

Sustainability and TCFD report 2023

abrdn plc



[abrdn.com](https://www.abrdn.com)



Our update on our sustainability strategy, actions and performance.

Against a challenging backdrop, we continue to work to deliver our purpose to enable our clients to be better investors.

Our reporting suite

This report forms part of our reporting suite.



Annual report and accounts

Includes our strategic report, financial highlights and consolidated accounts.



Stewardship report

Sets out our application of the 12 principles of the UK Stewardship Code as investors.



Modern slavery statement

Our disclosure in line with the UK Modern Slavery Act, detailing our work to mitigate related risks.

The purpose of this report is to provide 2023 sustainability-related disclosure for abrdrn plc. There is particular emphasis on climate-related matters, diversity, equity, and inclusion, and other common areas of focus for our industry.

This document is published on our website. Access to the website is available outside the UK, where common practice may be different.

abrdrn is subject to mandatory sustainability disclosure requirements in the UK and other jurisdictions, alongside increasing stakeholder expectations relating to voluntary, or emergent, disclosure standards.

This report provides additional information to the non-financial disclosures provided in our Annual report and accounts. In particular, to requirements relating to the Task Force on Climate-Related Financial Disclosures (TCFD), as required by FCA LR 9.8.6R (8). We believe this reflects the expectation of our stakeholders and reflects common market practice. The information should, however, be read in conjunction with our reporting suite and not as the primary mechanism to meet a specific disclosure obligation.

The disclosure landscape for sustainability-related information has yet to settle and we expect that the nature of this report will evolve over time.

The information in this document should not be taken as applicable to a particular product or investment strategy, and rather as indicative of our wider approach as abrdrn plc.

[^] Selected information subject to Independent Limited Assurance in accordance with ISAE(UK)3000 and ISAE3410 by KPMG. Assurance statement included on pages 107-109 of this report.

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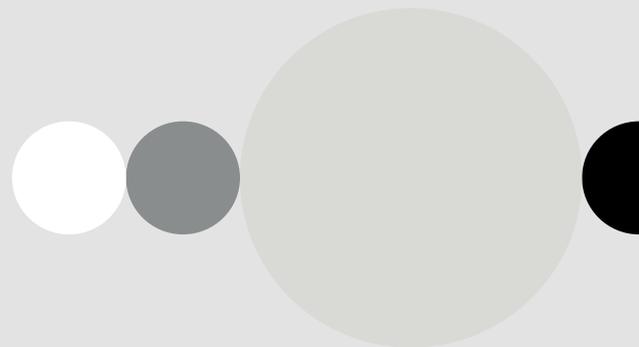
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abrdn is a modern investment company that helps clients and customers plan, save and invest for the future

Specialist asset management



Investments

Our capabilities in our Investments business are built on the strength of our insight – generated from wide-ranging research, worldwide investment expertise and local market knowledge.

Our clients:

- Insurance companies
- Sovereign wealth funds
- Independent wealth managers
- Pension funds
- Platforms
- Banks
- Family offices

Adjusted operating profit

£50m

AUM

£366.7bn

Cost/income ratio

94%

UK savings and wealth platforms



Adviser

Our Adviser business, the UK's second largest advised platform by AUA, provides financial planning solutions and technology for UK financial advisers which enables them to create value for their businesses and their clients.

Our clients:

- Financial advisers
- Discretionary fund managers

Adjusted operating profit

£118m

AUMA

£73.5bn

Cost/income ratio

47%



interactive investor (ii)

Powered by the UK's second-largest direct-to-consumer investment platform, our interactive investor business enables individuals in the UK to plan, save and invest in the way that works for them.

Our clients:

- Individuals

Adjusted operating profit

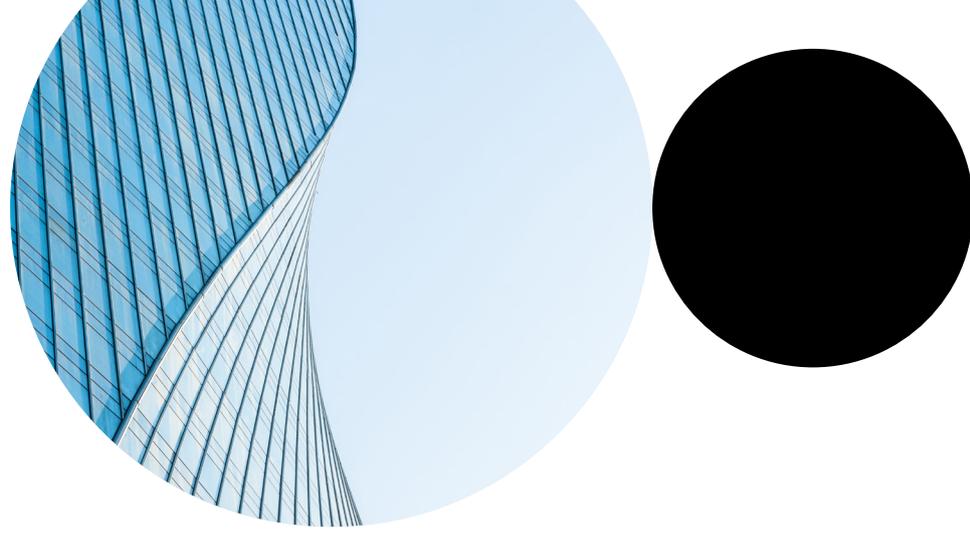
£114m

AUMA

£66.0bn

Cost/income ratio

60%



Our purpose

To enable our clients to be better investors

What sets us apart

A diversified business supporting clients at all financial stages



Shaped by our cultural commitments



We put the client first



We are empowered



We are ambitious



We are transparent

Chief Executive Officer's review



When we set our strategy to reshape the business back in 2021, not many would have foreseen the level of global economic and geopolitical turmoil we have experienced since. During this time, we have reshaped our business; moving away from a traditional asset management model to build a stronger abrdn with more ways to win. We always look ahead as investors and we have identified a number of megatrends that are set to shape the global economy and our investment approach: growth in emerging markets, urbanisation and infrastructure development, climate change and the energy transition, and health and biotech. We also have the platforms to better enable the democratisation of finance in the UK savings and wealth market. However, alongside these opportunities our society is also facing a range of potentially critical issues. Most notably, the world is not on track to deliver on its climate commitments. Additionally, there remains tremendous global inequality, and a retirement income crisis is brewing for millions in the coming decades. We cannot solve these challenges at abrdn alone, but we can absolutely play our part in mitigating them. We will do this by delivering on our purpose – enabling our clients and customers to be better investors. The pace of economic, political, and technological change is relentless and will undoubtedly create challenges as well as opportunities, but we are deeply committed to our clients and have a huge will to create sustainable value together.

Taking stock on climate

The first UN Global Stock Take, and the outcomes of COP28, emphasised again that the world is not on track to meet the objectives of the Paris Agreement. We were on the ground in Dubai and see reasons for optimism but taking stock is not enough. We need decisive action from policymakers in the form of the right incentives to enable the energy transition. We are on track for our own climate commitments and sustainable investing continues to be a strategic area of focus for abrdn. Nonetheless, there are real challenges ahead and we cannot address them alone.

We plan to publish our first Climate Transition Plan in 2024 as the foundation for the next phase of our approach. We see this as the summation of our first phase of work on climate, with much more to come as we look ahead to our target dates and beyond.

Transformation with our colleagues

We are focused on building a culture where our colleagues can thrive, develop their careers and be themselves at work. In 2023 we made some hard choices to create a stronger and more resilient abrdn. We have made great strides in embedding our culture commitments (pages 51-52), which we set out to redefine in 2022. We have targets to increase representation across our business, supported by action plans for gender, ethnicity, and social mobility. In 2023 we recorded a sixth successive year of UK gender pay gap reductions, and despite challenges faced, a slight uptick in overall colleague engagement. Neither of these measures are where we need them to be but conditions for success are in place. It has not been an easy year for many of us, but we remain unequivocally committed to our colleagues and creating a business that we can all be proud of.

Supporting tomorrow's generation

Individuals are increasingly having to take greater responsibility for their own financial futures, but ii's Great British Retirement survey found only 16% of respondents stating that they had received a financial education. This is a staggering gap and is something we are determined to play our part in countering. We do this through charitable partnerships with organisations such as MyBnk, supporting the delivery of financial education programmes to young people. Looking ahead, you can also expect us to become more vocal on the urgent need to foster a culture of saving and investing in the UK.

The next phase of our progress

In 2023 we reaffirmed our commitment to the principles of the UN Global Compact and the Sustainable Development Goals, with our 10-year anniversary as signatories. This was a timely reminder that sustainability is not a box to be ticked, it is a way of thinking and doing. We have been taking it seriously for a long time, but we have also been subject to our fair share of scrutiny. We accept this, and acknowledge that we must continue to challenge ourselves, as well as our key stakeholders. We are determined to play our part in creating sustainable value, with transparency underpinning our actions. We remain strong advocates for quality disclosure, which we aim to put into practice in this report.

Stephen Bird
Chief Executive Officer

Sustainability overview

Supporting our clients, our people, and a credible transition toward a better world.

Our focus:

Environment
Climate and nature impact

Social
People and opportunities

Governance
Trust and transparency

Investments

41%

In-scope public market portfolio carbon intensity reduction versus 2019 baseline (2022: 27%)

25%

In-scope real-estate portfolio carbon intensity reduction versus 2019 baseline (2021: 7% increase)

Operations

69%

Operational emissions reduction versus 2018 baseline (2022: 70%)

Our people

54%

Employee engagement level (2022: 50%)

43%

Female representation across global workforce (2022: 43%)

Our communities

£2.1m

Contribution to charitable causes (2022: £2.4m)

Our conduct

99%

Mandatory training completed (2022: 99%)

External rating

AA

MSCI ESG Rating (2022: AAA)



Materiality:

Approach and assessment

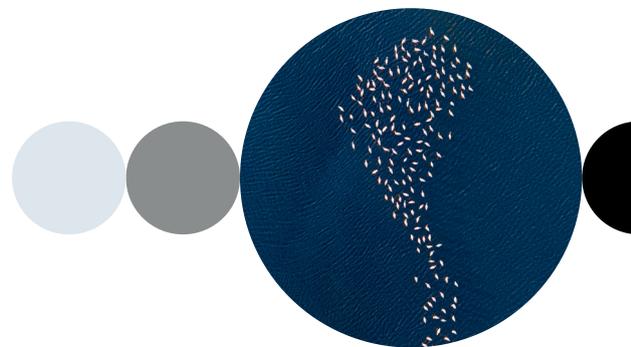


Disclosure approach

This section provides an overview of our identified material sustainability topics as abrdn plc. We perform periodic materiality assessments to inform our sustainability approach and strategy, with outputs intended to illustrate the expected likelihood and significance of potential impacts from sustainability topics. Our most recent assessment was completed in early 2023 and originally published in our 2022 Sustainability and TCFD report. The inclusion of the assessment in this report is intended to frame and contextualise the disclosure that follows, but we have not meaningfully altered our conclusions in the interim period, and this should not be interpreted as a distinct assessment.

