Standard Life Investments
Global Equity Impact Fund

Portfolio in numbers

<table>
<thead>
<tr>
<th>5,000</th>
<th>2,100</th>
<th>35-60</th>
<th>80 yrs</th>
<th>60</th>
</tr>
</thead>
<tbody>
<tr>
<td>companies from which to choose</td>
<td>stocks under constant review</td>
<td>stocks in the Fund</td>
<td>collective ESG experience</td>
<td>equality analysts</td>
</tr>
</tbody>
</table>

Fund Profile
The world faces numerous challenges, from climate change and poverty, to inequality and pollution. As asset managers, we believe we can play a vital role in helping to address these issues. To that end, we offer the Global Equity Impact Fund. Through this, we aim to have a positive social and environmental impact, while still delivering an above-market financial return for investors.

“Impact investing is not just about rewarding those already making a difference, but about shifting the might of the capital market to change the world for the better.”

Euan Stirling,
Head of Stewardship and ESG

Fund Focus
The Fund is ideal for investors who want to ‘Invest for a better future’ by helping to contribute to the resolution of the world’s long-term societal and environmental problems, while still seeking a financial return.

We build a high-conviction portfolio of 35-60 stocks that we believe can deliver a financial return while having a meaningful and measurable impact on society and the environment.

We are broad in our intentions, seeking to address numerous issues relating to climate change, rising inequalities, and unsustainable production & consumption.

The Fund leverages the insights of our highly experienced ESG (environmental, social and governance) and global equities teams.

The Fund invests in companies whose activities, technologies or products are specifically designed to provide solutions in areas such as healthcare, education, poverty and many more.

Using the universally accepted United Nations’ 17 Sustainable Development Goals (SDGs), we have developed a unique impact ratings system and reporting methodology.
The 17 SDGs are designed to transform the world by addressing major long-term challenges such as climate change, rising inequalities and unsustainable production & consumption.

All 17 SDGs are incorporated into the Fund and the UN’s associated targets inform our data collection.

To make the goals more applicable to companies, our measurement framework centres on eight ‘pillars’ of impact, covering everything from sustainable energy to financial inclusion.

This allows us to assess and measure a company’s ability to affect positive change. We aim to be as transparent as possible in our reporting, so that investors have a clear understanding of the positive impact achieved.

### Idea generation

**Our Global Equity Impact Fund combines the expertise of our firm-wide equity research capability with the expertise of our dedicated ESG team.**

Our differentiated Focus on Change investment philosophy aims to identify positive drivers of change within a company that the rest of the market has yet to price in, i.e. a non-consensus company-level insight, and exploit this ahead of the market view coming into alignment with our investment case.

More than 60 analysts review approximately 5,000 global equity stocks and keep 2,100 companies under continuous coverage. Because the Fund combines financial and impact objectives, our investment process starts with the strongest investment objectives across our equity desks, which includes around 750 ‘buy’ ideas.

Buy ideas are those stocks that we believe can deliver a meaningful financial return. It is only then we assess them for impact.

### Key Facts

We manage the Standard Life Investments Global Equity Impact Fund using five key principles.

<table>
<thead>
<tr>
<th>Key Fact</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01</strong></td>
<td>We aim to support the delivery of measurable, positive environmental and social impact while generating strong financial returns.</td>
</tr>
<tr>
<td><strong>02</strong></td>
<td>We employ a bottom-up, company-specific investment approach.</td>
</tr>
<tr>
<td><strong>03</strong></td>
<td>Rigorous peer review of investment ideas is encouraged at every stage.</td>
</tr>
<tr>
<td><strong>04</strong></td>
<td>We take a forward-looking, long-term approach.</td>
</tr>
<tr>
<td><strong>05</strong></td>
<td>Active engagement with the companies in which we invest is essential.</td>
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</tbody>
</table>

### The UN’s SDGs

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### Who manages the Fund?

The Fund is co-managed by Sarah Norris and Dominic Byrne, European and global equity investment directors respectively.

