



Corporate Sustainability Report  
March 2019

**Imagine. Invest. Impact.**

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# Introduction



Keith Skeoch and Martin Gilbert

“

**“Finance is vital within a modern society – it provides funds to borrowers like businesses, start-ups and governments, and enables savers to provide for their future. As well as acting in the best interests of our customers and helping grow the value of their assets, we need to do this in a way that takes account of our wider responsibilities to society and the environment, helping to channel investment to solve issues such as inequality and climate change. This is a vital way of delivering our ongoing commitment to the UN Global Compact and delivery of the UN Sustainable Development Goals.”**

”



Sandy MacDonald, Head of Corporate Sustainability

Following a year of significant transformation, now is a good time to reassess our company sustainability strategy and reporting. To develop our revised framework we considered our company purpose; to invest for a better future, as well as our values and key trends.

As the shape and focus of our business has changed, expectations of our stakeholders and the ways in which we impact society and the environment have also changed. As an asset management company, expectations have never been higher. Clients want us to help them to navigate a complex and volatile landscape to meet their investment needs. Society rightly expects us to consider a wider range of responsibilities and not only deliver the investment returns or risk management our clients are looking for, but also consider wider impacts on communities and the environment. Active investment management in particular offers tremendous opportunities to add value to many different stakeholders. How we allocate capital, the influence we exert, the questions we ask, all make a difference to help create the kind of future world we want to live in.

We use various mechanisms to help us identify what's expected. This can include sustainability indices, such as DJSI and FTSE4Good, and frameworks such as the UN Sustainable Development Goals. The global goals offer one of the clearest shared visions we have for what a better future looks like. We have bigger potential than most to help contribute positively to this vision. One of the challenges we face when reporting our impact is that because we invest our clients' money across industry sectors and asset classes we are indirectly having an impact across every one of the goals. We are reliant on the assets we invest in being able to measure and report their impact, and that is often not yet the case. Active engagement can help us to understand material concerns and discuss opportunities to improve performance for mutual benefit. As well as our impact across all the goals, we have a particular focus on SDG 8, Decent Work and Economic Growth, and you will see how we're developing and measuring our impact towards this goal elsewhere in this report.

Our sustainability strategy has been developed to incorporate each aspect where we have influence and impact – as an employer, in partnership, and through investments. While we have a clear overarching framework, there are challenges. Bringing together two companies of this scale is complicated. Add to that the transfer of our UK insurance and pensions business to Phoenix group, and it means we have to start again to build new baseline data for areas such as our environmental data and targets. But change brings opportunity as well as challenge. There are a number of areas where we know we want to improve, such as representation of different demographics in our workforce, and areas where we know we can continue to have a positive contribution, such as through community programmes, building the availability of high quality financial advice and developing the positive ESG impact of our investment solutions. So we've taken this opportunity to set more ambitious plans for maximising our positive impact and integrating action to support the UN Sustainable Development Goals.



You can read our 12 pledges on page 38

## Our company strategy

### Our purpose - To invest for a better future

We do it to make a difference. To our clients, the lives of our customers, our people and our shareholders.

### Our vision - To build a world-class investment company

A modern, dynamic global business which has the talent, scale and high-performing investment solutions to compete against the leading asset management companies across the world.

### Our company values

#### Create connections

We bring together our diverse talents, perspectives and insights and use our collective intelligence to deliver value. We remain true to our shared purpose, working as one team and with all our external partners to build better futures.

#### Adapt and excel

We don't stand still. We improve, challenge, learn and innovate to earn our place in the future. We are ambitious, our sights are set on excellence and our minds are open to ideas.

#### Deliver what matters

We relentlessly focus on delivering outcomes that truly matter to our clients and customers. We build trusted relationships. We do the right thing and are empowered to make a difference.

### Our strategic objectives



#### Client and customer centricity

Our primary focus is delivering for our clients and customers – this means working to understand and meet their needs while building lasting partnerships.



#### Enhancing our operations

Helping our people be more productive, simplifying our ways of working and managing our costs effectively enables us to invest for growth.



#### Innovating for the future

Investing in leading edge capabilities helps us attract clients and customers, enhance relationships and develop smarter ways of working.



#### Valuing our savings ecosystem

Optimising the breadth and depth of our investment management, platform and advice ecosystem, along with our geographical reach enables us to meet the savings needs of clients and customers around the world.

## Our sustainability strategy

# Imagine. Invest. Impact.

Every day we demand more from ourselves and from others, so we can create innovative solutions that support people now, while building a better tomorrow.

### It starts with us

Our vision for a better future starts with asking more of ourselves. Every day we look for ways to go further for our clients and customers, to be a better and more inclusive employer, to strengthen our governance and to reduce our environmental impacts.

### Investing with purpose

We integrate ESG research and analysis into our investment process as standard. Across industries and borders, we use our insight to connect our clients to opportunities that grow their assets while laying the foundations for a better future.

### Unlocking solutions

The best innovations start with an idea and end with impact. They are informed by the bigger picture and shaped by the small details to support the best that is possible from people. Through products and services that enable financial wellbeing to innovative social and environmental programmes, we provide solutions that can be measured beyond money alone. Together, we're helping to build a better future for all of our stakeholders.

KPMG have provided limited assurance on KPIs marked in this report with this symbol



Read KPMG's full assurance statement

# UN Sustainable Development Goals

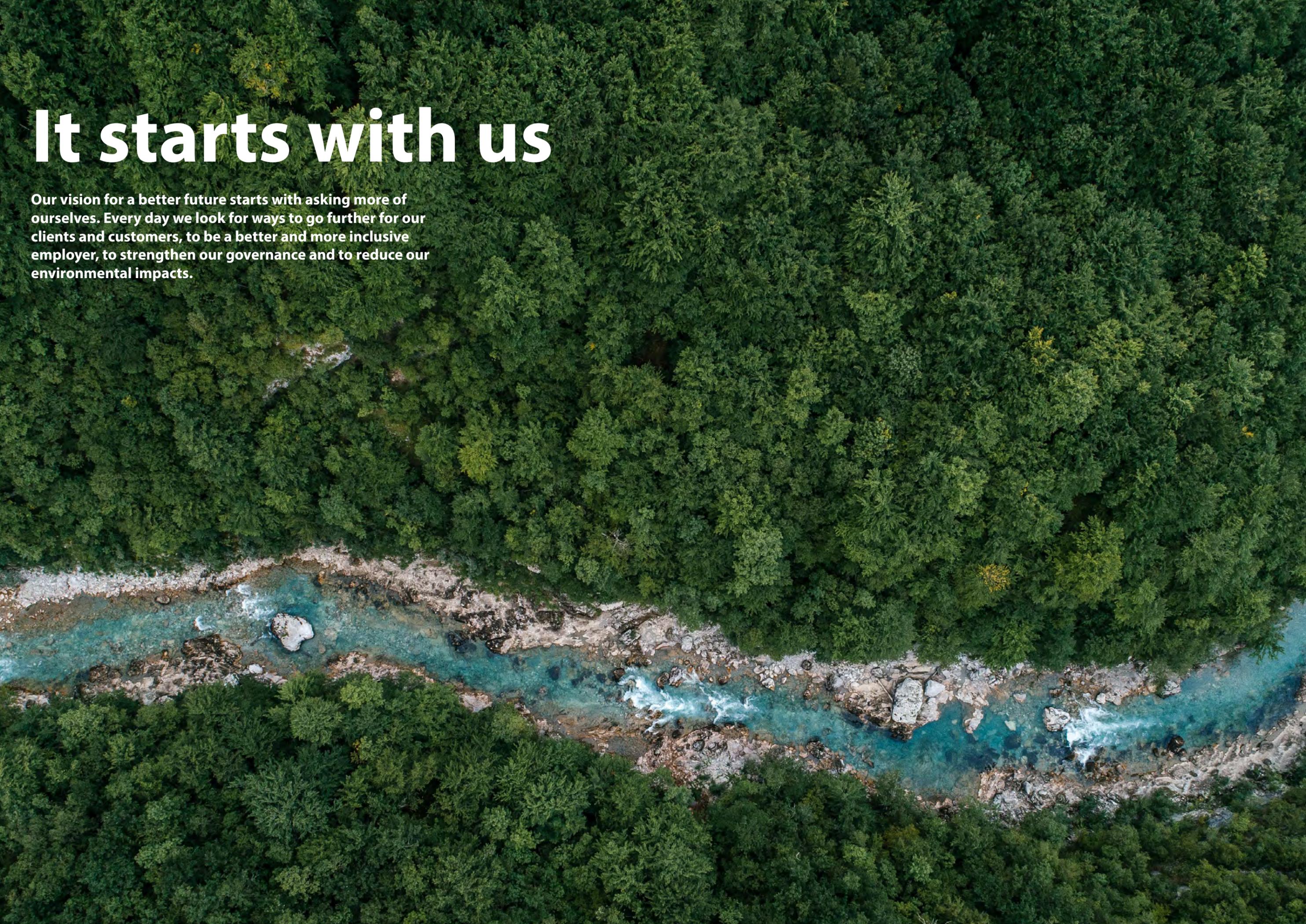
As a global investment company we have a significant opportunity to help contribute positively to the global goals. We invest our clients' money across industry sectors, asset classes and geographies so are indirectly having an impact across every one of the goals. We have a particular focus on SDG 8, Decent Work and Economic Growth, through our focus on fair work and inclusive employment. SDG 17, Partnerships for the Goals, underpins everything we do as we believe working with others enables greater impact. You will see the key goals that we focus on highlighted throughout the report.



