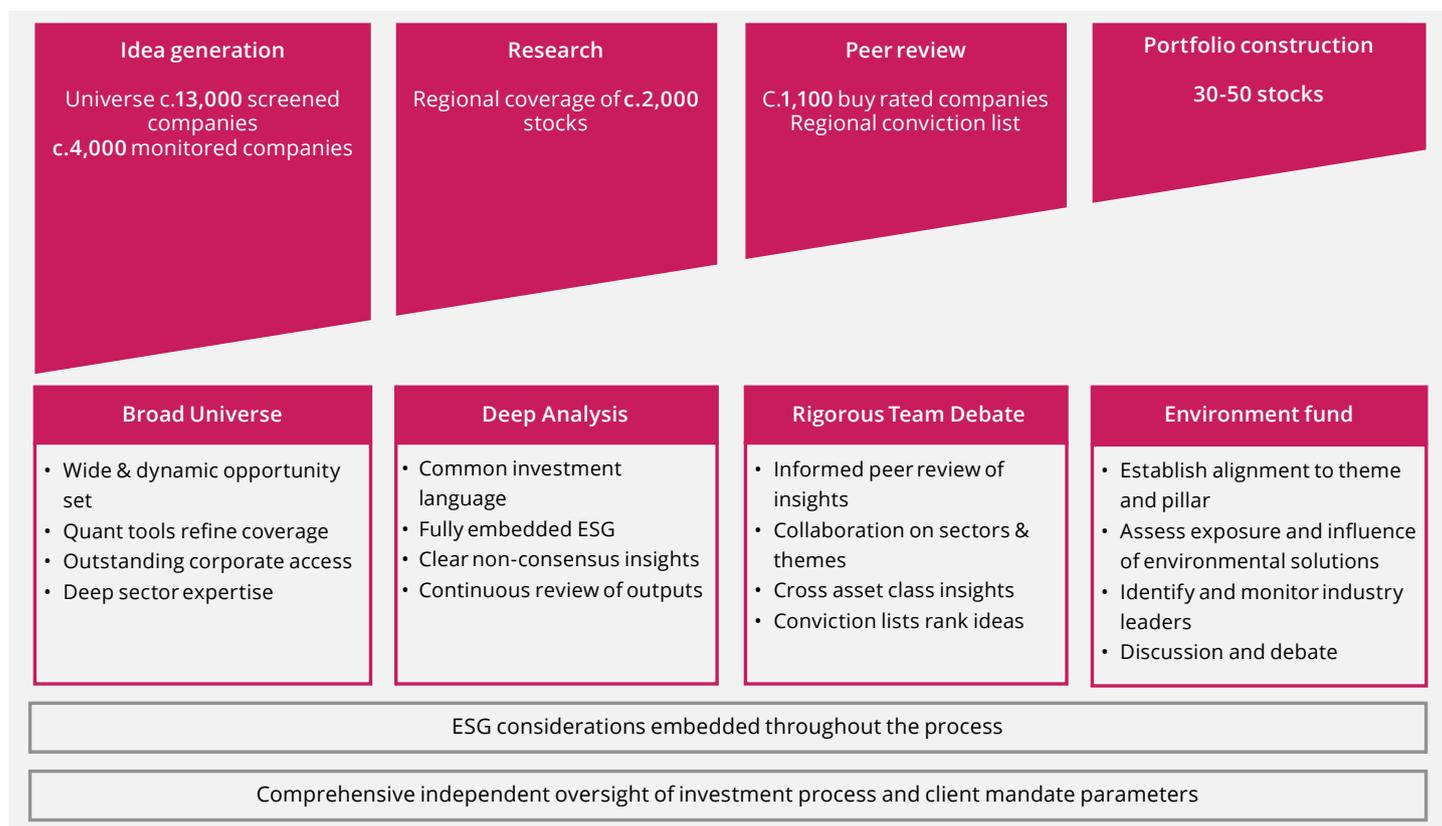
The ASI Global Climate and Environment Equity Fund follows a fundamental, bottom up investment research process utilising the full strength, depth and diversity of ASI’s global research platform in which ESG analysis and company engagement are integral elements in assessing the investment potential of all companies.

