

**Montgomery County Employees' Retirement System &
Montgomery County Consolidated Retiree Health Benefits Trust**

Private Real Assets ESG Overview

February 2020

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ESG & Stewardship

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.



Our ESG strategy

Company policies and practices on ESG matters are 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.



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.



Putting our clients first

Our approach centers 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.



Truly active engagement

We actively and regularly engage with the companies in which we invest. 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 believe that driving better corporate behavior will provide better returns for our clients over the longer term.



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.



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.

Due Diligence – ESG Framework

1

Policy Review

- Private Placement Memorandum (“PPM”), Quarterly Reporting
- Controls and Procedures, Legal Documents, Compliance Manual

2

Investment Process Review

- Review of certain Investment Committee memos for how managers are implementing ESG in deal diligence
- Analysis of select case studies to understand track record, risk mitigation framework and potential improvements
- Discussion of investment process and integration of ESG considerations through interactions with the manager

3

Corroboration of Policies and Process

- Calls with select management teams and operators to understand the approach and implementation of ESG considerations
- On-site meeting with the manager and potential asset tours
- Reference calls with certain industry participants, former colleagues and limited partners

4

Independent Operational Due Diligence

- Independent operational diligence calls with General Partners and Administrators
- Conduct background checks on key personnel at the organization
- Review fund documentation including: Due Diligence Questionnaire, PPM, Legal Documents
- Provides General Partner recommendations on best practices and areas of improvement

Investment Monitoring – ESG Framework

Ongoing

- Update meetings and calls with General Partners
- News alerts as well as monitoring major media outlets for relevant articles
- Support managers with the implementation of new policies and utilization of best practices
- Advisory Board participation (when applicable)

Quarterly

- Review of fund quarterly reports and any other relevant reporting metrics
- Quarterly review meeting to discuss changes within the portfolio, potential risks and action items
- Review of subsectors within natural resources and real estate which include relevant ESG considerations and developments
- Implementation of ESG review with relevant developments as well as potential actions

Annual

- Participation at Fund Annual Meetings, which often include updates on ESG-related activities
- Review of annual impact report (when applicable)