<p><b>Modern slavery</b></p> <p><b>SDG Target</b> 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p>Page 12</p>	<p><b>Social mobility</b></p> <p><b>SDG Target</b> 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p><b>Our Target</b> We will develop a 2030 social mobility action plan and targets in 2019</p> <p>Page 16</p>
<p><b>Employment opportunities fund</b></p> <p><b>SDG Target</b> 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>Page 34</p>	<p><b>Power Up Scotland</b></p> <p><b>SDG Target</b> 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>Page 34</p>
<p><b>Get Hired</b></p> <p><b>SDG Target</b> 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>Page 36</p>	<p><b>Gender balance</b></p> <p><b>SDG Target</b> 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p><b>Our Targets</b> 33% of our Board and 33% of our executive population will be female by 2020</p> <p>We will continue to publish annual action plans for gender balance</p> <p>Page 15</p>
<p><b>Single-use plastics</b></p> <p><b>SDG Target</b> 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p><b>Our Target</b> We will remove all single-use plastics from our offices by 2020</p> <p>Page 19</p>	<p><b>Climate change</b></p> <p><b>SDG Target</b> 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p><b>Our Target</b> We will develop new 2030 Greenhouse Gas reduction targets and climate change strategy in 2019</p> <p>Page 21</p>
<p><b>Renewable electricity</b></p> <p><b>SDG Targets</b> 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p><b>Our Targets</b> We will procure 100% renewable electricity at the offices we operate across the globe by 2020</p> <p>All the real estate ASI manages in the UK will be powered by 100% renewable electricity by 2020, and we will increase the amount of renewable electricity procured globally</p> <p>Page 18</p>	<p><b>Biodiversity</b></p> <p><b>SDG Target</b> 15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems</p> <p>Page 20</p>

# It starts with us

Our vision for a better future starts with asking more of ourselves. Every day we look for ways to go further for our clients and customers, to be a better and more inclusive employer, to strengthen our governance and to reduce our environmental impacts.



## A responsible approach



Mike Tumilty, Chief Operating Officer

“We don’t just adhere to the minimum standards expected of a corporate citizen – we go beyond. A recent example I’m particularly proud of is our global commitment to renewable electricity for our operations by 2020.”

### Tax

We recognise the importance of the contribution we make to public finances through our payment of taxes. It’s important to us that our approach reflects the interests of our stakeholders in a balanced way. We have a tax policy, underpinned by our tax principles, which take account of our clients, shareholders, employees, tax authorities and the wider community. These principles guide our processes, behaviours and decisions.

We provide products to a diverse range of clients, from a variety of global locations – so our savings and investment products are set up to follow each location’s tax legislation. We also follow local and international rules around reporting to tax authorities about our customers’ investments. We engage openly with tax authorities, government and representative bodies ensuring we play our part in helping to develop a sustainable framework for tax policy and legislation. We also submit Country by Country Reporting to HMRC who share this information with relevant overseas tax authorities.

### Engaging on public policy matters

We want to represent the best interests of all our stakeholders so take an active interest in a range of public policy issues which impact them.

While we remain a strictly apolitical company, we regularly meet with a cross-party range of politicians, government ministers and civil servants to express our views, as well as working closely with our trade bodies. Key topic areas:

- Corporate governance and stewardship - we attended select committee hearings where we provided evidence for inquiries including those related to the collapse of Carillion, and on executive pay.
- Pensions dashboard - we have engaged extensively to promote the pensions dashboard initiative. When launched, it will allow savers to access information from most pension schemes in one place online.
- Diversity and inclusion – we share ideas and progress as we see diversity and inclusion as a collective responsibility for all firms and sectors across the UK economy.
- Brexit - we have engaged at the UK and EU level to pursue a number of priorities, including mutual EU-UK regulatory recognition, continued ability to delegate portfolio management services from the EU to third countries, and access to specialised staff.

### Code of conduct and speaking up

Our global code of conduct describes the principles and standards that we hold ourselves to and ask all our employees to consider in every decision and action they take. All our employees receive training on the content and meaning of the code and are required, at least annually, to confirm that they have read and agree to abide by its principles.

Our supplier code of conduct sets out the standards we expect from our suppliers and that we expect them to demand from their own supply chains.

If our employees have any concerns we encourage them to report this to their manager. If they feel uncomfortable raising their concern using their normal reporting line, or wish to do so anonymously, an independently managed confidential speak up hotline is available. All concerns raised are taken seriously and anyone raising a concern in good faith will not be at risk of losing their job or suffering any form of reprisal as a result, even if the concern is proved to be unfounded. This hotline is also advertised to our suppliers who can use it in the same way. 15 incidents were reported and investigations carried out in 2018.

## At a glance

**95%** of our people have read and agreed to abide by our Code of Conduct principles

Our total tax contribution for 2018 was **£538m**\*

\*continuing business only

## Focusing on security



### Financial crime prevention

We are committed to minimising financial crime, protecting corporate and customer information and assets, and promoting a zero tolerance approach to financial crime, bribery and corruption. We have policies and frameworks in place to help ensure that we only receive or pay money to or from clients, third parties, partners and suppliers that we’ve identified as suitable to do business with. We run mandatory annual training for our employees which requires passing a test that confirms their understanding of both our policies and the part our people play. We also maintain a register for any gifts and entertainment we receive and provide. We have processes for reporting and reviewing breaches of our policies. In 2018 we had no breaches.

### Cyber security

Cyber security has rapidly become a major issue facing all large companies, and we are no exception. It is critical for both our business and customers that we manage this risk appropriately.

- Cyber security is managed as a part of our enterprise risk framework and our approach to information security.
- We have multi layered controls in place to help prevent attacks, and then to detect and respond appropriately to incidents and events.
- We use specialist external service providers to ascertain the effectiveness of our security control environment, security strategy and programme and governance processes.
- Our cyber security policy and standards are aligned with industry good practice.
- A dedicated department ‘Security, Resilience and Privacy’ supports our business with all aspects of security.
- We have ISO22301 certification for Business Continuity.
- Dedicated teams are in place to effectively deal with emerging cyber threats and criminal campaigns. Our response plans are tested regularly.
- Cyber security awareness campaigns help our people understand the threats and how to improve their own, and our customers’ security.

### Cyber awareness week

In 2018 we held a Cyber Awareness Week, focusing on sending safe emails, using the cloud safely, password best practice, and data privacy.

#### Sending safe emails

Email is a part of how we all do business, and being able to drop someone a quick email can make our daily lives a lot easier. However, it is important that sensitive company information remains inside the organisation to protect our clients and to be compliant with our regulators.

We reminded our colleagues: Do not send company information to your personal email addresses and ensure you have a secure means of data transfer.

#### Safe cloud use

Many of us use cloud services on a daily basis without even realising. It’s a common way to store information online, but it comes with risks.

We reminded our colleagues: Follow company policy when using cloud services that process sensitive information.

### Passwords

We must ensure that we use strong passwords. Using simple passwords can make it easy for malicious individuals to access valuable information.

We reminded our colleagues:

- Never share your passwords
- Never mix business and personal passwords
- Never store your passwords on your computer
- If you think someone knows it – change it!

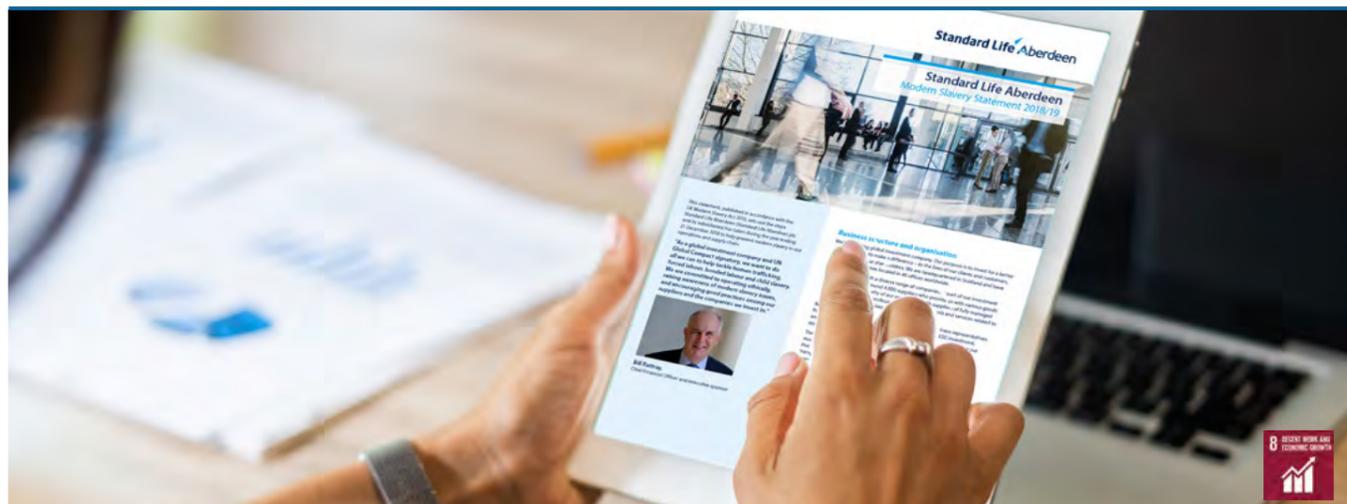
### Data privacy

Data breaches can come in the form of accidental or malicious attacks. We monitor behaviour over email and cloud services, and encourage self-reporting.