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Assessment process



What is a double materiality assessment?

Sustainability materiality assessments consider the relative significance of topics to a business. Topics are assessed in view of potentials impacts, risks, and opportunities, with either financial applicability to the business, or outward potential for impact on the economy, people, and the environment.

Materiality assessments consider stakeholder perspectives on the activities and relationships of a business, within the bespoke context of its industry and operating environment. These inputs are then assessed to inform the prioritisation of sustainability topics and strategies, with outputs often presented with an illustrative matrix.

The value of a double materiality assessment is that it considers both financial materiality and impact materiality, with assessed impacts, risks, and opportunities not limited to those with objective ties to financial performance.

Understanding our approach

Following a transparent process

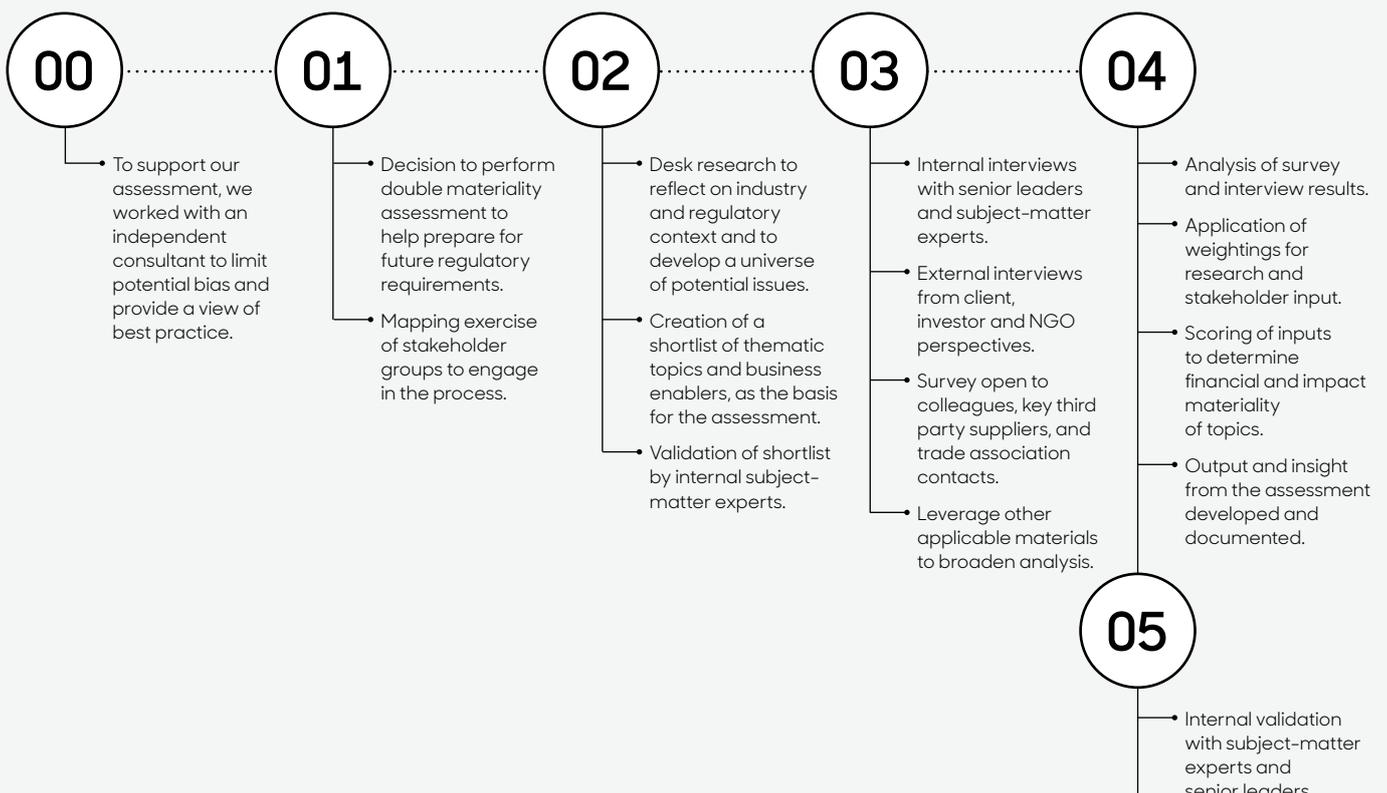
There is no widely accepted standard for double materiality assessments. The concept is now recognised in regulation but is yet to be fully cemented in practice. We accept that our approach will likely need to evolve in the long term and choose to disclose our approach and methodology to provide transparency on the steps we followed.

