

A guide to  
responsible  
investing

# Everything's Future. Invest today. Change tomorrow.

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## A+ Strategy and Governance

### Listed Equity – Incorporation

### Fixed Income – SSA

### Fixed Income – Corporate Financial

### Fixed Income – Corporate Non-Financial

### Property



Aberdeen Standard Investments (ASI) is a signatory to the PRI;  
Aberdeen Standard Capital is the discretionary investment arm of ASI.

Aberdeen Standard Investments has achieved the highest possible A+ ratings across the above six investment categories in the latest Principles for Responsible Investment (PRI) assessment, covering the reporting year 2019.

We believe the PRI to be a globally recognised blueprint for how to invest responsibly and believe the assessment for scoring signatories on this area is one of the most extensive evaluations that exists in our market.



# What is responsible investing?

**We are responsible investors. Our goal is to generate sustainable, long-term returns for our clients. We aim to do so while having a positive impact on the environment, society and the wider world.**

Responsible investing is about ensuring that the companies you are invested in and the types of investments you hold are well governed and managed with accountability.

It takes into account environmental, social and governance (ESG) risks and opportunities when making investment decisions. These can include whether a company's impact (positive or negative) on the environment, society and people could affect its future performance.

For example, when deciding whether or not to invest in a company, a responsible investment manager will look at a company's energy consumption, how it disposes of waste or its carbon footprint.

How it treats its employees, the transparency of its supply chains and the diversity of its board members are also important considerations, because these things can have a material influence on a company's success.

We are active owners of our clients assets. We look to question companies on a vast array of issues, from their financial metrics and business practices, to board structure and how they remove their waste. We also encourage positive action where necessary, including guidance in areas like ESG reporting. Importantly, we vote on shareholder resolutions on your behalf, ensuring your voices are heard and interests protected.

A good way of thinking of all this is mindful investing. That is, having full awareness of the risks and opportunities offered by the companies and investments within a portfolio – and being active owners of them.



“What we invest in today will determine the world we live in tomorrow.”

Stephen Bird  
CEO Standard Life Aberdeen

# Why invest responsibly?

Every day, we face headlines highlighting the consequences of pollution, climate change, poor labour practices, corporate failures and more.

The way businesses conduct themselves and how they manage their operations can contribute to some of these issues. Importantly, this can also affect their long-term success, and subsequently their investment performance.

Investing responsibly is one way of helping you avoid investing in these poorer quality companies and ensuring your money is used more conscientiously and constructively.

If you choose an investment manager that invests responsibly, they can direct money and resources towards companies and investments that are well governed and that effectively manage their environmental and social risks.

Ultimately, these are the types of companies that are more likely to deliver better value to investors like you, over the long term.

“As responsible investors, our first priority is to generate sustainable financial returns for our clients. We aim to do that while having a positive impact on the environment and the societies in which we live.”