We asked our colleagues to consider:

- Is it vital that you have access to the level of data you have?
- When sharing data, do all recipients need to see this data?
- When sending to a third party, do you have permission to share this?

# Supporting people



## Our investment research

Investors are increasingly open to financial risks associated with human rights abuses. This can include operational disruption, reputational damage and legal action. While consensus on internationally recognised human rights was reached over 70 years ago, holding companies legally responsible for their role in violations has faced particular challenges and often left victims with no recourse to compensation. However, emerging legislation focuses on preventing abuses from occurring in the first place.

Regulations stipulating mandatory disclosures and due diligence procedures are on the rise in the UK, EU and Australia. For example, France's Corporate Duty of Vigilance Law took effect this year and requires large companies to establish vigilance plans as part of their annual report, which must address risks of environmental damage and human rights issues. Companies are not only required to disclose their plan, but also to implement it. Other European countries are considering similar initiatives.

Investors should take action to assess companies' human rights approach and their preparedness for new requirements. A robust approach to ensuring respect for human rights will not only help companies to avoid potential legal penalties, but also offer competitive advantages by smoothing operations in complex environments and protecting brand value.

## Human rights policy

Our policy sets out our approach to identifying and upholding the human rights of our people, customers and clients, community and those impacted by our suppliers, partners and the companies we invest in. As an investor we consider ESG factors, including human rights, when evaluating companies. We assess the management of human rights impacts and engage when appropriate to highlight issues and promote good practice.

## Modern slavery statement

We want to do all we can to help tackle human trafficking, forced labour, bonded labour and child slavery. We focus on our operations, supply chain and investment processes. We have published our 2018 statement, reinforcing our commitment to this important issue. It details our awareness raising activities both for our employees and externally, and has an example of an engagement with an investee company on modern slavery issues.

 [Read our Modern Slavery Statement](#)

## Our customers and clients

We continue to focus on putting customers and clients first. We develop relationships with them based on trust and our ability to effectively meet their needs. We focus on understanding what they want and put that at the centre of our decision making.

In 2018 we ran a survey among our clients, to measure their perceptions of what we do and how well we do it. Our strengths included brand loyalty and confidence in our investment expertise, however, the likelihood that our clients would recommend us to others decreased.

Given the challenges of our investment performance, we have used a variety of methods, including white papers, market analyses, and webinars to help our clients understand more about performance and what we are doing to address the issues.

In 2018, we also developed a new customer sentiment index - an innovative and scientific measurement of how customers feel about doing business with us - which will be rolled out in 2019. It brings together multiple data points and weightings producing a single index providing a consistent reference point to help us determine how customers are feeling and allowing us to bring the voice of our customer into Board meetings.

# Our employees



Rose Thomson, Chief People Officer

“We want to develop a culture where we are inspired by our differences and united behind a common purpose. During this time of change, we have been really listening to our people so we can understand what they need and what actions we can take to make this a truly great place to work”

## Culture and values

With the structural changes across our business in 2017 and 2018, we know this has been a challenging time for our people. We have worked hard to bring everyone together to work towards a common vision by:

- Relocating colleagues together in the same offices around the globe, helping them to create connections and strengthen relationships.
- Listening – to understand how they are feeling and what action they would like us to take, and to ask for their input to co-create our new vision and values.

In 2018 we ran an engagement survey so our people could tell us how it currently feels to work for us and how they would like this to feel in the future. 69% of our people responded. The overall engagement score was 56%. This represents the average score that employees gave for questions measuring advocacy, pride, motivation and job satisfaction.

The period of change in the business has been difficult for colleagues and this was reflected in our results - specifically our people are looking for further clarity on our strategic direction and for action to be taken to minimise any barriers to allow them to effectively carry out their role. Our colleagues felt positive about how their

managers are leading through change and our focus on inclusion, specifically that they feel able to be themselves at work. We feel this is a real area of strength we can build on. In 2019, we will progress actions to address the key themes from the survey and enhance Standard Life Aberdeen as a place to work. We will also continue to measure and understand engagement, mood and culture over the year ahead.

 **Engagement score**  
**56%**

### Create connections

We bring together our diverse talents, perspectives and insights and use our collective intelligence to deliver value. We remain true to our shared purpose, working as one team and with all our external partners to build better futures.

### Adapt and excel

We don't stand still. We improve, challenge, learn and innovate to earn our place in the future. We are ambitious, our sights are set on excellence and our minds are open to ideas.

### Deliver what matters

We relentlessly focus on delivering outcomes that truly matter to our clients and customers. We build trusted relationships. We do the right thing and are empowered to make a difference.

# Inclusion and diversity

We are building an inclusive workplace where everyone can be themselves, is valued for what they bring and can reach their potential. Having a diversity of thought, perspective and creativity also creates value for our business and customers.

We have been taking action in a number of key areas and have been particularly focusing on transparency – being clear on where we are and where we want to be. This contributed to our industry recognition in 2018, with rankings for the first time in the Equileap Top 200 global companies gender index and the Bloomberg Gender-Equality Index.



In 2018 we:

- Published our new inclusion strategy and established inclusion action plans across our business channels and regions – incorporating regular review of progress.
- Established inclusion and diversity as an opening item at every board-level Nomination and Governance Committee meeting.
- Held four listening sessions hosted by our CEOs to hear directly from our people on inclusion and diversity, the outputs of which have shaped our 2019 plan.
- Continued to support our range of executive-sponsored employee networks that champion diversity and inclusion. These are run by and for our people, and include networks that support gender equality, mental health awareness, the Armed Forces community, LGBT+ employees, carers, young employees, and that raise awareness of issues affecting black, Asian and minority ethnic communities.
- Delivered our first gender action plan and published our commitments for the next 12-18 months.
- Became a founding signatory of the UK Government's Race at Work Charter and published our first ethnicity action plan.

## Gender balance

An equal participation of men and women in our workplaces will improve both company profitability and the global economy. We are committed to improving gender balance at all levels in our business, from early careers up to and including the Board, and to play our part in influencing change across our industry.

As part of our UK Treasury Women in Finance Charter commitments, we reached our representation target for women in senior roles (CEO-1 and CEO-2) in 2018, with a 7% increase to 34% since December 2017. However, the majority of this was at the CEO-2 level. We know more work is needed at our Executive Committee and Board levels.

## Gender targets

We have published the following targets for women in different levels in our organisation:

Level	Target by June 2020	Actual 31 Dec 2018	Actual 31 Dec 2018
	%	% <sup>3</sup>	Number
Board	33	KPI 25	3 of 12
Executive <sup>1</sup>	33	KPI 34	80 of 235
Entire global workforce	50 <sup>2</sup>	KPI 45	2,801 of 6,192
Entire UK workforce	50 <sup>2</sup>	KPI 45	2,119 of 4,727

<sup>1</sup> People employed in roles across the two leadership levels below CEO, excluding admin employees. Our CFO and CIO, who sit on our Board, are included in both our Board and Executive populations.

<sup>2</sup> Target has a tolerance of 3%.

<sup>3</sup> Data is prepared in accordance with our reporting methodology and the KPIs are within KPMG's limited assurance scope.

## Gender pay gap

This is the first year we have reported a Standard Life Aberdeen gender pay gap. Last year we shared separate data sets for Standard Life and Aberdeen Asset Management employing entities, as these were calculated before the merger. As at April 2018, our mean gender pay gap was 40% and our mean gender bonus gap was 69% (last year mean gender pay gap for Standard Life was 42% and Aberdeen Asset Management was 34%, with both heritage companies reporting 70% bonus gaps). Our pay gap is primarily the result of our workforce structure, with a greater number of men in senior roles – the roles that attract higher salary and bonus – and a greater number of women in junior, lower paid roles.

We believe our actions to address our gender pay and progression imbalance are the right ones and that they are making a difference. However, as the increase we see at senior level was driven by improvements at CEO-2 levels, it is not yet impacting our pay and bonus gaps. This is because the pace of change is slow, reporting is generated at different points in the year (eg gender pay gap figures are April 2018, whereas we have seen increases in representation levels throughout the year to December 2018), and because the most significant progress in reducing pay and bonus gaps will be seen when there is increased representation of women at most senior (CEO-1), highest paid levels.



Read more about the actions we are taking to improve our gender balance and reduce our gender pay gap

# Inclusion and diversity

## Social mobility

**Making sure people from all backgrounds get fair and equal opportunities to progress is a vital issue. We collaborate with partners across different sectors to provide targeted interventions at different life stages – helping to tackle the root causes of inequality and lack of social mobility. We've had a particular focus on young people in school and in the early stages of their careers. In recognition of our approach, we were named as one of the Top 50 employers in the UK Social Mobility Employer Index 2018.**

### School children

We partner with the charity Career Ready, which focuses on connecting young people to the world of work and helping them progress into employment or further education. To date our people have mentored 113 young people and, crucially, the students have also benefited from paid 4-week work experience placements.



We won the Outstanding Leadership Award at the Living Wage Expo 2018, hosted by Living Wage Scotland by going above and beyond our Living Wage accreditation and championing the Living Wage

### Early stage careers

Through our partnership with The Prince's Trust, we have held Get Hired! days in Edinburgh and London to introduce young people looking for work to businesses looking for talented recruits. The speed-dating style recruitment includes interviews and networking with local businesses, supported by colleagues. Through our Edinburgh Guarantee Scheme and Investment 20/20 involvement we provide opportunities for young people to join the workforce through 6-12 month internships so they can gain valuable skills to help them progress to a positive destination – employment, training or further education. We've been taking part in the Edinburgh Guarantee scheme for 6 years – 172 young people have taken part, 96% have gone on to positive destinations.