Limitations to the assessment

One of the primary challenges of double materiality assessments is that quality inputs are required from a variety of stakeholders to shape a credible output. We made efforts to capture key stakeholder views but the voluntary nature of engagement, and resource constraints, are limiting factors. As we perform similar exercises in future, we will carry forward key learnings to refine our approach over time.

Illustrating our assessment process

Phases and milestones to enable our double materiality assessment:



Our material sustainability topics

Our latest assessment

Background to our double materiality review

We completed our double materiality assessment in early 2023 and this reflects our understanding of material sustainability topics for our business. Our belief is that considering both financial materiality and impact materiality is important as global investors, as we consider the ability of topics to alter the enterprise value of a business, or influence investment decision-making, alongside the wider potential for impacts on the economy, environment, and communities. Our previous sustainability materiality assessment was conducted in 2019 with the intervening period subject to radical global changes and transformation for our business. In relative terms, 2023 has been a year of stability, and our view of material sustainability topics for our business remains consistent with the outputs from our latest materiality assessment.

Areas of focus

We have used the outputs of our materiality review to refine our corporate sustainability strategy. This report includes disclosure relating to all our material areas of focus, and signposts to our wider reporting suite where additional information can be found. Our impacts, risks, and opportunities manifest differently across our value chain due to the nature of our business as global investors. This assessment should therefore not be interpreted as a static, or absolute view, rather as basis of how we prioritise sustainability topics as components of our strategy.

Understanding the output and priority level

All topics are material and will be important components of our evolving sustainability strategy. We have grouped the topics across three priority levels to illustrate areas of focus.

Level 1

Topics considered to pose the greatest relevance to our ability to create value and/or reflect highest outward impacts on society and the environment.

Level 2

Topics considered very significant and requiring active management as components of our sustainability strategy.

Level 3

Topics considered important but with relatively less significance, versus other identified topics.

Level 1

- Climate change
- Ethical conduct and financial practices
- Human and labour rights
- Cyber security and data privacy

Level 2

- Diversity, equity, and inclusion
- Financial inclusion and access to services
- Community support and development
- Biodiversity and natural capital
- Education, opportunity, and talent development

Level 3

- Health, safety, and well-being
- Waste, consumption, and circularity

- Topic of emerging importance versus previous assessment.
- Topic identified as of high importance to stakeholders.

Note that we have simplified the visualisation of material topics versus disclosure in our 2022 Sustainability and TCFD report. This does not reflect a change to basis of our materiality assessment but is intended to improve accessibility and interpretation. The original disclosure remains available in the previous report, which is on our website. Note also a correction on 04 March 2024 to address a visual error, with the two topics under Level 3 no longer highlighted as topics of emerging importance, versus the original publication on 27 February 2024. No change to the underlying assessment.



Environment:

Climate and natural impact



Disclosure approach

The information in this section is intended to summarise our approach to identifying, assessing, and managing our environmental impacts as abrdn plc. We are supportive of the TCFD framework and provide disclosure that follows those recommendations. Our business is also subject to mandatory climate-related reporting requirements, which means that we provide disclosure in other reports, such as our Annual report and accounts, and as standalone entity and product disclosures. This is in addition to publishing a variety of research and other information on our websites, and other forms of media. It is therefore important to understand the purpose of the information in this document, as it relates to our other environmental disclosures. The information in this document is intended specifically to complement the mandatory climate-related disclosure we make in the Annual report and accounts of abrdn plc, with additional information for users particularly interested in environmental matters. The information reflects the latest available as of 31 December 2023, and signposts to other information where relevant to specific topics. The disclosure should not be taken as applicable to a specific product, or investment strategy, and should rather be considered indicative of our wider approach as abrdn.

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2023 in review

"By supporting our clients to meet their climate objectives and operating responsibly, we aim to deliver outcomes that contribute to a better world. This year, we are pleased to report that we are on track to meet our climate targets, though we know there remains much work to do to deliver on our ambitions".

Sarah Moody
Chief Corporate Affairs and Investor Relations Officer



Progress against targets

Decarbonisation of investments and operations:



Investments

41%

In-scope public markets portfolio carbon intensity reduction versus 2019 baseline (2022: 27%)

25%

In-scope direct real estate portfolio carbon intensity reduction versus 2019 baseline (2021: 7% increase)

Operations

69%

Operational emissions reduction versus 2018 baseline (2022: 70%)

External recognition

Awards and acknowledgements:



Investments

Winner of Net Zero award from the Scottish Financial Enterprise for our research papers identifying climate transition leaders.

TCFD overview



Disclosure against the TCFD framework

This page is provided as a summary reference to support the identification of TCFD-aligned disclosure in this report. The information below is a summary only and should be read in conjunction with the referenced disclosures.