Richard Charnock  
CEO Aberdeen Standard Capital



# Can I still make money by investing responsibly?

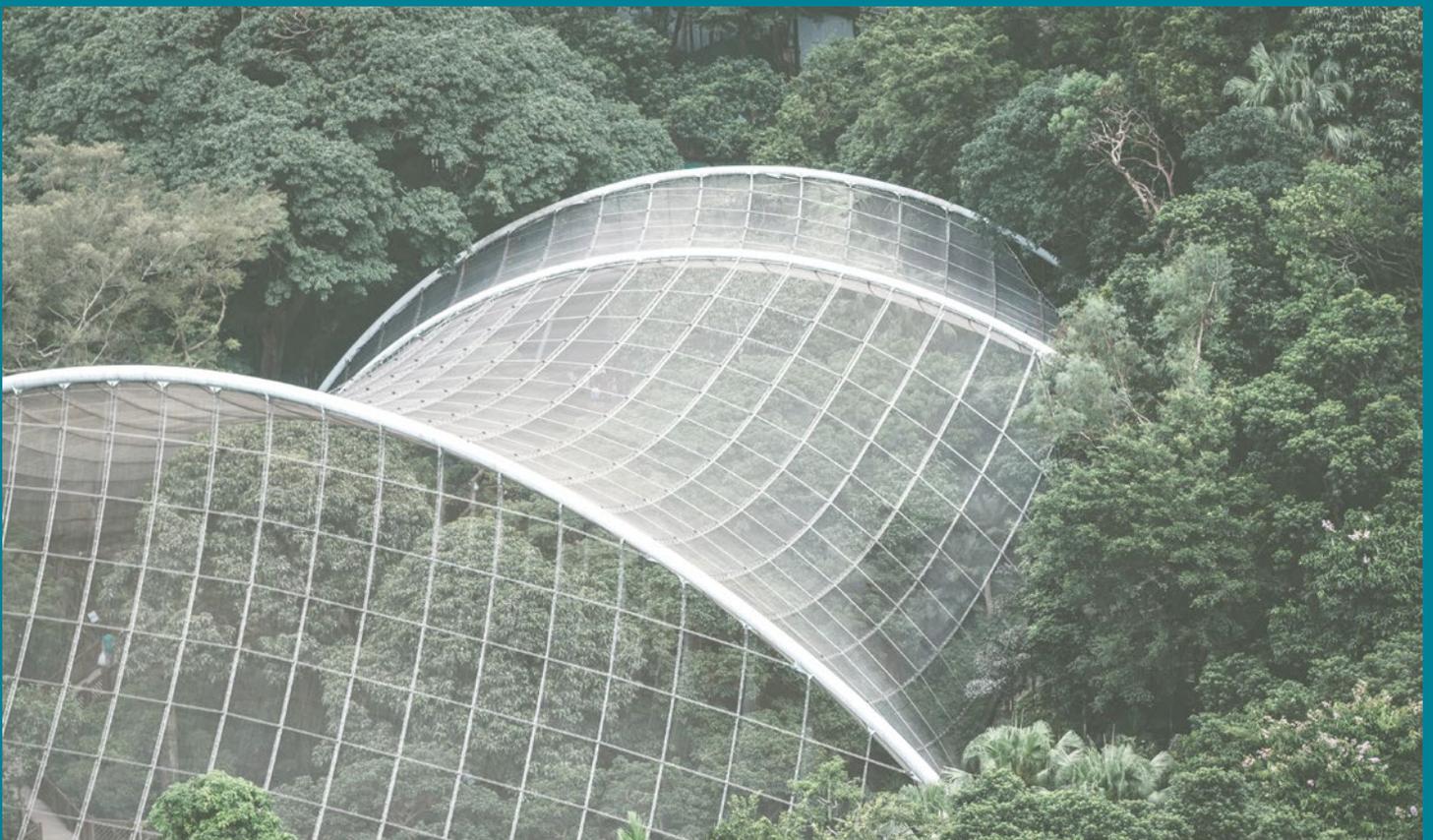
**Investing responsibly and selecting companies that care about the social and economic impact of their activities does not have to mean compromising on performance. In fact, quite the opposite can be true.**

Evidence increasingly suggests that companies that observe high standards towards ESG matters are more likely to outperform those that don't.

ESG factors are useful indicators of a company's overall strength, how it is likely to perform in the future, as well as risks that could impact its prospects. Responsible companies are less likely to be involved in scandals or catastrophes that could ruin their reputations and destroy value.

By understanding the full range of risks and opportunities, we believe investing responsibly is key to generating strong and sustainable returns.

All investments carry a degree of risk and responsible investments are no exception. The iron rule of investing is that the higher the potential reward, the more risk you have to take. Investments can go down in value as well as up. Unfavourable business outcomes or economic circumstances may mean that investments that previously offered an attractive return no longer do so.



