

# Shareholder News

April 2014



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**Standard Life**  
The Way Forward

# 2013 at a glance

Welcome to Shareholder News. In here you'll be able to see our financial highlights, find out more about what we did in 2013 and what we're planning for 2014.

To find out more about our AGM, voting and your dividend visit [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

**10.58p**  
**Recommended**  
**final dividend**



## Another year of good progress

It's been another year of good progress for Standard Life. Our world-class investments business has continued to deliver innovative propositions and excellent performance. We have continued to build our global presence and also maintain our leading position in the UK savings and pensions market, which is one of the most competitive and dynamic in the world. Our strong balance sheet allows us to look after the savings and pensions of around six million people across the world. We are very conscious of the important part we play in people's lives and we strive constantly to ensure that we live up to this special responsibility.

I am very pleased that our good progress has meant that we have been able to continue to grow our dividend well above the rate of inflation. We are recommending a final dividend of 10.58p per share. If approved, the final dividend will give a total 2013 dividend of 15.8p, an increase of 7.5% compared to the 2012 interim and final dividend.

I know much is talked about the importance of ethics and integrity in financial services but there is often a disconnect between what chairmen and their boards say, and the day-to-day experiences of their customers. At Standard Life, we always try to make sure that all our people know that doing the right thing by our customers is the only way in which we can build a sustainable business. Please let me know if ever you think we are not living up to these standards.

In September this year, the Scottish people will be voting in a referendum on Scottish independence. Your Company is strictly apolitical and it would be inappropriate for us to give any views on how people should vote. Equally, as one of the largest companies headquartered and based in Scotland, it is appropriate that we have carefully thought through the potential consequences if Scotland were to become an independent nation. We have reviewed all the information that we have available to us at the current time, and we consider that a number of material issues remain uncertain, as David Nish explains later.

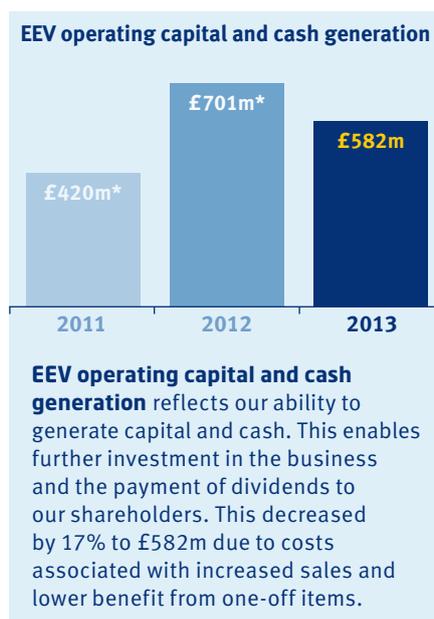
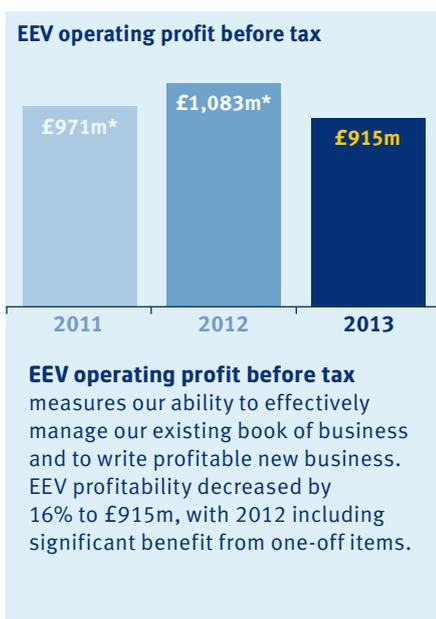
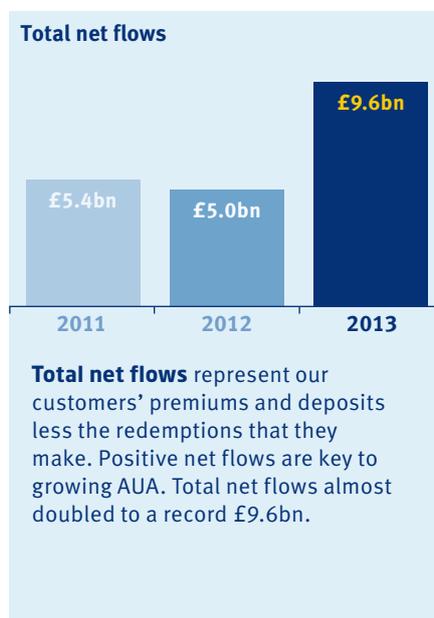
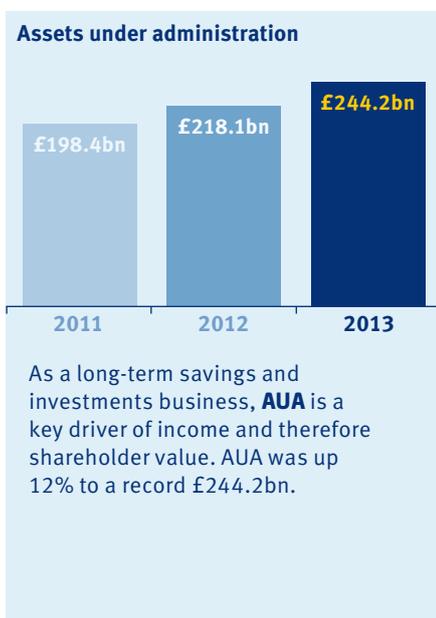
We have been based in Scotland for 189 years and we are very proud of our heritage. Scotland has been a good place from which to run our business and to compete around the world. We very much hope that this can continue. But if anything were to threaten this, we will take whatever action we consider necessary – including transferring parts of our operations from Scotland – in order to ensure continuity and to protect the interests of our stakeholders. We will continue to seek further clarity from politicians on both sides of the debate, so that we can reach an informed view on what constitutional change may mean for our customers, our business and our shareholders.