For those companies developing solutions supporting our drive to a more environmentally sustainable future we will invest in companies with a minimum of 20% of their revenue, profits, assets, capital expenditure or research and development linked to the key pillars and associated sub-themes. In certain instances, where the 20% threshold is not currently met, but where we believe the future potential of the solution merits inclusion, we may consider a company in light of the significance and stage of development of that solution. A maximum of 10% of the fund may be invested in such opportunities.

In assessing leadership we analyse companies within their industry. Using qualitative and quantitative data to cross compare companies we seek to identify those taking the lead within their industry by integrating climate and environmental considerations into their business strategy and models, targeting lower emissions and addressing the key environmental impacts within their industry.

To measure financial performance, the fund’s reference index is the MSCI AC World Index (USD). We aim to outperform the index before charges. While the index is representative of the investment opportunities we explore for the fund, the index is not constructed using any environmental or social criteria.

We target a minimum 20% exclusion of the equity investment team’s active research coverage, through a combination of assessment criteria and negative screening.



ASI first hand research, engagement and use of key data sources core to establishing pillar alignment

Qualitative analysis

- ASI proprietary stock research notes incorporating embedded ESG analysis
- ASI thematic, ESG and sector research reports
- MSCI ESG reports
- Direct company engagement



Qualitative analysis

- ASI ESG Score
- MSCI ESG Key climate and environmental scores
- Trucost carbon emissions data
- CDP
- BNEF



Solutions alignment

- Materiality assessment of company exposure to solution's pillars and sub themes
- Target companies with 20% of revenues, profits, assets, cap ex or R&D exposed to relevant solutions
- Consideration may also be given to significance and stage of development of a solution should 20% threshold not currently be met

Leadership alignment

- Relative comparison of companies to identify those amongst the leaders within their industry, setting targets and strategy to lower their carbon footprint and address their Key environmental impacts
- ASI fundamental research + Environmental leadership = Investment in real leaders

Screening

The focus of the portfolio is to identify companies that develop or use products and services designed to drive resource efficiency, support the transition to a low carbon economy and address the wider environmental challenges we face. In addition a selection of binary and norms based exclusions are applied.

The fund will not invest in companies which:

- have failed to uphold one or more principles of the UN Global Compact
- are involved in controversial weapons
- have a revenue contribution of 10% or more from conventional weapons
- have a revenue contribution of 10% or more from tobacco producers
- have a revenue contribution from thermal coal extraction
- are involved oil and gas production and exploration

The fund will target a Carbon Intensity lower than the benchmark as measured by the ASI Carbon Footprint Tool (which uses Trucost data for Scope 1&2 emissions).

Engagement

At ASI engagement with company management teams is a key element of our research process and ongoing stewardship programme. It provides us with a more holistic view of a company including current and future ESG risks that a 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 our investment teams across asset classes, and (3) areas of thematic focus from our company-level stewardship activities.



Important Information

For professional investors (in Switzerland for Qualified Investors) only. Not for use by retail investors.

The value of an investment is not guaranteed and can go down as well as up. An investor may get back less than they invested.

Please consider the below risk factors:

- 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 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 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.
- 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.
- 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.
- 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.
- 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.
- 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

The Fund aims to provide long term growth by investing in companies listed globally that develop or use products and services designed to maximize resource efficiency, support the transition to a low carbon economy and address wider environmental challenges.

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

The information contained in this marketing document 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. Prospective investors should read the prospectus carefully before investing.

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

aberdeenstandard.com. **In Italy** these documents can be obtained from one of the Paying Agents listed in the prospectus of the fund.

In France, these documents can be obtained from the Centralising Correspondent Agent : BNP Paribas Securities Services, 3, rue d'Antin, 75002 Paris, France.

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