The Board's role in oversight of risks and opportunities	Identified climate-related risks and opportunities	Identifying climate-related risks and opportunities	Metrics used to assess climate-related risks and opportunities
The Board retain oversight of material climate matters as relates to the implementation of our business model and strategy.	Our business is predominantly exposed to climate transition risk, and opportunity, as markets, policy, and regulations begin alignment to a lower carbon world.	Our identification of climate-related risks and opportunities is led by our first line sustainability teams, which are embedded across the business.	We measure emissions related to our operations and investments. We also take a forward-looking view using tools such as scenario analysis.
More on page 14	More from page 19	More on page 27	More from page 35

Management's role in assessment of risks and opportunities	Impact of climate-related risks and opportunities	Management of climate-related risks and opportunities	Emissions from operational and investments activity
Our Chief Executive Officer delegates authority from the Board to our Executive Leadership team, and in turn to our climate working groups, to support the assessment of climate-related risks and opportunities.	Our business has developed tools and capabilities to manage and monitor climate-related risks and opportunities through investments in tools, projects, and sustainability specialists.	We have developed tools which inform our active investment processes and carry out targeted engagement activities, in addition to the sustainability specialists embedded across our business.	Our reported operational emissions in 2023 are 9,919 tCO _{2e} . We also report that in-scope public market portfolios achieved a 41% carbon intensity reduction versus a 2019 baseline, with in-scope real estate also achieving a 25% reduction. ^{1,2}
More on page 15	More on pages 20-21	More from page 28	More on pages 36 and 42

Resilience of our strategy to climate scenarios	Integrating climate-related risks and opportunities	Our climate targets and progress
Our climate scenario analysis platform informs our investment processes and understanding of portfolio resilience. We also use stress testing to explore conceivable impacts to the abrdn Group.	Climate-related risk is included within our Enterprise Risk Management Framework. We operate 'three lines of defence' in the management of risk with defined roles and responsibilities.	We are targeting a 50% reduction in the carbon intensity of in-scope portfolios by 2030 versus a 2019 baseline, and a 50% absolute reduction in reported operational emissions by 2025 versus a 2018 baseline.
More on pages 22-26 and page 19	More from page 27	More on pages 35-37 and pages 41-44

1. Noted carbon intensity reduction for public markets is based on Weighted Average Carbon Intensity (WACI).
 2. Noted carbon intensity reduction for investment real estate is based on Scope 1 and 2 emissions normalised by floor area (m²).

Governance



The Board's role in oversight of climate-related risks and opportunities

Our governance framework

abrdn plc operates using a governance framework aligned to the principles of the UK Corporate Governance Code (2018). Our Board of Directors oversees the implementation of the company business model and activities of our three businesses: Investments, Adviser, and ii. This includes oversight of material climate matters as relates to the implementation of our business model and strategy.

Our Chief Executive Officer

Our Chief Executive Officer serves as the climate sponsor for the business and bears delegated responsibility from the Board for oversight of climate-related risks and opportunities.

Our Chief Financial Officer

Our Chief Financial Officer is incentivised through our executive remuneration policy, alongside our Chief Executive Officer, to achieve sustained performance against our public targets.

Our Board and Committees

The Board and Committees provide specific oversight in relation to material business activities and challenge management on matters, which includes climate-related risks and opportunities. Examples of this oversight are outlined on this page, with a focus during 2023 on non-financial disclosure requirements and approach.

Q

Case study

Sustainable investing as a strategic priority

In 2023 the Board reaffirmed a continued focus on sustainable investing as part of a periodic strategic review. The Directors believe that enabling sustainable investment options for our clients and customers is an important opportunity for the business, alongside our other strategic priorities, which include Asia, Alternatives, and UK Savings and Wealth. More information in our Annual report and accounts.

Illustrating Board oversight in 2023

Timeline of engagement:



- Board
- Audit Committee
- Remuneration Committee

Governance



Management’s role in the assessment of climate-related risks and opportunities

Information flow to enable oversight

Our Chief Executive Officer delegates authority from the Board to our Executive Leadership Team, and in turn to our climate working groups, to support the assessment of climate-related risks and opportunities and to provide related recommendations.

Climate change working groups

Our Head of Sustainability Insights & Climate Strategy and Head of Corporate Environment Strategy chair two climate-related working groups, which are key to our climate governance structure and consist of subject matter experts from across the business.

The groups meet to review and discuss material climate risks and opportunities and shape strategic approaches to climate change. These groups are key forums for identifying matters to be escalated through the Executive Leadership Team and to the Board for consideration.

In 2023, we also established a Climate Transition Plan Steering Group and supporting taskforces to prepare for the publication of our first Transition Plan. These forums supported engagement across the business beyond our existing working group activities.

Incentivising progress

Executive remuneration

Our Executive Directors Remuneration policy is set by our Remuneration Committee and agreed at our Annual General Meeting. The award for variable bonus considers non-financial measures, including performance against our climate change targets, alongside progress on climate focused solutions and client engagement. Climate-related performance makes up 5% of the overall scorecard. The Remuneration Committee received periodic updates from the business and independently review performance. The policy is applicable to both our Chief Executive Officer and Chief Financial Officer. More information is available in our Annual report and accounts.

Management remuneration

All colleagues across abrdn set annual objectives, which are assessed through an annual performance review process. Specific individuals with a climate-related focus are therefore incentivised to manage climate risks and opportunities as a core component of the role.

Investments Climate Change Strategy Group

Our Climate Change Strategy Group is the management forum for climate-related risks and opportunities in the Investments business. The group is responsible for setting strategy and escalating material issues through our wider governance framework. The group meets quarterly and is chaired by our Head of Sustainability Insights & Climate Strategy. The group receives more technical climate insights for consideration and decision-making from the Technical Climate Working Group.