### Broader influence

We have been UK Living Wage accredited since 2014 and this extends to our interns and apprentices – ensuring these routes are accessible for those without household wealth behind them. We are also a Living Wage Friendly Funder, supporting our charity partners to pay a living wage.

We signed up to the Social Mobility Pledge, which commits businesses to a series of actions to help break down barriers to work, and hosted Justine Greening MP on her visit to Scotland to promote social mobility. We are also working with them to help develop and share best practice to achieve a wider, lasting impact.



## Ethnicity

We were one of the founding members of the Race at Work Charter which commits organisations to tackling barriers that ethnic minority people face in recruitment and progression. As part of our commitments we launched our ethnic diversity action plan detailing actions underway to improve attraction, retention and development of ethnic minority talent. These actions are based on feedback from a variety of conversations with colleagues about their experiences at work, supported by external benchmarking.

In 2018 we provided employment opportunities to ethnic minority young people through the Taylor Bennett Foundation, The Prince's Trust, Social Mobility Foundation and Career Ready.

Across the globe we celebrated a number of events with our people including Songkran (Thai New Year) in April, Eid al-Fitr to mark the end of Ramadan (the Islamic holy month of fasting) in June, and Diwali (the Indian Festival of Lights) in November.



Read our ethnic diversity action plan

## LGBT+

We want our colleagues to be themselves at work. In 2018, our people attended Pride events across the globe and we sponsored the Edinburgh event.

LGBT Great, the organisation focused on improving equality and inclusion in the investment industry, launched the #hereiam campaign to encourage and support LGBT+ individuals to become more visible. One of our SLA role models Donald Amstad was featured in this campaign.

## Mental wellbeing

Anyone can suffer from negative mental health – it's important we recognise this, have conversations, and provide support. In 2018 we launched our newest employee network, Mind Matters, to continue promoting the understanding of mental health, and to break the stigma surrounding it.

We also ran our Developing a Mentally Healthy Workplace workshops for managers and employees across the UK to promote awareness of mental health and encourage an open culture where people feel able to discuss their mental health in the workplace.

On World Mental Health Day we asked colleagues to think about the ways we can all make small, but significant changes to improve mental health for ourselves and for others - from speaking to one of our Mental Health First Aiders who are

there to help if someone is having difficulty coping with a work or personal issue, to just asking a colleague how they are. Our Singapore office organised a variety of activities such as meditation and yoga, and colleagues in our Edinburgh office held a Tea and Talk session.

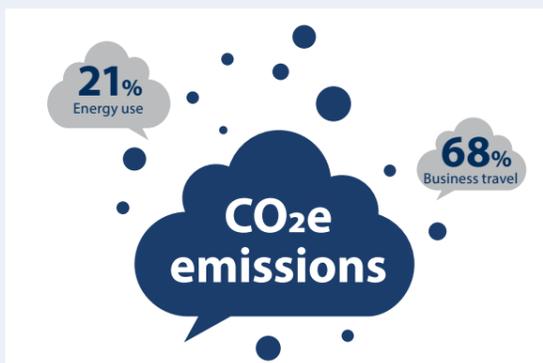
## Agile working

Agile working empowers and supports people to work where, when and how they choose to deliver in the best way for both them and the company. It's multi-dimensional, and can be about flexibility in hours, location or about doing work differently. In 2018 we focused on broadening the conversation from flexible and part time working, to how agility is critical in creating a modern global workplace for our multi-generational workforce, clients and customers. Much of our business is already working in this way. To support this further we have agile working guidelines, we encourage our people to have team conversations to raise awareness of each other's preferences and styles, and we share case studies of colleague experiences of working in an agile way.

## Armed forces community

In 2018 we received the Gold level, Ministry of Defence Employer Recognition Scheme award – the highest honour for companies that demonstrate and advocate support for the armed forces community, and align their values with the Armed Forces Covenant.

# Our environmental impact



The environmental impact of our operations is relatively small compared to other sectors, but it's important that we do what we can to reduce it. Our direct footprint is mostly comprised of business flights and the energy we use in our buildings. To reduce our impacts in these areas we track our consumption, pursue ongoing improvements in building management, and encourage our people to reconsider the need for air travel through technology solutions. We also encourage our people, and those we work with, to minimise their environmental impact through our Global Code of Conduct and Supplier Code of Conduct.

Our greatest impact is through how we invest our customer and clients' money.

As we would expect from the companies we invest in, we believe in having a robust greenhouse gas emissions baseline and ambitious targets for reducing our environmental impacts. However due to structural changes within the business it has not been possible to state a baseline for our emissions until this year. We will be developing ambitious targets to reduce this in 2019.

## Focus on energy use

Energy use within our offices accounts for 21% of our carbon footprint. Our strategy is to reduce this impact through energy efficiency and purchasing all our electricity from renewables.

This year, in support of the first ever Green GB Week, we pledged to procure 100% of our electricity in our global offices from renewable sources by 2020.

## Focus on business travel

As we've reduced our emissions from energy through energy efficiency measures and have become a more global organisation, we've seen business travel become an increasing proportion of our carbon footprint. Business flights accounted for 68% of our emissions this year, and >£13m in terms of costs.

We are significantly cutting our travel and expenses budget in 2019. This will have positive financial and environmental impacts. We've asked all our functions to explore alternatives to travel for meetings – for example by using video conferences, to plan ahead, consider the flight class and to make more efficient use of travel. We hope this supports a strong reduction in emissions from business travel in 2019.



## An operational example

We own and operate a small number of offices, and an increasing number of leased office spaces. We consider our environmental impact for both. For example, we lease the third and fourth floors of Aurora in Bristol, the only building outside London to achieve the BREEAM 'Outstanding' environmental award under the new rating scheme. It also holds a LEED Gold sustainability standard.

The site benefits from features such as rooftop solar panels, intelligent LED lighting and water saving technology, all of which help to reduce running costs.

The building is also designed to maximise natural light through floor to ceiling glazing, ensure fresh air circulation and offer inspiring shared space including a rooftop garden. It has bicycle storage facilities, lockers and showers on site.



We commit to eliminating avoidable single-use plastic by 2020, ahead of the UK target of 2042.

## Focus on single-use plastics

We have had waste reduction targets for a long time and, with the increase in interest over marine plastic waste in the news and media, our people asked us to go even further. Therefore, in 2018, we committed to: minimising our use of plastics, reducing the environmental impact of waste plastics and beating the UK target of eliminating avoidable single-use plastic waste before 2020. We will not only strive to do this at our UK locations but also in all our offices worldwide where practicable.

Our message is simple: we want to reduce, reuse and recycle – focusing heavily on reducing and only looking at reusing and recycling where no alternative is available. To support this and raise awareness across our business we published our single-use plastics policy. A big focus for us is disposable cups which aren't commonly recycled and some of our sites were using thousands a week. We had already been encouraging our people to start bringing their own cups, or using our reusable mugs and glasses. And, on 8th June – World Oceans Day - with our people's support, we began removing disposable cups completely. We then rolled this out to all our global offices as well as removing plastic water bottles from our meeting rooms.



"Single-use plastics are typically used only once before they are thrown away or recycled. We asked people at two of our largest offices if they wanted disposable cups removed for just World Oceans Day... or forever. A massive 91% said forever."

Ann Meoni, Corporate Sustainability and Environment Manager

We've achieved a lot in 2018, and are now using over 1 million fewer disposable cups a year but this is just the start. Our policy lays out a number of targets to be achieved and we will be updating on our progress in 2019.

## An investment example

In 2018, Aberdeen Standard Investments (ASI) were signatories to two investor letters regarding plastic pellet pollution, the second largest direct source of ocean micro-plastics. The first letter, organised through the PRI, requests companies to commit to zero pellet loss in their operations and supply chain and to publish progress in annual reports. The second letter is organised through the Investor Forum and requests that standards bodies include plastic pellet management in their existing standards.

We also engaged with companies producing plastics and carried out research on how increased interest in plastics might impact on company performance and what these companies are doing to manage this risk and opportunity.

## At a glance

Our total greenhouse gas emissions for 2018 is **32,218** tCO2e\*



**70%** of our electricity currently comes from renewables

\*continuing business only

# Our environmental impact



## Focus on biodiversity

Insects such as bees, flies, moths, butterflies and beetles are incredibly important in their role as pollinators – helping to create beautiful landscapes and produce many of the crops we rely on. This year to support pollinating species we installed two bee hives at one of our offices, built planters for wildflowers at another office, and held educational sessions for our people.



### An investment example

ASI manages the Roaring Meg Shopping Park in Stevenage, UK. This is a retail park which also includes 1.5 acres of woodland - part of Monk's Wood, a much larger area of ancient woodland. Any building forms a part of the community in which it exists. That is why, in collaboration with Workman, our managing agent, we have been focusing on enhancements which benefit both the environment and community.

