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# Stewardship & ESG Investment

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## Embedded ESG

At Aberdeen Standard Investments, we take our stewardship and environmental, social and governance (ESG) roles seriously. As we are active long-term responsible investors, stewardship and ESG are fundamental components of our investment philosophy and process.

Stewardship is about understanding everything there is to know about an asset, especially its risks and opportunities. We do this before making any investment, endeavouring to build only the highest-quality portfolios for our clients.

In addition to the review and integration of material ESG factors, we also offer clients bespoke ESG solutions to meet their investment needs. This process is led by our stewardship and ESG specialists for a fully integrated approach.



*" We aim to be the industry leader in ESG, helping to protect and enhance the value of our clients' investments, while contributing to a sustainable world."*

**Euan Stirling,**  
Global Head of Stewardship  
& ESG Investing  
Aberdeen Standard Investments

### Our ESG strategy



We consider company policies and practices on ESG matters to be an integral part of the investment process. We firmly believe that companies demonstrating a commitment to sustainable business practices and high standards of stewardship will likely enjoy a competitive advantage over the long term. From carbon emissions and pollution management strategies, to employee relations, board composition and corporate culture, ESG considerations have the potential to materially affect businesses across sectors and geographies.

### Putting our clients first



Our approach centres on seeking to protect and enhance the value of the portfolios we manage on behalf of our clients. We do this by fully understanding how the companies we invest in consider ESG issues and encouraging them to put in place robust, transparent management processes and governance arrangements. We challenge our investee companies to meet internationally recognised standards or industry best practice standards, whichever are higher.

### A dedicated ESG team



We have a dedicated ESG Team, comprising a number of highly experienced Responsible Investment and Governance & Stewardship specialists. They provide our investment teams with expert knowledge and insights on the material ESG issues for our clients. They also undertake in-depth research, analysis and engagement on any ESG issues relevant to our portfolios – to the ultimate benefit of our clients.

### The UN Global Compact



We believe that understanding how ESG matters are managed at the companies in which we invest enhances our understanding of the broader management capabilities and risk profiles of these companies.

In evaluating corporate behaviour from an environmental and social standpoint, we use a series of bespoke guidelines based on the four pillars of the UN Global Compact: human rights and community relations, business ethics, employee relations and environmental responsibility.

Proud to be signatories of the PRI



## In-depth research



We understand that ESG considerations have the potential to materially impact businesses across sectors and geographies.

In our ESG analysis, we assess the extent to which the financial performance of a company is impacted by its management of ESG issues and risks. This insight helps inform our investment decisions.

## Truly active engagement



We actively and regularly engage with the companies in which we are or may have a financial interest. This enables us to learn more about a company's sustainability strategy and performance, as well as appraising company management on their ESG credentials.

We also seek to encourage best practice standards through this dialogue, as well as by exercising voting rights at company AGMs/EGMs. We believe that driving better corporate behaviour will provide better returns for our clients over the longer term.

## Leading the conversation on ESG



We believe it is important to be clear and informative on the major ESG issues surrounding our own business, our investee companies and the world in which we live. As such, we seek to drive the debate by producing thought leading and insightful research, as well as comprehensive quarterly updates on our team's activities.

## ESG – what we look for in companies

- **ESG criteria** – companies which pay close attention to issues of corporate governance and holistic risk management; ensure compliance with all regulations and laws; and promote good conduct at all times. We expect companies to have robust anti-bribery and corruption policies and practices in place.
- **Corporate culture** – we look for ambitious companies that do the 'right thing' for their employees, customers and shareholders. We expect to see the fostering of solid teamwork throughout the organisation.
- **People and diversity** – we pay particular attention to diversity and inclusion within the working environment, a considered approach to training and development and a fair and transparent remuneration policy.
- **Looking after their customers** – we believe that companies who put customers first are most likely to deliver better longer-term results. This means creating quality products and services, being transparent, having sound business practices, and looking after their customers' personal information securely.
- **Delivering for shareholders** – we expect the companies in which we invest to create value not only for shareholders but for all stakeholders: customers, employees and suppliers.

## Our investment solutions

In addition to considering ESG matters across our investment process, our in-depth analysis is also applied in a range of dedicated responsible investment solutions, including:

- ethical funds
- sustainable & responsible investment products
- impact investing solutions.

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