A high conviction, actively-managed portfolio of high quality, sustainably managed companies. The fund is positively tilted towards companies with a strong track-record of managing their environmental, social and governance risks and opportunities.

**Assessment Criteria**

The fund follows a clear three stage process of reviewing and rating companies for inclusion in the portfolio which combines:

1. a series of binary negative screens
2. a screen based on our internal RI scoring methodology
3. positive allocation to high quality, sustainably managed companies.

**Binary negative screens**

The investment universe excludes companies based on a number of formal negative screens based on external data inputs:

- companies which have failed to uphold one or more principles of the UN Global Compact
- businesses which manufacture tobacco products
- companies involved in controversial weapons
- companies which derive more than 10% of their turnover from the manufacture or sale of conventional weapons or weapons systems
- businesses which derive revenue >0% of revenue from thermal coal
- businesses which make over 10% of their gross annual turnover from gambling

We also commit not to hold companies which appear on the Norges Bank Investment Management (NBIM) exclusion list which excludes companies from the universe on either a product or conduct basis. GEM Only for existing client.

**RI scoring methodology**

Our SRI approach is based on a proprietary, data-driven ASI ESG scoring tool developed by our independent, Central ESG Investment Team. The score incorporates objective data points from MSCI, company disclosure, TruCost, Bloomberg and other sources in addition to input from our own proprietary analysis.

The scoring methodology rates companies from 1 (worst) – 6 (best). To remove companies that have a low ESG assessment score, the fund will not invest in companies which have scores of 1 or 2 and are in sectors identified high or medium risk. This sector designation is reviewed by the Central ESG Investment Team annually.

**Positive allocation**

Our research process identified high quality companies which we believe will outperform over the business cycle.

As part of our research process companies under coverage are assigned a quality (Q) score by the analyst. This is a qualitative assessment of the company’s overall quality broken down into five individual components:

(i) the industry in which the business operates
(ii) the company’s business model and moat
(iii) the quality of the management team
(iv) the strength of the financials; and
(v) an assessment of each company’s ESG risk and opportunity profile and how well this is managed.

Companies are assigned a rating of 1 (highest quality) to 5 (worst quality), these scores are peer-reviewed by the wider team including the on-desk ESG analyst.

To build a portfolio of sustainable, quality companies the fund will only invest in companies with an overall Q score and an individual ESG Q score of 3 or better.

**Engagement**

Engagement is a fundamental part of our investment process and provides the opportunity to assess ESG risks on a forward looking basis and to drive positive change.

Companies held in the portfolio identified as laggards from an ESG perspective through either the bottom-up equity research process or from the assessment made by the Central ESG Investment team will form part of the annual engagement programme.

During this process we identify key areas of concern and create a list of engagement priorities with milestones and regular follow up.
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.

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