A key initiative has been the installation of two beehives. We've also planted a variety of wildflowers, trees and bushes. These include knapweed, which is an important source of pollen for bees, common teasel, which provides food for birds, woundwort and yellow rattle, which boosts plant diversity by restricting the growth of grass. Meanwhile, hazel trees support caterpillars, dormice and ground-nesting birds, while holly bushes allow birds to nest and offer a good source of dry leaves for hibernating mammals to shelter in. We've also created log piles in the neighbouring woodland to provide appropriate habitats for wood wasps, woodlice and beetles. We've used the traditional forest-management technique of coppicing to create suitable conditions

for plants and animals that need more open habitats. And we've restored some ancient hedgerows, thus creating natural corridors and boundaries that support plant life and make the environment more visually attractive for visitors.

We've combined our environmental initiatives with a variety of social projects to integrate Roaring Meg into the local community. These include allowing small groups to visit the beehives for educational experiences and bottling the bees' honey so that our tenants can use it to raise charity donations from their customers. We're also looking to build stronger links with local schools and develop the woodland area as an educational resource.

Our ESG initiatives at Roaring Meg have a clear, positive impact on the local environment and community. But they also enhance our investment in the retail park. They make the shopping park more attractive for visitors through the greater diversity of plant and animal life in the area, and they create a positive perception of Roaring Meg that can only help to encourage visitors.



## Focus on climate change

Climate change is one of the biggest risks facing the world, from chronic climatic changes like rising sea levels, to acute changes like increased extreme weather. There are also regulatory changes that, under the Paris Agreement, each country must determine in order to mitigate global warming with the aim of only increasing global temperatures by 1.5 °C to 2 °C. These have both positive and negative implications for financial markets and thus the performance of the companies we invest in.

Operationally we have been focusing on reducing our greenhouse gas emissions for many years; however our biggest impact is through how we allocate money in our investment funds. The shift required for the world to stay within 1.5 °C to 2 °C has huge ramifications, especially on communities and economies who are highly dependent on fossil fuels.

**“We have a role to play in financing a just energy transition and supporting companies to shift away from fossil fuels.”**

Eva Cairns, ESG Investment Analyst - Climate Specialist.



This is why we don't just look at how carbon intensive businesses are, but through engagement we assess what their strategies are to manage the transition to a low carbon world and whether they are meeting their aspiration in this regard.

In real estate investment, our ESG policies both aim to reduce the emissions from the development and management of properties and also take into account the risks that climate change poses to both existing and proposed sites. Integration of these considerations into our fund management doesn't mean that investors have to accept higher fees or lower returns. Embedding best practice into every aspect of real estate management makes our properties more valuable, efficient and attractive. It's a win-win.

ASI is a member of the Institutional Investors Group on Climate Change, a signatory of the Global Investor Statement on Climate Change, an active member of Climate Action 100+ and supports the Transition Pathway Initiative which assesses companies' readiness for a low-carbon economy.

### TCFD

Established in 2016 by the G20, the Taskforce on Climate-related Financial Disclosures (TCFD), seeks to develop a framework for consistent company disclosures on the financial implications of climate change risks.

The final recommendations were published in June 2017 and are focused on 4 pillars: Governance, Strategy, Risk Management and Metrics & Targets.

This year we have launched two Climate Change Working Groups. One group is for our investment approach with representatives from a wide range of business areas and asset classes to provide direction and validate our climate change strategy and action plans.

The second group focuses on our operations such as our greenhouse gas emissions, reduction activities and TCFD implementation. This group has already assessed the operational financial risks and opportunities climate change poses to our business and is integrating this into our risk processes.

# Investing with purpose

We integrate ESG research and analysis into our investment process as standard. Across industries and borders, we use our insight to connect our clients to opportunities that grow their assets while laying the foundations for a better future.



## Our approach



Rod Paris, Chief Investment Officer

The money we invest belongs to our clients, so it is important that we consider the long-term environmental, social and governance (ESG) issues that may affect its value when we are making decisions about how and where to invest.

“By integrating ESG issues more comprehensively into our assessment of the sustainability of business models in our investment processes, we are able to deliver more robust outcomes for our clients as well as contribute to broader positive change.”

At Aberdeen Standard Investments (ASI), when deciding to invest in a company’s shares, a property or any other asset, we want to understand everything material there is to know, especially the risks and opportunities. Our in depth research enables us to do this and to identify innovative businesses and projects to allocate capital to. We want to be responsible stewards of the asset – for example, encouraging good behaviours in companies that we invest in. We believe this not only enhances the value of the investment, it also contributes to a fairer, more sustainable world.

Our research shows this is something that individuals increasingly expect.



### Women, ESG and investing survey

In conjunction with YouGov 9,000 people were surveyed and we found that the majority of investors, particularly women, care about where their money is invested.

- 24% of women compared to 20% of men like the idea that their investment choices could make a positive difference in the world. Only 9% of women are not interested in where or how their money is invested.
- When asked about where their money is currently invested, 36% of women (compared to 30% of men) assumed that their financial product provider is not investing their money in companies which are not appropriate but they simply do not know if this is actually the case.

### Our ESG investment philosophy

#### Fulfilling our fiduciary responsibilities

Our primary goal is to generate the best long-term outcomes for our clients

#### We aim for better risk-adjusted returns

We focus on understanding the ESG risks and opportunities of our investments alongside other financial metrics to make better investment decisions

#### We are active stewards and owners

We actively undertake informed and constructive engagement to improve our investee companies and generate better performance for investors

#### Putting the ‘long-term’ in long-term investing

We see ESG factors as being financially material and impacting corporate performance

## Active stewards and owners



Euan Stirling, Global Head of ESG Investment

We expect the companies in which we invest to be good corporate citizens and aim to positively influence their behaviour. We maintain constructive relationships with investee companies to understand their risks, opportunities and any actions they are taking. In some situations, active engagement also means spelling out why we believe they are acting inappropriately. This includes casting our votes in line with our investment views. In rare instances, we may speak with the media, harden our voting position or engage with parliamentary and regulatory bodies.

### Euan spoke at Persimmon’s AGM on 25 April 2018

“My reason for attending the AGM was to explain the votes that we cast against the approval of 2017’s remuneration report which outlined part of the sums accruing to the group’s executives under the Long Term Incentive Plan which was established in 2012.

Regardless of any moral or societal duties, company directors have a legal responsibility to act in the best long-term interests of the company that employs them.

Their remuneration results suggested that the executive directors at Persimmon had lost sight of that because the long-term success of the company is being

endangered by the reputational damage associated with grossly excessive pay.

I understand that the executive team at Persimmon have been very successful and are highly regarded in the industry for their technical and managerial expertise. But being a company director, and in particular a Chief Executive, requires more. It requires a broader context. It requires a personal motivation that goes beyond simply amassing a fortune. It requires an understanding of where the company sits within the society within which it operates. Little of that is evident currently at Persimmon.”



[Read the full transcript here](#)

## At a glance



We publish details of our global voting activity, providing transparency over why and how we are using our shareholder votes.



We voted at **4,875** shareholder meetings in 2018

## Company engagement case study



### Polypipe Group

Polypipe Group is a FTSE 250 company in the construction and building materials sector. It is one of the UK and Europe's largest and most innovative manufacturers of plastic piping and energy efficient ventilation systems. We are the company's largest shareholder, owning 14% of the shares.

While we are generally positive about the governance structures at the company, regular engagement with the board and management team is still a vital part of our stewardship of our clients' investment in the company. In this capacity, we have always sought to be a supportive shareholder, but challenging where necessary.

We met the Chair in April 2018 and discussed a range of governance issues including culture, remuneration, board diversity, succession planning, board evaluation and audit issues. We pushed the Chair to improve diversity on the board, especially with respect to gender diversity. We were pleased to see that the function of the company secretariat was brought in-house during the year under review and that the Board appointed a new female independent director in June.

After the AGM, our representative was given a tour of one of the company's plants in Doncaster by the CEO and the managing director of the facility. This provided an opportunity to learn first-hand about its operations and to get a better picture of the culture of the company. This is in recognition that a company's success is based on the contribution of all employees, not just that of the CEO and other executive board members.

**"Aberdeen Standard Investments has been unusual in actually initiating the dialogue on a number of occasions, not with a view to finding fault but to ensuring that there is good mutual understanding about the whole breadth of issues on which we need to understand their position.**

**It is refreshing to discuss these issues with a shareholder who takes the time and trouble to engage in a dialogue about them and it is also very helpful that their guidance tends to be pragmatic rather than dogmatic".**

Ron Marsh, Board Chair for Polypipe Group Plc

## ESG research

**Our in depth research helps us make informed investment choices and is something we share publicly to help educate investors, policymakers and other stakeholders.**



### ASI research institute

We released our first major study from our newly formed Research Institute "Social Capitalism: Taking a wider view of national progress". The research presents a new way of comparing countries' economic and ESG performance. Utilising economic data and ESG scores for 135 countries, we identified 46 countries that are exceeding both their development-adjusted growth and ESG benchmarks. The vast majority of these 'Social Capitalist' countries are developing economies, and are prominent candidates to display sustainable economic development leadership over the next 20 years. This makes them exciting areas for investment.

As a long-term, responsible investor, we felt the mainstream macroeconomic growth analysis serving the investment community was too narrow in scope, focused too much on short-term growth indicators and tended to fixate on large economies like the United States, Eurozone and China. The study redresses such limitations by developing a new indicator of national progress that integrates ESG performance, aligned with the UN SDGs, with measures of longer-term economic performance and removes the development bias that plagues most other approaches to ranking and comparing countries.