Operational Net Zero Pathway Working Group

Our Operational Net Zero Pathway Working Group is chaired by our Head of Corporate Environment Strategy and leads the delivery of our operational emissions reduction objectives. The group meets monthly to agree priorities on focus areas such as travel, waste, and facilities management. In 2023 an important focus for the group was the implementation of a revised travel policy, and improvements to the collection and collation of emissions data inputs.

Climate Transition Plan Steering Group

This group was established in 2023 to support the development of the Group Climate Transition Plan. The Steering Group supports the strategic direction of the Climate Transition Plan and is the management forum for decision-making and discussion. The group includes cross-functional representatives from across our businesses, with our Head of Corporate Sustainability acting as chair. Important decisions for the group included the agreement of guiding principles for the Climate Transition Plan, and timelines for publication.

Strategy



Within our Investments business, we are committed to enable clients to achieve their climate goals and to contribute to real-world decarbonisation.

We do this using three pillars of action:

Decarbonisation

We are committed to tracking and reducing the carbon intensity of our in-scope portfolios. Find out more from page 35.

Providing solutions

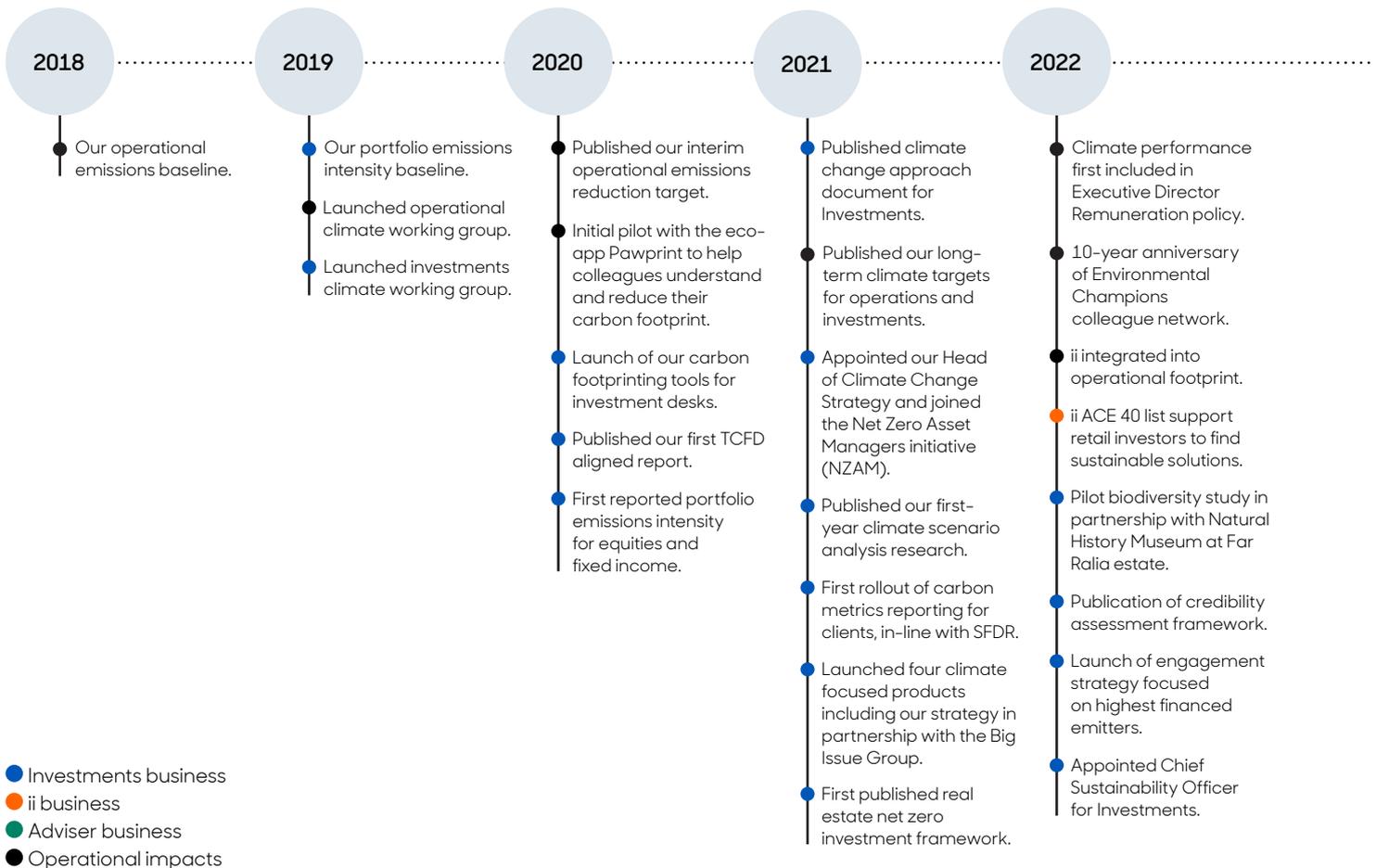
We develop investment solutions and engage with clients to support their climate objectives. Find out more on page 34.

Active ownership

We engage with our highest financed emitters and seek transparency against transition milestones. Find out more on pages 31-33.

Delivering our climate strategy

Our areas of progress and key milestones



Strategy



Our direct real estate investment blueprint supports our objective to decarbonise assets and funds toward net zero.
Find out more on page 39.