It is our people that make Standard Life special. We strive to put ourselves in our customers' shoes and to give them the standards of service and show the type of ethical behaviour that we would all expect to receive ourselves. I'm confident 2014 will be another good year for Standard Life. Thank you again for your continued support.

**Gerry Grimstone**  
Chairman

# Financial highlights

Here are some of our financial highlights. Read more in our Annual Report and Accounts 2013 available at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)



**AUA**  
Assets under administration

**EEV**  
European Embedded Value

For explanations of more financial terms see the glossary in our Annual Report and Accounts 2013.

\* Comparatives have been restated to reflect an amendment to IAS 19 Employee Benefits.

# Growing for a successful future

**We performed well in 2013 as we continued to deliver against our strategy. In particular, we continued to see the benefits of investments we've made in developing our propositions, serving our customers, and helping our communities.**



By focusing on our strengths – distribution and asset management – our assets under administration have continued to grow. We work hard in driving performance and value in the markets we operate in, and we've had some exciting highlights. Our acquisition of the private client division of Newton Management Limited, which became part of Standard Life Wealth, is a great example. We see wealth management as a key growing market in the United Kingdom, and this acquisition aims to help build our presence in this market.

We are becoming a more global business, thanks largely to the continued progress of Standard Life Investments. It is increasingly being seen as a global asset management brand. To capitalise on this, we announced a major strategic sponsorship with golf's Ryder Cup tournament – the first worldwide partnership of its kind for this event. There is a strong connection in values between both partners, and I'm confident that this will be a powerful way to bring our brand to millions of people across markets worldwide. Supporting our progress is a network of established distribution businesses around the world. An ability to understand our markets is one of the reasons we've enjoyed a long history in many of these territories – like in Canada, where last year we celebrated our 180th anniversary.

The world remains an increasingly demanding place for our customers. To help give them a financial future they can look forward to, we need to start with the right propositions, at the right price, with the right service. Auto-enrolment in the UK has helped introduce a great number of people to pension savings. In 2013 we continued working to make sure we have the systems to provide a valuable service for growing numbers of customers, and their advisers. We also commissioned pioneering pieces of customer research, which we think can improve our understanding of their needs and motivations right across our group. There's more about this on page 8.