**"The most successful societies blend strong economies that have robust growth with healthy environments, inclusive social policies, representative political institutions and fair legal frameworks.**

**Our results are evidence of the benefits of more open economies and societies, a message that risks being lost amidst the wave of political populism that is sweeping through the developed world and some prominent developing economies.**

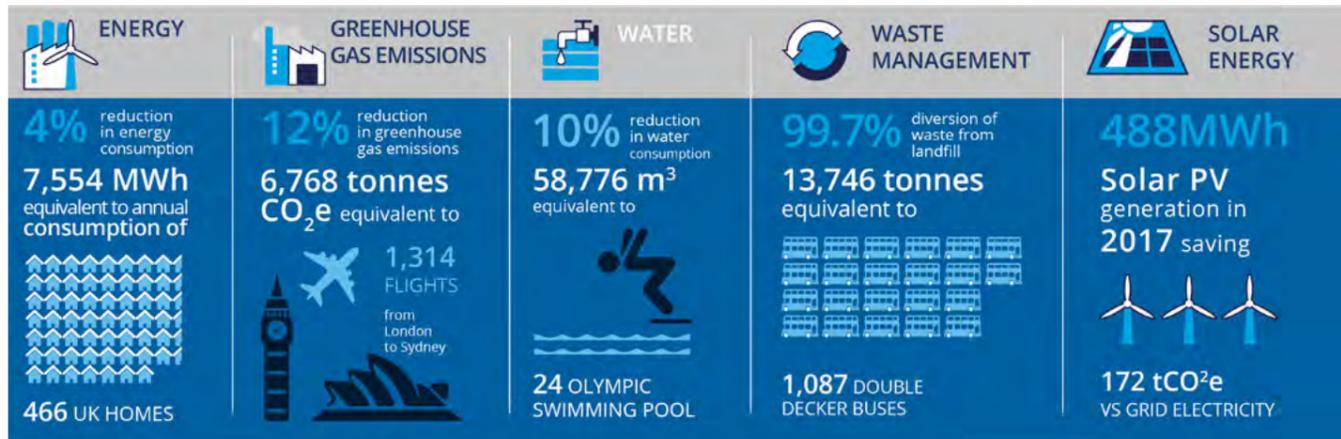
**Not only have the vast majority of developing countries converged on US and broader developed country living standards over the past decade but in many cases this has been accompanied by strong progress on sustainable development objectives as well. This shows the supposed trade-off between strong economies and strong societies to be a false one."**

Jeremy Lawson, Head of the ASI Research Institute

# Asset class case study – Real Estate

Managing £41bn in real estate assets, ASI are one of the largest real estate managers globally committed to sustainable investing and innovative solutions for clients.

We own and manage around 1600 properties worldwide. By driving environmental and sustainable strategies throughout our real estate investment process, we have reduced energy consumption, greenhouse gas emissions and water use - generating savings of over £1m:



In 2018, as part of Green GB week, we made two commitments:

1. All the real estate ASI manages in the UK will be powered by 100% renewable electricity by 2020, and we pledge to increase the amount of renewable electricity we procure for real estate investment globally.
2. We have developed a strategy to make the Airport Industrial Property Unit Trust (AIPUT) real estate fund carbon neutral by 2025.

We have been recognised by GRESB for reaching significant environmental targets in our real estate. Five funds were awarded 'five star' status, placing us in the top 20% of our peers and three funds achieved 'sector leader' status, meaning we have the highest ESG performance of our peer group. GRESB has become the global ESG benchmark for real estate and infrastructure investments covering over \$3.6 trillion of assets worldwide. It measures a fund's green performance and sustainability, awarding stars for best practice.

"We have been on a journey to ensure that we develop and manage properties that are built to last. The strong track record we now have with GRESB endorses this commitment to sustainable, social and environmental principles, which are firmly embedded in our real estate operations and investment across the business.

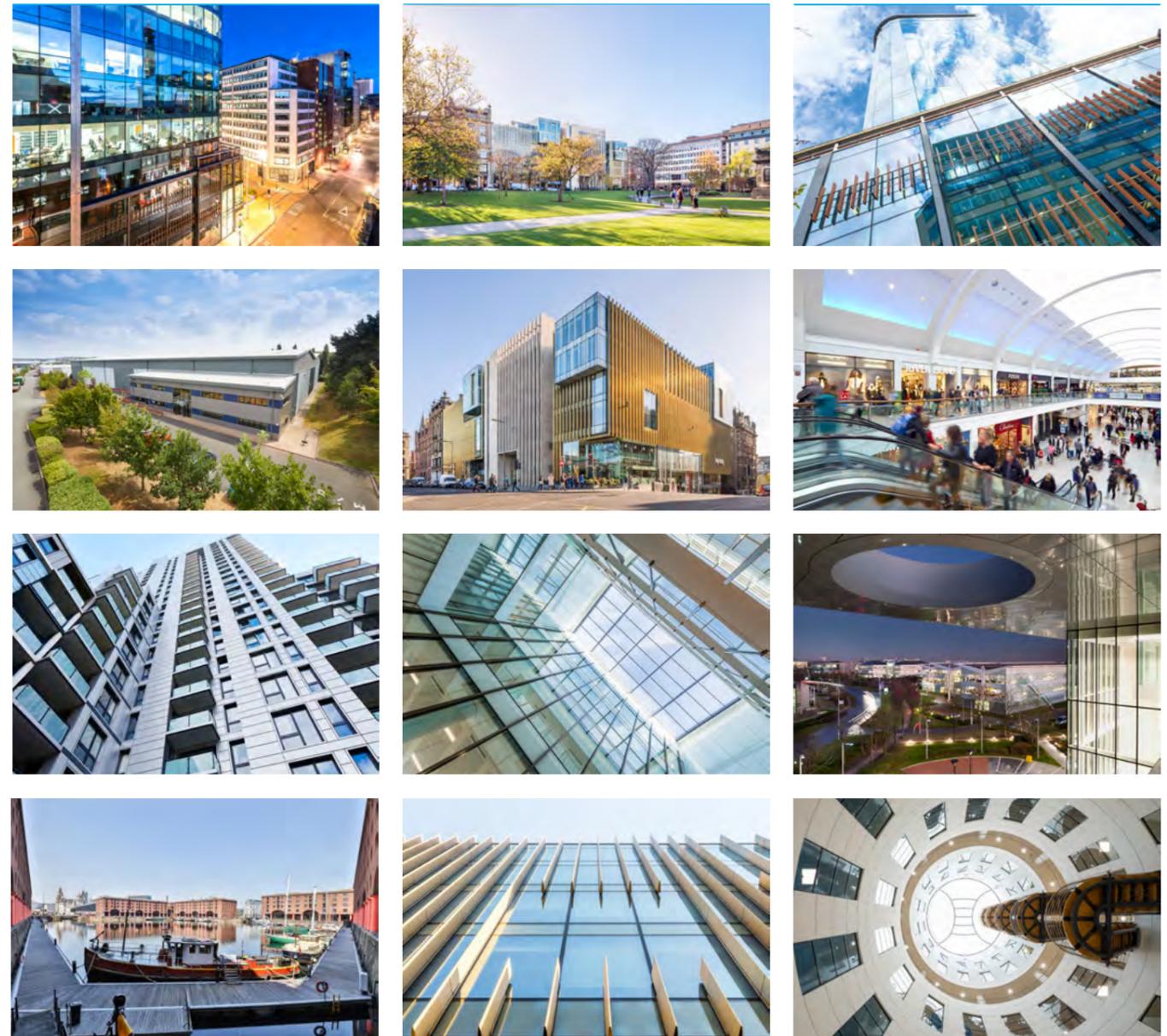
Not only does this deliver better financial outcomes and investment performance for our clients and tenants, but we have achieved improved environmental and social outcomes. Our aim is to create a positive society from the built environment, providing the places where people want to live, work, shop and enjoy life."

David Paine and Pertti Vanhanen - Global Co-Heads of Real Estate

## The Airport Industrial Property Unit Trust (AIPUT)

We manage a portfolio of properties which provide warehouse and logistics accommodation at five of the UK's international airports, namely Heathrow, Gatwick, Stansted, East Midlands and Glasgow. We have established a strategic

target to achieve carbon neutrality in this fund by 2025. Initiatives to achieve this include enhanced warehouse design, solar PV installations, revolutionising vehicle use and improving operational efficiency. Not only will this make the airports cleaner, safer and greener for local communities but it will also futureproof investor returns for the long-term.



## What's next?

To obtain more data on the impact of ESG integration into our real estate approach, we have developed a database to examine the relationship between an asset's investment performance and its core ESG factors. Initial findings indicate no detrimental effects from integrating ESG factors into real estate investment management. And, in many instances, a positive contribution can be clearly demonstrated. This is the start, and the data set is being expanded. However, if you can achieve at least market returns and generate a positive environmental or social benefit, then why wouldn't you?

An aerial photograph of a forest with a dirt path winding through it. The trees are mostly deciduous and appear to be covered in a light layer of snow or frost, giving them a white and light green appearance. The path is a mix of brown and grey, with some snow patches. The overall scene is serene and natural.

# Unlocking solutions

**The best innovations start with an idea and end with impact. They are informed by the bigger picture and shaped by the small details to support the best that is possible from people. Through products and services that enable financial wellbeing to innovative social and environmental programmes, we provide solutions that can be measured beyond money alone. Together, we're helping to build a better future for all of our stakeholders.**

## Advice and support



Our aim is to respond to the unmet and emerging needs of our customers. We involve them and collaborate with others to help develop the best solutions.