They are supported by, and are part of, the Impact Management Group, which contains analysts, fund managers and responsible investment specialists. The Group meets weekly to review and appraise the portfolio, including discussing the merits of future investments.
Measuring impact

To ensure that companies are making a genuine impact, whether through the products that they make or the services they provide, we ask three key questions.

1. Does the company intentionally direct its resources toward making an impact (e.g. funding research and development)?

2. Is the company actively implementing this strategy in its operations (e.g. generating revenue from it)?

3. What is the measurable scope of impact from the company (e.g. number of people affected, gallons of water saved, etc.)?

We select stocks where we have the strongest non-consensus ideas, taking into account conviction and upside materiality, and rate them “+++, “++” or “+” depending on the stage of impact maturity (for example, a stock with + may be on the beginning of its journey, and the impact it has may not be evident for a few years).

In addition to our rating system, we also consider a behavioural rating. These are companies that go ‘above and beyond the call of duty’ by fully integrating social and environmental considerations into their business model – we call them Impact Leaders. While the products or services of these Impact Leaders may not have a direct link to a particular SDG, the company’s corporate responsibility practices can serve as a catalyst for change within their industry. We believe that this is an important area to support in order to encourage positive, meaningful changes in corporate behaviour overall.

Eight pillars of impact

<table>
<thead>
<tr>
<th>Financial inclusion</th>
<th>Circular economy</th>
<th>Sustainable energy</th>
<th>Food &amp; agriculture</th>
<th>Water &amp; sanitation</th>
<th>Education &amp; employment</th>
<th>Sustainable real estate &amp; infrastructure</th>
<th>Health &amp; social care</th>
</tr>
</thead>
<tbody>
<tr>
<td>enabling the under-served to participate in the economy</td>
<td>doing more &amp; better with less</td>
<td>increasing renewables and decreasing emissions</td>
<td>producing quality food and preventing land degradation</td>
<td>ensuring access to clean water and sustainable facilities</td>
<td>providing opportunities for the vulnerable or marginalised</td>
<td>eco-friendly buildings and improving connectivity</td>
<td>giving access to essential care and enhancing healthcare</td>
</tr>
</tbody>
</table>

Measuring impact

An investable universe of 5,000+ stocks

2,100 stocks under continuous coverage

A buy list of 750 buy ideas

100+ impact ideas

Portfolio of 35-60 stocks

Portfolio construction

We then build a portfolio of 35-60 companies that we believe will have a positive financial return, while still having a meaningful social and environmental impact. The final portfolio will have a mix of stocks from across sectors, countries, impact pillars and impact maturity stage.
Aberdeen Standard Investments – Our global reach

A presence in 46 locations keeps us close to our client-base.

Diversification across the asset base
Together we are responsible for approximately £575.7 billion* of assets managed on behalf of clients globally as at 31 December 2017.

The breadth of our expertise can be seen by the diverse range of investments we are entrusted to manage.

*Data as at 31 December 2017, Source: Standard Life plc, Aberdeen Asset Management plc

Strategic partnerships and joint ventures
UK
Lloyds Bank, Phoenix
John Hancock,
Manulife
North America
John Hancock,
Manulife
Asia
Bosera, Heng An
Standard Life,
Mitsubishi UFJ
Trust & Banking,
Sumitomo Mitsui
Trust Bank
India
HDFC AMC
Australia
Challenger

Assets under Management – by asset class**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>£157.6bn</td>
</tr>
<tr>
<td>Fixed income</td>
<td>£144.0bn</td>
</tr>
<tr>
<td>Multi-asset</td>
<td>£90.0bn</td>
</tr>
<tr>
<td>Private Markets</td>
<td>£50.7bn</td>
</tr>
<tr>
<td>Real estate</td>
<td>£25.7bn</td>
</tr>
<tr>
<td>Quantitative</td>
<td>£39.2bn</td>
</tr>
<tr>
<td>Cash/liquidity</td>
<td>£25.7bn</td>
</tr>
</tbody>
</table>

**Data as at 31 December 2017, Source: Standard Life Aberdeen plc

Important Information
Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments. Unless otherwise indicated, this document refers only to the investment products, teams, processes and opinions of Standard Life Investments as at the date of publication.

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