As a large company and employer based in Scotland, we have been following the constitutional debate ahead of the independence referendum on 18 September 2014. At the time of publishing this report (February 2014), we believe a number of material issues remain uncertain. These include:

- ▶ The currency that an independent Scotland would use
- ▶ Whether agreement and ratification of an independent Scotland's membership to the European Union would be achieved by the target date (currently 24 March 2016)

- ▶ The shape and role of the monetary system
- ▶ The arrangements for financial services regulation and consumer protection in an independent Scotland
- ▶ The approach to individual taxation, especially around savings and pensions, as a consequence of any constitutional change.

We will continue to seek clarity on these matters, but uncertainty is likely to remain. In view of this, there are steps we will take based on our analysis of the risks. For example, we have started work to establish additional registered companies to operate outside Scotland, into which we could transfer parts of our operations if it was necessary to do so. This is a precautionary measure to ensure continuity of our businesses' competitive position and to protect the interests of our stakeholders. My commitment is whatever happens, we will continue to serve the needs of our customers and maintain our competitive position.

And finally, I continue to be impressed by the commitment our people show in addressing the challenges facing our business, our customers and our local communities. Our work to help our communities is one of the key aspects of our company's sustainability strategy, and you can read more about this on page 10. By remaining committed to facing the challenges ahead, we're in a strong position to take advantage of the opportunities in our markets, and to enjoy a sustainable and successful future.

A handwritten signature in dark ink, appearing to be 'D Nish'.

**David Nish**  
Chief Executive

# Our 2014 AGM

The next Annual General Meeting starts at 2pm on Tuesday 13 May 2014 at the Edinburgh International Conference Centre.

The Board recommends you vote 'For' all our AGM resolutions. Read the AGM guide or visit [www.standardlife.com/reporting](http://www.standardlife.com/reporting) to find out more about this year's resolutions.



## When can I vote?

Voting opens from Tuesday 1 April 2014. All online votes and paper voting forms must be received by 6pm (UK time) on Friday 9 May 2014.

## How do I vote?

If you've received a paper voting form, fill it out and send it back. Or go online to [www.standardlifeshareportal.com](http://www.standardlifeshareportal.com) – have your shareholder reference number ready. You can find this on letters we've sent you, your share certificate or share account statement.

## Are you a Standard Life Share Account holder?

If you want to come to the AGM you must nominate yourself as a proxy on the paper or online voting form you submit.

## Your dividend

We continued to perform well in 2013. As a result, we're pleased to recommend a final dividend of 10.58p. This gives a total dividend of 15.8p per share for 2013, 7.5% more than last year's total dividend. This doesn't include the special dividend of 12.8p we paid last year, which was in addition to last year's total dividend of 14.7p.

If our shareholders vote to approve this at our AGM, this is due to be paid on 22 May 2014.

# 10.58p

## Final dividend

## Being transparent in rewarding our directors

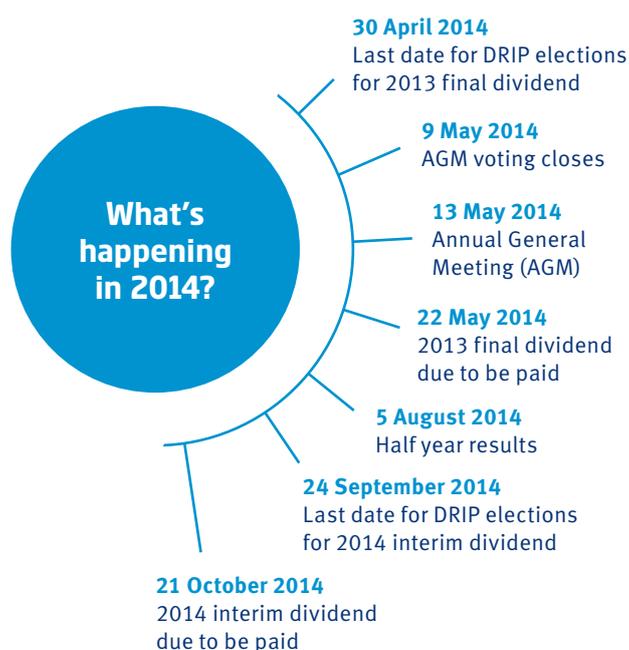
At this year's AGM, we'll ask for your vote on three different resolutions relating to the way we reward our Directors.