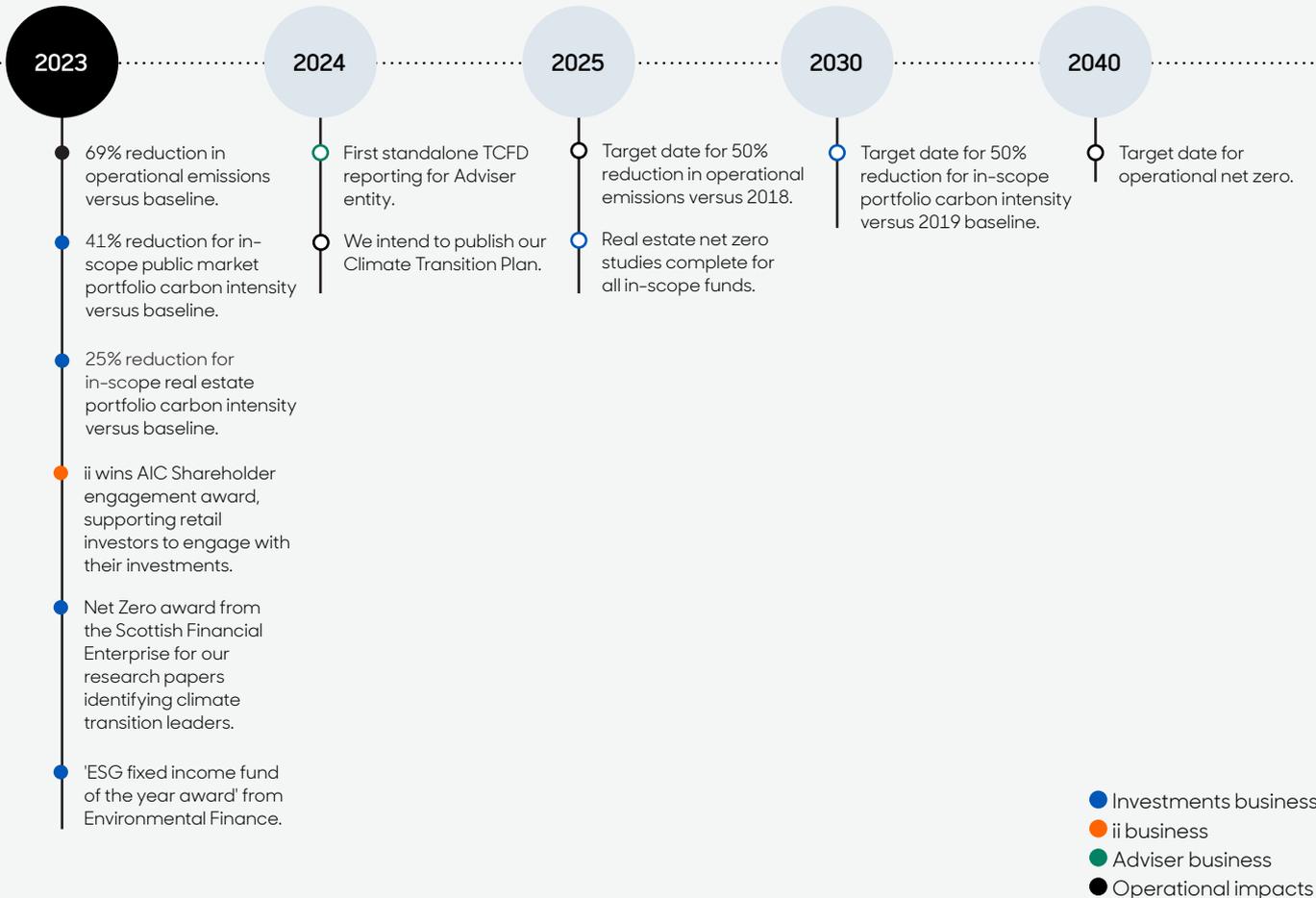
ii provides the tools and content to enable investors to navigate sustainable investing solutions and invest in a way that aligns with their objectives.
Find out more on page 30.

Our operational emissions objective is to minimise our climate impact through absolute emissions reductions and efficiencies.
Find out more from page 41.

Our Adviser platform supports advisers to achieve more for their clients, including access to sustainable investment options.
Find out more on our website.

Delivering our climate strategy

Our areas of progress and key milestones



Strategy



Focus on public markets

Our investment approach

In 2021 abrdn joined the Net Zero Asset Managers initiative (NZAM) and we developed our investment approach. Our strategy is designed to enable clients to achieve their climate goals and support real-world decarbonisation. We seek to achieve this goal through actions including research, investment solutions and active ownership to influence corporates and policy makers. The aim of our strategy is to provide quality data and insights on climate-related trends, risks and opportunities that enhance our investment decision-making. Research and data form the foundation of how we integrate climate change into our processes, solutions and engagements. Our research papers provide valuable insights across specific areas of focus. We are also vocal about the need for stronger climate policy and actions required to enable capital allocation to support a move to net zero.

Investment integration

We aim to build upon and enhance the data and tools we use to enable investment decision-making when considering climate change. Find out more on page 28.

Research and data

We undertake rigorous, forward-looking research related to climate change impacts, including a net zero 2050 transition. Find out more on our website.

Client solutions

We look to understand our clients' expectations and develop investment solutions that can enable our clients to achieve their climate goals. Find out more on page 34.