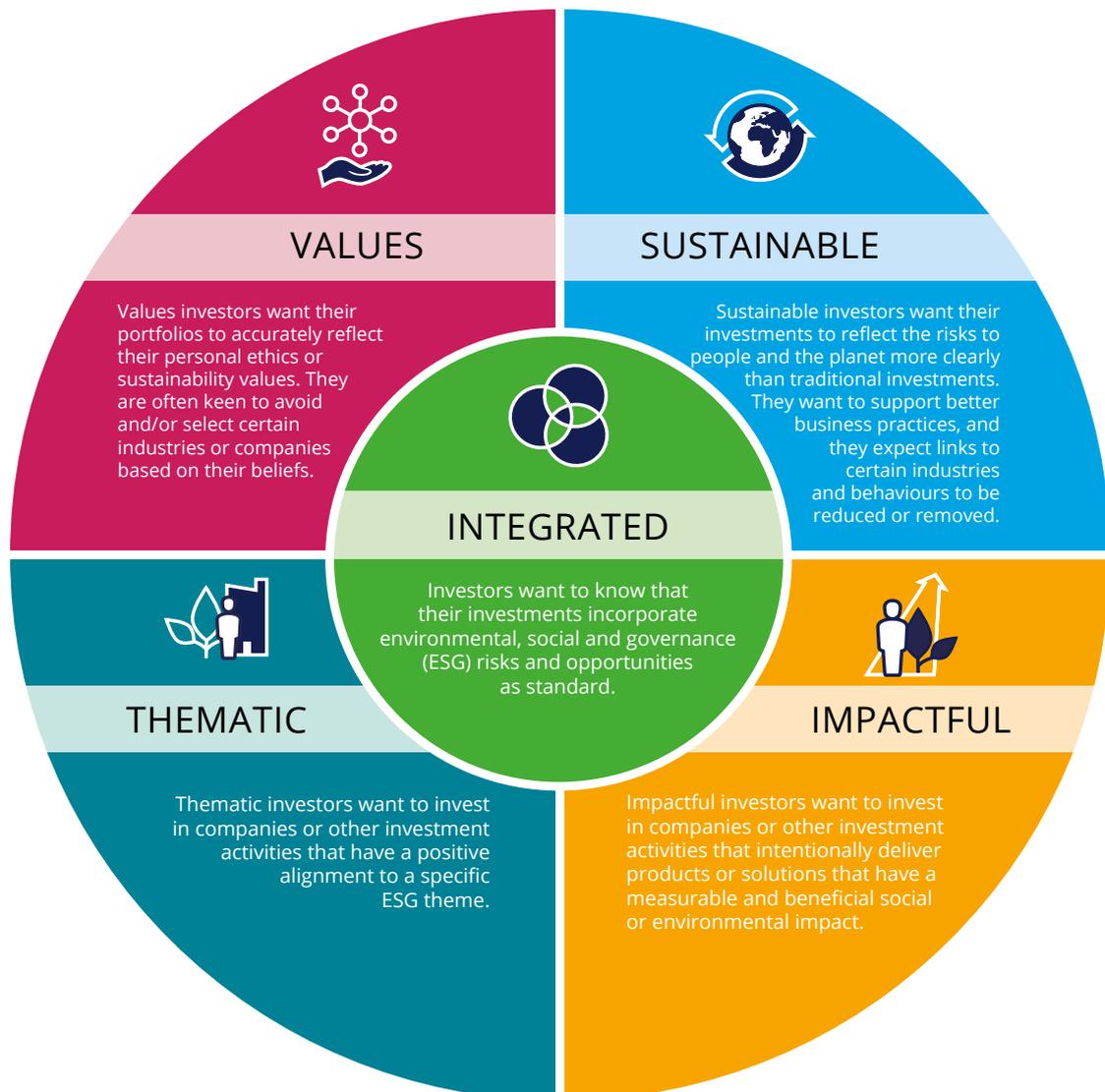
# How can I invest?

So we know that responsible investment managers use ESG factors to determine the quality and performance potential of investments. And that's a great starting point.

Beyond that, you also have options that allow you to invest in a way that closely aligns with your values or sustainability views. For example, if you have strong views on human rights or climate change, you could choose to exclude certain countries or industries that have poor track records in these areas.

Or you may want to go as far as actively seeking out investments that are positively impacting the environment or society. So you could aim to include investments linked to solar or wind farms, or those companies developing cleaner technology.

Today, it is easier than ever to invest responsibly and choose investments that have the potential to both make a difference and provide a financial return. Here are some of your options.



Source: Aberdeen Standard Investments.

As with all investment decisions, we recommend that you speak to a financial adviser about your appetite for responsible investing. Please note the value of investments can fall as well as rise and may be worth less than originally invested.

# Why invest with Aberdeen Standard Capital?

At Aberdeen Standard Capital (ASC), our vision is to invest for a better future – everything we do is focused on generating the best long-term investment outcomes for our clients. We aim to make a difference for our clients, society and the wider world, while delivering financial returns.