As well as the usual vote to approve the Directors' remuneration report, we'll ask you to vote on two new resolutions:

- ▶ To support our remuneration policy, which can be found in the Annual Report and Accounts 2013, and sets out what and how we will pay our Directors
- ▶ To support our new long-term incentive plan, which we want to introduce as part of the remuneration policy for our executive and senior management.

See the AGM guide 2014 for more information on these votes and the long-term incentive plan. The remuneration policy is contained in the Directors' remuneration report, found in the Annual Report and Accounts 2013.

**Want to know more? Download the 2014 AGM guide and Annual Report and Accounts 2013 at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)**



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# Our global business

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Our business is developing an increasingly global footprint, and we're operating in exciting markets right across the world.

We've entered some of these markets quite recently, where opportunities are growing. And to help us take advantage of these opportunities, we're supported by a long-established reputation in other markets – where, in some cases, we've been active for almost two centuries.

## A worldwide window to our investments business

2013 saw our investments business underline the strength of its product range. Our award-winning MyFolio range of risk-rated funds celebrated its third anniversary. Our Global Absolute Return Strategies fund – a pooled fund that offers growth potential regardless of individual market conditions – continued to deliver strong returns for investors. And we highlighted our growing global reach by launching new funds in the US, through our strategic partnership with John Hancock, and in Canada – a real estate fund for global investors.

We also launched an exciting and unique sponsorship to showcase our capabilities on a global stage, as Standard Life Investments became the first ever Worldwide Partner of golf's prestigious Ryder Cup tournament. It's a ground-breaking partnership, covering the next two chapters of a sporting story that dates back to the 1920s – at Gleneagles in Scotland this September, and at the Hazeltine National Golf Club in Minnesota, USA in 2016.

Such is the worldwide appeal of the Ryder Cup name that it will allow us to bring our brand closer to millions of people in Europe, America and Asia. It's expected that both events will be watched by an audience of around 500 million across 183 countries. Find out more at [www.standardlifeinvestments.com/rydercup](http://www.standardlifeinvestments.com/rydercup)

**“The Ryder Cup's focus on teamwork, heritage and performance excellence is very closely aligned to that at Standard Life Investments. Our approach is underpinned by a strong performance ethos and a distinctive team culture. The Ryder Cup provides the group with a great opportunity to position our capabilities with our global client base.”**

Nuala Walsh, Head of Global Client Relations,  
Standard Life Investments

## Growing our fund management expertise

Standard Life Wealth, our discretionary fund management brand, has grown rapidly since it launched in 2008 – it now has a presence in London, Edinburgh, Leeds, Bristol, Birmingham and Jersey. Last year it expanded further with the successful acquisition of the private client division of Newton Management Limited. This resulted in Standard Life Wealth more than tripling its assets under management to £5.5bn when the deal completed in September.

The acquisition has also enabled Standard Life Wealth to offer an increased range of solutions tailored to meet clients' investment needs. It offers onshore and offshore wealth management for high net worth clients, dealing with private clients, international clients, charities, financial advisers and other professional intermediaries.

## Celebrating our Canadian connection

We have a long history in Canada. We were the first life insurance company established there – before this part of the world became the nation we know as Canada today. In 2013 we reached another big milestone in that history, as our Canadian business celebrated its 180th year.

We're very proud to have been a part of the country's heritage for this long. And although daily life, the way we do business, and the technology we use may have changed over that time, the same sentiment has remained since 1833: to give our customers in Canada financial security and the opportunity to enjoy life.



**Turn to page 10 for more about what we've been celebrating in Canada during 2013.**



### **Expanding in Asia and Emerging Markets**

We're no stranger to operating in Asia and the world's emerging markets. We have an established business in Hong Kong, joint ventures in India and China, and our operations in Singapore are now into their second year. During 2013 we also continued to build up our business in the Middle East. It's our most recent expansion, having launched in late 2012.