Changes to the savings landscape have continued to move risk and responsibility away from companies and government and on to individuals. However, many lack both financial knowledge and confidence to navigate the often complicated options. This is driving the need for simpler access and engagement with products and services that help people invest and save effectively, and increasing the demand for financial advice and guidance. However, there is currently not sufficient capability in the market to meet this demand.

Our business, 1825, is designed to provide financial advice, over the phone and face to face. To support more people we are developing our digital advice capability with the aim of broadening access at a

lower cost to individuals. Tools that were only available to the few, we want to now be available to the many. The insight we are gaining from customers as we pilot and develop this capability is also informing the development of our adviser platforms to enable advisers to better support their clients.

We are also looking at the ways we are guiding people through their options, to make it simpler to understand and make the right decision for them.

Combined, this helps us fulfil an important social purpose - addressing the advice and savings gap, and providing people with greater comfort over the financial decisions they are taking.

## Ethical funds



Lesley Duncan, Deputy Head of UK Equities

We develop products for the growing number of people for whom ESG considerations or responsible investing are integral to their investment decisions.

The ethical funds available within the market tend to work by avoiding companies that profit from specific activities such as the arms trade or tobacco sales. Our Standard Life Investments ethical funds do have exclusions, but we also target companies that seek to do good in the communities in which they operate.

We send an in-depth annual survey to our investors who rank which criteria they find most important. This helps us to determine how to invest the portfolio. These are a mix of positive (such as environmental and business practices) and negative criteria (such as avoiding tobacco and defence companies). There has been an increase in the number of positive criteria entering the top ten, which demonstrates how the responsible market has evolved. The survey also demonstrated a growing interest and concern on climate change. We have tightened the policy to reflect this, which ensures that all oil and gas production and exploration companies are excluded from the funds.

There are always ethical grey areas to consider and through our Ethical Funds Advisory Group, we get external input from our customers to make the ethical decisions we face in running these funds.

“Since the financial crisis, there has been a swell of interest in ethical investing from people who want to know that companies have high standards of business practice. The advisory community has to show it considered every angle and is well-informed on all the products available. The regulator has made it clear that simply box ticking isn’t enough.

More recently, there has been a move towards funds that use positive screening methods and seek out stocks contributing to society”.

Lesley Duncan, Deputy Head of UK Equities

(fund manager of the SLI UK Ethical Fund which has recently celebrated its 20th anniversary and has outperformed the wider sector over 1, 3, 5, 7, 10 and 20 years.)

# Impact Investing



Most investors seek positive long term returns, but through our impact investing products we seek to give our clients more than just a positive financial return by investing only in companies that have the intention to make a positive environmental and social impact through their products and services. Delivering the best of both worlds; profit driven investing and measurable benefits for our society and environment. We use the UN's 17 SDGs, which prioritise the world's most critical risks, as a framework for deploying the capital we manage to support change. We believe that extensive expertise and resources combined with an active approach to impact investing can deliver sustainable long term returns that broaden the definition of wealth

## Employment Opportunities Fund

We unveiled the UK Equity Impact Employment Opportunities Fund this year in association with The Big Issue Invest. The fund aims to support SDG 8 - promoting inclusive and sustainable economic growth, full and productive employment and decent work for all.

Creating good employment opportunities is one of the most significant benefits business brings to society. The aim of the fund is to generate a financial return over the long term by investing in companies which promote and implement good employment opportunities and practices and that have the potential to grow and sustain strong long-term financial returns.

We have an active engagement policy, allowing us to engage with the companies, questioning their ability to deliver financial returns as well as ensuring that the identified employment impact remains a significant part of their objectives – an essential element of the fund's strategy to achieve impact through pushing for change.



Our collaboration with The Big Issue Invest goes beyond launching our impact fund. We want to have a broader positive impact. Working with the organisation, and other partners, we focus on initiatives which support financial inclusion and the growth of social enterprises and businesses which help address societal and environmental issues.

## The Big Exchange

We are a joint lead partner and founder of the The Big Exchange, an initiative launched by The Big Issue Invest to build a more inclusive financial system. The first step is to build a platform - The Big Funds – to help bring low cost, impact funds directly to individual customers. Launching during 2019, it will have a simple, mobile-first interface and include impact-focussed educational content as well as a unique social passport which tracks how much good individuals are doing, for themselves and others, in support of the UN SDGs.

## Power Up Scotland

We are a lead partner, in conjunction with Edinburgh University and the Scottish Government, of Big Issue Invest's Power Up Scotland programme, which aims to be a £1 million lending scheme offering investment and support to early stage social ventures across Scotland.

The programme has been designed for social enterprises, charities, or private enterprises - with social value creation being the main criteria. Each applicant has the opportunity to access loan funding of up to £50,000 to help them build on the good work they currently do within their communities. Successful applicants also receive mentoring and business development support for a two year period. Our people have provided over 1000 hours of mentoring support so far.

The period poverty-tackling Hey Girls were one of 13 organisations that successfully completed the programme. Their approach is based on a 'buy one give one' model, meaning for every pack purchased another is donated to a person in need. Hey Girls products are now being stocked in major supermarkets and they are also a key provider in the Scottish Government's initiative to provide free sanitary products to all pupils and students.

Another example is Invisible Cities, who train people affected by homelessness to become walking tour guides of their own city, building their confidence and service skills to deliver a unique alternative tour to both tourists and locals.



"Our clients rightly expect us to keep innovating and developing solutions which help them achieve their aspirations. And increasingly those aspirations are also about how these products can help them contribute to a more sustainable society and world, as well as investing in well governed entities."

Campbell Fleming,  
Global Head of Distribution

[Watch the full video here](#)

# Our social impact



Stephanie Leggett, Head of Sustainability Strategy and Reporting

“We have an amazing capacity through sharing our knowledge, skills and funding to have a big positive impact on society. Our programmes are designed to make a targeted and measurable long-term difference.”

## Get Hired

Get Hired is a programme run by The Prince’s Trust that we support nationally. Drawing on our experience and insight, we helped set up the programme in 2014 offering paid placements for young people to work for small business enterprises. The aim is to give promising, but disadvantaged, young people their first experience of working life, and to show business owners the value and experience that young people can bring. Initially launched in London, it has now been rolled out nationally.

The Get Hired events bring local businesses together with young people to support them into employment in a ‘speed dating’ style setting. The events bridge the gap between businesses looking for a low-cost, time efficient recruitment process and young people who are ready to move into work, but struggling to access the right opportunities.

Each session involves an initial facilitated workshop where the young people practice interview techniques and are provided with helpful feedback to prepare them for meeting with employers for real-life interviews in the afternoon. Businesses then deliver 60-second pitches to promote their opportunities to the young people to attract the candidates.

In 2018, 1068 young people attended one of the Get Hired events. 462 of those young people made a positive change through skills development, securing further placements on programmes or volunteer opportunities and 379 were placed in to jobs. 40 of our employees volunteered at the events in London and Edinburgh.

## Kickstart Money

Research by the Money Advice Service and the UK Financial Capability Strategy shows that a significant proportion of the UK population have never received financial education and lack the skills and knowledge to effectively manage their money. To help increase the financial capability of a generation, we joined with a number of other savings and investment firms to back an initiative called KickStart Money. This collaborative project aims to deliver financial education to over 18,000 primary school children across the UK, helping to create a national savings culture.

The Money Advice Service launched a report in 2018 on the effectiveness of Kickstart. They found the programme is making a long-term positive difference - three months after attending the programme, 70% of pupils were working towards a saving goal.

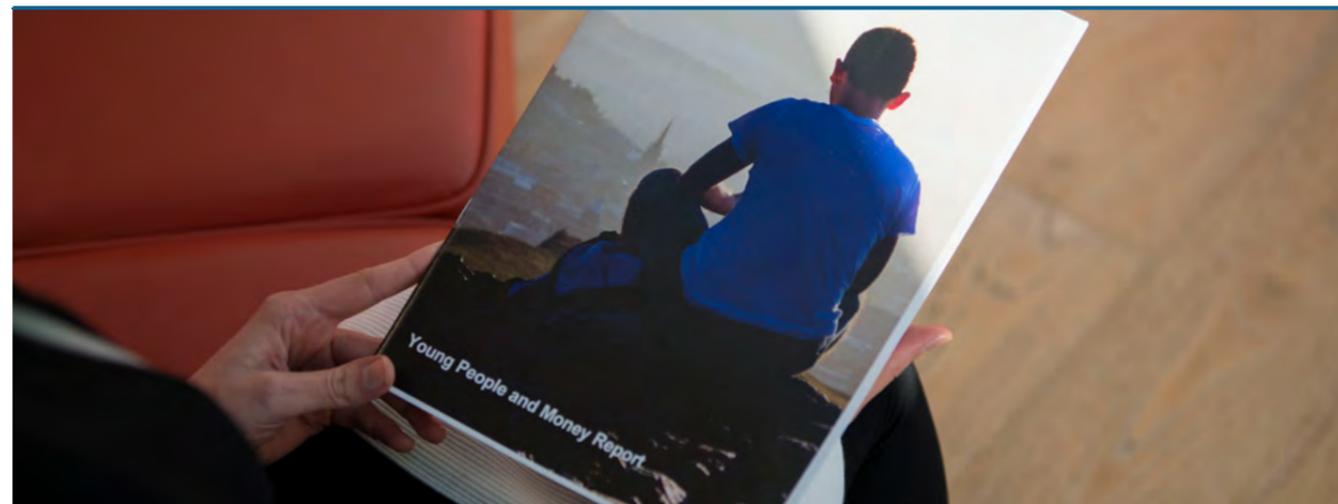


## Emerging market charity partners

As a global investment company, we want to support positive social progress in regions around the world. One way we achieve this is by developing partnerships with charities tackling the educational needs of disadvantaged young people in emerging market countries.