ASC is the discretionary investment arm of Aberdeen Standard Investments (ASI), and is integrated in the investment process of ASI. Working alongside more than 1,200 investment professionals, we invest responsibly to create long-term value for you and all our clients. Through ASI, we have access to company management on a global basis, providing us with extensive insight. Not all discretionary managers can offer this institutional-level of ESG expertise.

We don't just pay lip service to the importance of ESG matters; their consideration is naturally aligned with our quality, sustainable growth approach and we fully embed them in our investment process. We are part of a heritage that has been analysing ESG factors for over 30 years, allowing us to assess quality and understand the key risks of investments far more effectively. By putting ESG factors at the heart of our investment process, we believe we can generate better outcomes for everyone.

Investment managers like us are in a prime position to influence change in the companies in which we invest. That's why we are active owners of your money. Through ASI, we engage with the companies in which we invest to encourage positive behaviours and exercise our clients' voting rights on the issues that matter.

Each and every one of our clients, regardless of how or where they invest, benefit from this robust responsible investing approach. It is built-in to everything we do, as standard.

If you want to go even further with your responsible investing choices, we offer an extensive range of options – from bespoke ethical policies, to climate-aware portfolios to impact investing solutions.

## Award-winning credentials

ASC won both the PAM Sustainable Investment Solution category and the Best ESG Wealth Manager/DFM Group at the Investment Week Sustainable & ESG Investment Awards in 2019. These awards acknowledge the depth of our capabilities and our rigorous approach to investing responsibly. They also demonstrate our commitment to our clients, who are increasingly looking for investment solutions that can make both a positive impact and a financial return.



ASI have the following accreditations and affiliations:

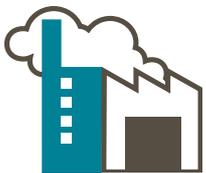


# It starts with us

As well as our financial responsibilities, we also take a sustainable and responsible approach to our operations.

This helps ensure that we manage and control the environmental impact of all that we do as a business, and that we foster a fair and inclusive culture for our people.

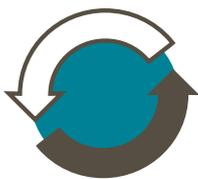
ASC and ASI aim to lead by example, striving for the same high standards that we expect, indeed demand, from investee companies.



We are  
**carbon neutral**



In **2020**, our total charitable contribution was **£2m**, benefiting over **54,000** people



Where we procure electricity, we will use **100%** renewable electricity in our offices

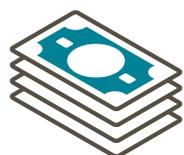


We will reduce our emissions from energy use by **50%** by 2030



We are a  
**Living Hours**  
and  
**Living Wage**  
employer

# A handy guide to some definitions



## Responsible Investing

An approach that aims to invest in companies and other investments that are well-governed and managed with accountability, while seeking to provide a financial return. It allows you to invest conscientiously with the opportunity to make money.



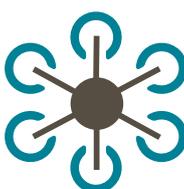
## ESG

ESG stands for environmental, social and governance (ESG). How a company manages these aspects of its business can be a really useful indication of its overall quality. Investment managers can use ESG criteria to identify potential risks and opportunities that could affect the performance of a company.



## Active ownership

Investment managers have a duty of care to their clients. Active ownership is about carefully supervising, managing and taking care of those investments made on a client's behalf. Engagement and voting (see below) are part of being active owners of clients' money.



## Engagement

An investment manager can try to influence change through discussions and meetings with the companies in which it invests. At these meetings, they can help encourage company management towards better policies or conduct on ESG issues. They can also directly question firms on any less-than-exemplary practices. In addition, engagement can be undertaken collaboratively with other investment managers and can involve targeting policymakers on pressing matters.



## Voting

An investment manager can cast votes on behalf of investors on various matters relating to the companies in which they invest. This might include a company's governance, its tax practices, the diversity of its board, its labour standards, how it approaches climate change and how it limits bribery and corruption in its organisation.

### Important Information

This information is to help you understand more about responsible investing, how to invest responsibly and the risks involved.

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.

Investment involves risk.

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