### **180 years in Ireland**

This year we'll be celebrating 180 years in Ireland, with the first policy sold by a Standard Life agent in Ireland back in 1834. Since then our Irish business has grown, now serving domestic customers with total assets worth close to €7bn. Also based in Dublin is our Standard Life International Limited business, serving UK customers and, more recently, customers in Singapore and Dubai.

### **Helping our customers in Germany**

We opened our German office in Frankfurt in 1996, and our business in Germany remains an important part of our group's operations. So it was an important endorsement of our work when we received an award in 2013 for exceptional service, from independent financial advisers MLP. As well as being rated for overall customer satisfaction, service quality and expertise, we were commended for our innovative product offering and uniqueness in the German market.

**We're continuing our work to find new and engaging ways to reach our customers. It's even taken us onto the big screen – as 2013 saw the successful premier of our first cinema commercial in Germany. It's since been shown in eight cities across the country and in Austria too.**

# Understanding our customers

As a company with millions of customers worldwide, it's important that we understand the broad types of customers that we have and, potentially, want in the future.

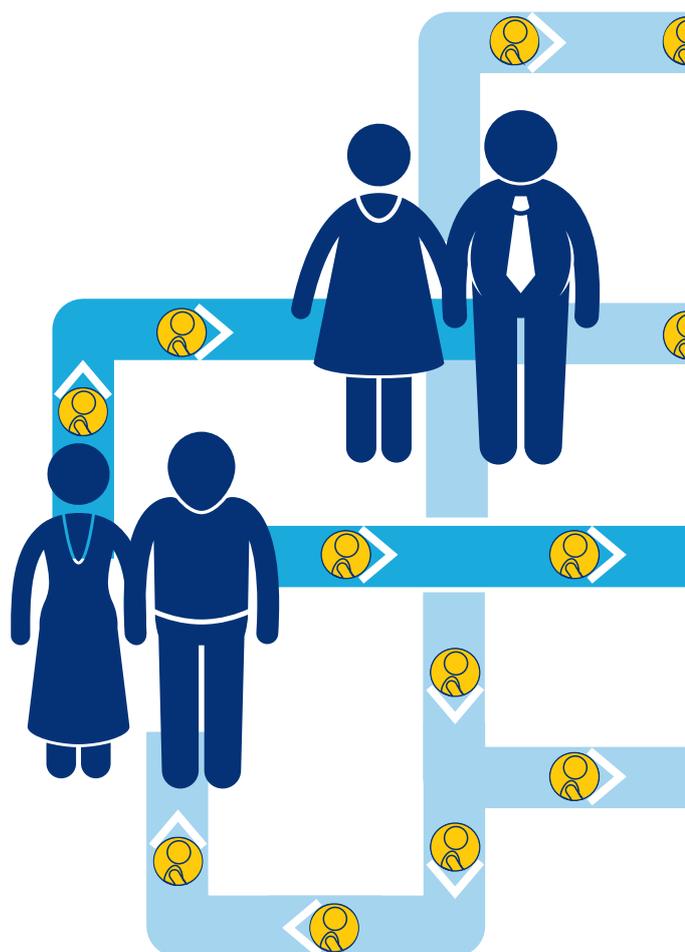
One type of insight we've used to help inform the way we build customer relationships is a concept called 'Personas'. By using pen portraits of our customer groups, this concept helps us understand the needs of different types of customers when we are designing or reviewing the services we offer them. This type of insight is a powerful tool to help us shape our activities across the group, and will help ensure we deliver tailored and targeted experiences to our customers.

In 2013 we also launched our Financial Inertia programme in Canada. Following research we commissioned, we found out that over 40% of Canadians are concerned about their finances, but that life goals, behaviours and values can hold many back from taking action. The Financial Inertia programme offers a dedicated website which provides a series of educational tools designed to help people reach their long-term savings and investment objectives. Using the tools available at [www.financial-inertia.com](http://www.financial-inertia.com) can help people understand more clearly what might be holding them back from long-term saving, and how they can make this fit more easily into their lives.