Each year, our employees vote to invest in a different emerging market charity project, typically over a three year period. We partner with charities that deliver real change on the ground through long-term investments and involvement of the local community, to deliver lasting impact. As part of the partnerships, a group of our employees are encouraged to get involved in supporting each of the projects, building our insight and generating additional money and resources to support the projects.

Current partners include Karen Hilltribes Trust in Thailand, AbleChildAfrica, Hope for Children, and buildOn.



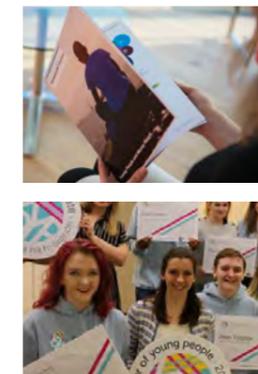
## Year of Young People in Scotland

The Year of Young People (YOYP) 2018 was a platform for all Scotland’s young people that gave them a strong voice on issues which affect their lives, showcased their ideas and talents and ultimately aimed to challenge status quo and create a more positive perception in society.

With our strong focus on removing barriers that young people face to employment and helping them achieving their aspirations, we wanted to lend our support to this important initiative and amplify the voice and influence of young people in society. In collaboration with Young Scot and Youth Scotland, we supported the special YOYP participation certificate by covering the printing, delivering and administration, while the two youth organisations managed the applications. Around 11,500 certificates were delivered to young people who had volunteered or helped to deliver any of the hundreds of events, projects and activities linked to YOYP.

We also provided funding to two Scottish based charities, The Youth & Philanthropy Initiative (YPI Scotland) and The Conservation Volunteers (TCV). YPI empowers young people to make a difference in their local communities – each school taking part has a team which is responsible for directing a grant to a charity addressing a social issue that they are passionate about. We have committed to supporting its efforts within 19 Edinburgh schools over three years. TCV offers a wide range of environmental activities for young people to help protect and enhance local greenspaces and biodiversity whilst learning new skills, getting fitter, engaging with the environment and meeting other like-minded people. Our funding helped to deliver three of their programmes.

We also launched a report – Young People and Money – in collaboration with Young Scot and The Prince’s Trust, which hears directly from young people about their spending, saving and borrowing habits, and their hopes and fears for their financial futures.



## At a glance

✓ Total charitable giving in 2018

£3.2m

✓ Total volunteering hours in 2018

15,118 hours

# Our pledges

## It starts with us

01

We will procure 100% renewable electricity at the offices we operate across the globe by 2020

02

We will remove all single-use plastics from our offices by 2020

03

We will develop new 2030 Greenhouse Gas reduction targets and climate change strategy in 2019

04

We will develop a 2030 social mobility action plan and targets in 2019

05

33% of our Board and 33% of our executive population will be female by 2020

06

We will continue to publish annual action plans for gender balance and ethnicity

## Investing with purpose

07

We will publish policies setting out our approach to integrating ESG issues into each asset class over 2019

08

We will continue to focus on transparency - publishing quarterly updates on our ESG engagements with investee companies and details of all our shareholder votes

09

All the real estate Aberdeen Standard Investments manages in the UK will be powered by 100% renewable electricity by 2020, and we will increase the amount of renewable electricity procured globally

## Unlocking solutions

10

Through technological solutions we will open up advice and guidance to more people, increasing availability in the market and making financial wellbeing more inclusive

11

We will carry out impact analysis on our community investment programmes to further understand the areas that we can focus on for greatest positive impact

12

Our strategy will make our Airport Industrial Property unit trust (AIPUT) real estate fund carbon neutral by 2025

# Recognition



Better Society Awards

At the 2018 Better Society Awards, we received the Financial Services Company of the Year Award. The judges noted that we were a strong all-rounder demonstrating responsible investment practices, innovation, employment programmes, charity partnerships and involvement right around the business in fundraising and volunteering.



DJSI

For the 8th year in a row we have been recognised as a member of the Dow Jones Sustainability Index. Our listing places us within the top 5% of leading sustainable companies in our sector.



FTSE4Good

We've been ranked in the top 1% of our peers as part of the FTSE4Good index.



# Non-financial data

## People

Measure	Unit	2018	2017	Definition
Number of employees	number	6,192	9,931	Total global number of employees
Employee training cost	£m	6.9	7.1	External spend on employee training
Employee training hours	hours	22.3	26.4	Average number of hours employees participated in training
Employees in pension scheme	%	95	97	Percentage of employees in the company pension scheme, data covers FTE in the UK which accounts for 78% of our workforce
Employee share ownership	%	57	55	Percentage of employees on our payroll who are contributing to one of our employee share options
Employee turnover	%	12	12	Number of employees that left the company within the past year as a percentage of the total number of employees
Voluntary turnover	%	7	8	Number of employees that left the company voluntarily within the past year as a percentage of the total number of employees
Involuntary turnover	%	6	4	Number of employees that left the company involuntarily within the past year as a percentage of the total number of employees
Contractor FTE versus employee FTE	%	14	13	Number of contractors as a percentage of total number of employees
Community spending	£m	3.2	3.2	Total contribution including cash, time, in-kind giving, pro bono contribution of service and management costs
Paid volunteer time	hours	15,118	16,037	Total number of hours employees have logged as paid volunteer time
Employees represented by a staff association, representative or union	%	79	84	The number of employees that belong to staff associations, have staff representatives or unions as a percentage of the total number of employees
Employee average age	years	41	40	Average age of employees
Women in workforce	%	45	47	Women employed at the company as a percentage of the total number of employees
Women in executive population	%	34	27	Women employed at the company one and two reporting levels below the CEO as a percentage of the total number of employees. Administration assistants are excluded.
Women on board	%	25	25	Percentage of women on the Board of Directors
Minorities in our workforce	%	11	8	Percentage of the total number of UK employees who do not identify as White British/English/Scottish/Welsh/Northern Irish
Disabled people in our workforce	%	5	4	Percentage of the total number of UK employees who identify as disabled
Employee parents returning to work	%	92	98	Percentage of the total number of UK employees who have returned to work following maternity, paternity or shared parental leave
Men taking shared parental leave	%	16	n/a	Percentage of the total number of men taking birth leave that choose to take shared parental leave (UK only)
Full time to part time FTE	%	90	88	Percentage of employees who are full time
Part time female/male	%	90	91	Percentage of part time workforce that is female
Workforce accidents - employees	number	39	34	Number of accidents at the company resulting in harm to employees (This number includes accidents resulting in harm to transferred employees for the 8 months prior to the sale on 31 August 2018).
Fatalities	number	0	0	Number of contractor and employee fatalities

## Environment

Measure	Unit	2018	2017	Definition
Scope 1	tonnes CO2e	2,667	3,518	Scope 1 GHG emissions from natural gas, fluorinated gases (f-Gas), fleet and diesel
Scope 2 - Location based	tonnes CO2e	7,069	14,717	Scope 2 GHG emissions from purchased electricity
Scope 2 - Market based	tonnes CO2e	4,376	8,694	Scope 2 GHG emissions from purchased electricity
Scope 3 - Location based	tonnes CO2e	22,482	17,543	Scope 3 indirect GHG emissions from business air travel, electricity transmission and distribution losses, and electricity consumption by a third party data centre
Scope 3 - Market based	tonnes CO2e	22,106	17,118	Scope 3 indirect GHG emissions from business air travel, electricity transmission and distribution losses, and electricity consumption by a third party data centre
Total GHG emissions	tonnes co2e	32,218	35,778	Total GHG emissions
Total GHG emissions per FTE (location based)	tonnes CO2e/FTE	5.2	2.89	Total GHG emissions per FTE for the continuing business.
Total GHG emission (Scope 1 and 2 only) per £m of total income from continuing operations	tonnes CO2e/£m	4.60	8.42*	Gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue
Total energy consumption	MWh	35,017	57,115	Total energy consumption
Electricity used	MWh	23,440	42,103	Total electricity consumption
Natural gas used	MWh	10,109	15,012	Total natural gas consumption
Electricity used under a green/ renewable tariff	MWh	15,856	31,541	Total renewable electricity

## Responsible business

Measure	Unit	2018	2017	Definition
DJSI (Robecosam) Score	%	96	96	Percentile ranking
FTSE4Good score	%	100	97	Percentile ranking
Number of suppliers signed up to the supplier code of conduct	number	844	410	Number of suppliers signed up to our Supplier code of conduct through our procurement system
Bribery and corruption breaches	number	0	0	Number of bribery and corruption breaches
Whistleblowing calls	number	15	9	Whistleblowing notifications which resulted in investigation
Compliance with code of conduct	%	95	n/a	Percentage of employees who have agreed to comply with code of conduct
AUM in SRI / client driven / sustainably driven funds	£bn	15	11.4	Assets under management in funds which fulfil specific ethical, values based, thematic, impact or SRI type requirements

\* Restated figure due to the sale of our insurance business

All figures have been calculated as at 31 December 2018 (unless otherwise indicated). This document has been published by Standard Life Aberdeen plc for information only. It is based on our understanding as at March 2019 and does not provide financial or legal advice.

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