## Feeling good about saving

Emotions play a big part in how people behave at home, at work, and with friends and family – so it makes sense that emotions can play just as big a role in the saving decisions they make. Last October we published 'Saving in mind', a report on savings behaviour based on neuroimaging research. Neuroimaging is a way of studying how the human brain functions, and the research we commissioned is believed to be the first research of its kind in the UK. We wanted to understand the importance of emotion in influencing the way people save.

We found that family can be a big influence on the decisions people make. But we also found that when people read about money and think about their future, many begin to feel anxious. It's a challenging place for us to start – and the way we communicate with people about these subjects can, potentially, make a big difference. The research showed that messages written in a positive tone can help people feel more confident and optimistic. And in an age when there's so much information available when deciding what action to take, communications that include some practical guidance can make the process a little easier.



## Finances in the family

Today there's often a great deal of money flowing between different family generations. But the complete picture of how finances work across generations isn't as well understood as it could be.

We launched the Family Financial Tree – a report that looks at how families work together financially, discuss their plans and needs together, and how their money is spread across generations. 4,071 adults took part in our survey between 4 and 7 October 2013, including 1,633 parents with no grandchildren, and 885 grandparents. The research gave us some interesting, and sometimes surprising, findings.



Almost one in ten (9%) grandparents are spending 25 hours a week or more looking after grandchildren

“For many families, there often seems to be a gap when it comes to having certain conversations about money – and when they do, they’re frequently about more immediate needs. But if some of the trickier discussions do take place, they can help to remove uncertainty – making it easier for families to plan ahead and make the most of their money.”

**Julie Hutchison**  
Standard Life Family Finance Expert

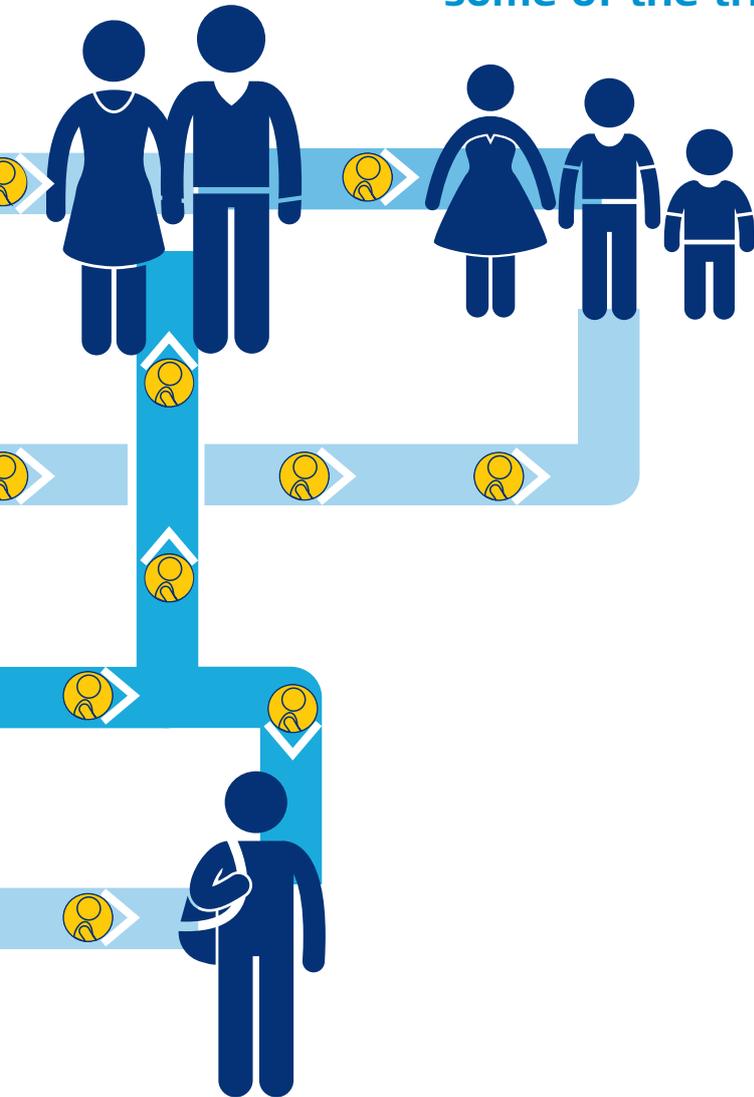


You can read both of these reports in full at [www.standardlife.com/media/business\\_reports](http://www.standardlife.com/media/business_reports)

### Get an expert view

We’ve been working to give our customers better, easier ways to take advantage of the insight and knowledge we can provide for them. One of the ways we’ve done this is through Life Outlined, an online portal that we’ve launched for our UK customers. It builds on the research we’ve done in 2013, with expert perspectives and articles discussing everything to do with saving for the future.

And it’s not all just about hearing what we have to say. There are interactive quizzes to help you think about your approach to saving, and you can have your say through our MoneyPlus blog. Find out more at [www.lifeoutlined.com](http://www.lifeoutlined.com)



More than a third of parents (35%) and two fifths (43%) of grandparents would not ask anyone within their family for advice about finances



Only 10% of adults have discussed a power of attorney with other family members



46% of grandparents gave their own children money in the last year, giving each child an average of £1,222

# Working with our communities

Investing in our communities is one of five key themes that shape our approach to sustainability – along with listening and responding to customers, operating and growing responsibly, engaging and developing our people and protecting the environment.



The main focus of our community work in 2013 was employability. To us, employability is about helping to improve the opportunities that people, particularly young people, are afforded in society. We are a large employer, and this carries with it a big responsibility – both in aiming to maintain a diverse, sustainable workforce, and in helping the communities and wider society around us.

And while employability was the main focus for many of our community initiatives over the year, we've continued to support several other projects that aim to give something back to the communities in which our group operates.

**Sandy Macdonald**  
Head of Sustainability

## Offering a great start for young people

The Edinburgh Guarantee programme, a partnership between local businesses and Edinburgh City Council, has helped build up important interest in creating career opportunities for school leavers. We've been involved with the programme since 2012, and in 2013 we offered full-time paid work placements to 35 young people, spread over a series of intakes during the year. We've now had a total of 54 placements taken since we began our involvement.

The programme is about more than just paid work – it creates chances to start out on a meaningful career path. Young people have access to help and advice from colleagues, as well as the opportunity to apply for internal vacancies across our group. From our last intake of 2013, ten of the 15 young people have gone on to be successfully recruited into a permanent role with us, and four have gone on to further education.

And we think there's real potential to apply what we've learned from the programme further afield. We're hoping to see further success in other parts of the UK, as we've been working with the Prince's Trust to set up a similar initiative in London.

## Money matters in wider society

Through our research, we found that managing finances can often become difficult for those serving in the Armed Forces, especially when they're posted abroad. Working with the Standard Life Charitable Trust – an independent charity set up by Standard Life in 2009 – we helped to launch MoneyForce, an online service that provides money guidance for Armed Forces personnel in the UK.

MoneyForce offers them a valuable resource, with a website that's designed to give help on a wide range of money-related matters – including budgeting, banking and managing debt. Find out more at [www.moneyforce.org.uk](http://www.moneyforce.org.uk)

## Showing the way to a brighter future

Big Brothers, Big Sisters of Canada (BBBSC) is a youth organisation that offers mentoring programmes to over 40,000 young people across the country. It aims to help change the course of many young lives and careers for the better – by teaching them the importance of giving, of staying in school, and of respecting family, peers and community. We have supported the organisation for many years through providing financial resources and volunteer mentors. In 2013 we renewed our support, pledging CAD\$1.125m over the next five years to help them keep recruiting volunteer Big Brothers and Big Sisters.

And our involvement provided a unique opportunity to celebrate three anniversaries last year. As well as the 180th anniversary of our Canadian business, we helped BBBSC celebrate its 100th birthday. To mark the occasion, we organised a charity concert with Orchestre symphonique de Montréal – an orchestra that also celebrated its 80th anniversary in 2013. The concert helped to raise CAD\$107,000 towards the Big Brothers, Big Sisters programme.



# Meet the Board

With the exception of Colin Buchan, who is retiring, our Board will all be seeking election or re-election at this year's AGM on Tuesday 13 May 2014. Shareholders can vote online – visit [www.standardliveshareportal.com](http://www.standardliveshareportal.com) to have your say.

## 1. Gerry Grimstone, Chairman

Gerry has an excellent track record with the Group, leading the Board during a period of significant change and strategic development. Previously, he held senior positions within the Department of Health and Social Security and HM Treasury, and spent 13 years with merchant bank Schrodgers in London, Hong Kong and New York.

## 2. David Nish, Chief Executive

David's leadership since becoming Chief Executive in 2010 has seen Standard Life undergo great transformation whilst maintaining market leadership and a strong strategic direction. Before coming to Standard Life in 2006, David's previous roles included partner with Price Waterhouse, and Group Finance Director and executive Director, Infrastructure Division at Scottish Power plc.

## 3. Keith Skeoch, Executive Director

After nearly 20 years' investment experience at James Capel & Company Limited, Keith joined Standard Life Investments Limited in 1999 as Chief Investment Officer before becoming Chief Executive there. His breadth of experience in the industry, his market insights and depth of knowledge of Standard Life are a great asset to the Board and to the Group.

## 4. Colin Buchan, Non-executive Director

After six years on the Board, and almost ten years as a non-executive Director of Standard Life Investments Limited from 2002 to 2011, Colin will retire following the 2014 AGM. We thank him for his excellent service to Standard Life.

## 5. Pierre Danon, Non-executive Director

Pierre is active in the global media and telecoms industry as Chairman or Vice Chairman of various enterprises, and brings key international commercial and customer skills to the Board. His previous roles include Chief Executive Officer of BT Retail. Originally from Paris, Pierre has lived and worked in the US and Europe. He holds a civil engineering degree, a law degree and an MBA.

## 6. Crawford Gillies, Non-executive Director

With his international and financial experience and background in strategy, Crawford provides the Board with valuable perspective, and is Chairman of the Remuneration Committee. Crawford holds a law degree from the University of Edinburgh, an MBA from the Harvard Business School and is also a member of the Institute of Chartered Accountants of England and Wales.

## 7. David Grigson, Non-executive Director

David is a qualified chartered accountant who's worked for Emap and Reuters, and is experienced in dealing with the City and investors. He holds a BA from the University of Manchester, and is the Chairman of the Audit Committee. David contributes extensive knowledge and experience of financial accounting.

## 8. Noel Harwerth, Non-executive Director

Noel brings a financial and legal background to the Board, and is Chairman of the Risk and Capital Committee. Having lived in both the US and Europe, she offers an international perspective. Noel holds a law degree from the University of Texas.

## 9. John Paynter, Non-executive Director

John brings to the Board many years' experience in the field of investment banking, encompassing financial advisory, equity capital markets and corporate broking activities. He is also the non-executive Chairman of Standard Life Investments (Holdings) Limited, and holds a law degree from Oxford University.

## 10. Lynne Peacock, Non-executive Director

With a successful career in the UK financial services industry and a strong focus on customer care, Lynne brings important skills to the Board. Her previous experience as Chief Executive Officer of both Woolwich plc and National Australia Bank UK, and in managing change in the financial services sector, is of great value to the Board.

## 11. Martin Pike, Non-executive Director

Martin joined the Board in September. After a 30 year career as a strategic and actuarial consultant with Towers Watson, Martin brings substantial experience of the insurance and pensions industry. Martin is also a member of the Institute and Faculty of Actuaries, and has a BA and an MA from Oxford University.

# Contact us

Got a shareholder question? Contact our shareholder services team.

## UK and Ireland

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questions@standardlifeshares.ca

### visit

www.standardlifeshareportal.com

## Also a customer?

If you're updating your details, remember we hold our shareholder register separately from our customer database. Visit one of the websites here for local customer contact details.

## UK and Ireland

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www.standardlife.ie

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Find out more about the AGM and

voting at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

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\*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

This information is written for the majority of Standard Life plc shareholders, including those who have a share certificate or hold their shares in the Standard Life Share Account. Although much of the information will be relevant to all shareholders, some details will not be relevant for everyone.

Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it.

All figures and share price information have been calculated as at 31 December 2013 (unless otherwise stated).

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