Active ownership

We actively engage on climate-related issues and reflect our views in voting decisions. Find out more about our engagement programme on pages 31-33.

Disclosure

We are committed to transparency through reporting and disclosure through this report, and the other regulatory and client reporting we produce.

Collaboration and influence

We collaborate with relevant industry associations and initiatives, engaging with peers and policy makers to stimulate improvements and best practice.

Research and insights

Further reading available on our website.

Scenario analysis

Our standalone papers on climate scenario analysis. Summary detail is also provided on pages 22-26.

- Our year - 1 research
- Our year - 2 research
- Our year - 3 research
- The energy transition in APAC and security selection
- Developed-market sovereign bonds

Carbon metrics

Our work to understand the benefits and challenges of carbon metrics. More on pages 37-38.

- Why the choice of carbon metrics matters
- Measuring portfolio alignment
- Designing climate benchmarks

Energy transition

Our research on the implications of the energy transition for people and regions.

- Just transition white paper
- Identifying credible transition leaders in APAC



Case study

COP28: Policies shape investment risks & opportunities

Policy makers play a key role in setting incentives for businesses and investors to make low carbon activities financially attractive across a variety of sectors and regions. However, current pledges and policies fall short of achieving the goals of the Paris Agreement. This is why we were actively involved at COP28 and vocal about the gaps that needed to be addressed – the ambition, credibility, adaptation and justice gaps.

Risks and opportunities



Overview of climate risks and opportunities

Our business is predominantly exposed to climate transition risk, and opportunity, as markets, policy, and reputations begin alignment to a lower carbon world. We are alert to this and have developed mitigation strategies for each of our identified risks. We are aware that there will be opportunities for our business to provide solutions for our clients which leverage on the transition to a decarbonising economy. Our assessment of climate-related risks and opportunities for the Group continues to be reflected through our climate risk and opportunity radar, with identified risks noted on page 20, and opportunities noted on page 21.

Risks related to enhanced reporting regulations

The regulatory landscape for sustainability reporting continues to move at pace. Due to the global nature of our business, we are exposed to an array of emergent reporting standards, and there is a risk of inadvertent non-compliance, alongside costs to resource and report the required disclosure. Our first- and second-line teams continue to monitor the regulatory landscape and we are alert to the implication of frameworks such as ISSB and CSRD. We have historically been an early adopter of sustainability reporting frameworks, such as TCFD, so believe we have a strong foundation to achieve implementation. Nevertheless, there is a risk that we inadvertently fail to meet the expectations of our stakeholders, with potential costs and reputational impacts as the consequence.

Testing Group resilience

Climate change is considered amongst our principal risks and uncertainties but is not defined as a principal risk due to its close association with other risk categories. In other words, we view climate risk to be material, but it is better perceived through financial or regulatory and legal risk categories at enterprise level.

With this view, one way we can consider the resilience of our strategy to climate-related risks is by exploring what shocks to financial markets could mean to our viability. Our Group stress testing and scenario analysis programme explores this in the context of our business planning time horizon, which our Directors determine as three years. This reflects the timescale by which changes to major regulation and the external landscape for abrdn typically take place.

Our sustainable investing opportunity

Our assessment is that the transition to a lower carbon economy is a long-term opportunity for us. We believe that through solutions and insight we can enable our clients to realise opportunities from sustainable investing. This is a strategic focus for our Investments business and could translate to increased revenues and investment flows over time. We also recognise a related risk innate to shifting client preferences, should we not be positioned to meet evolving needs.



Case study

Recognition for sustainable investing

In 2023 we were recognised for our strategic focus on sustainable investing, with external awards such as Environmental Finance’s ESG fixed income fund of the year, and the Scottish Financial Services Award for Net Zero. This is recognition of our investment in developing the tools and solutions for our clients in support of sustainable investing objectives.

“Winning the Scottish Financial Services Award for Net Zero is a huge accomplishment and I am delighted that abrdn is being recognised for our intense focus on climate change and supporting real-world decarbonisation.”

Stephen Bird, Chief Executive Officer

Our latest stress testing exercise explored a range of severe stresses, including shocks to equity markets (equity indices falling 24%) and operational losses of £90m, during the scenario horizon. This showed that the Group had sufficient capital and liquid resources to remain above its regulatory requirements without needing to take any management actions other than those assumed within the business plan. The Group is considered to be resilient to adverse climate change over the three year horizon; the stresses to market levels and flows explored under the stress testing and scenario analysis programme are deemed to capture the possible consequences of climate change over this period.

Our climate scenario analysis platform explores the long-term potential financial impacts to our portfolios arising from climate change. Learn more on pages 22–26.

Risks and opportunities



Our climate risk radar

The table below illustrates our assessment of climate-related risks as a brdn. We consider applicability and expected likelihood across our business. Further detail on page 21.

	Identified climate risks	Potential financial impact to a brdn	Mitigation strategies	Applicability	Time horizon	Risk rating
Policy and legal	Burdensome costs and/or regulatory non-compliance due to enhanced reporting regulations	Costs to gather, analyse, and publish data	Development of climate data reporting tools and efficient processes.	● ● ● ●	0-5 yrs	Medium
		Costs of inadvertent non-compliance, due to volume of global regulation	Horizon scanning and active engagement with emergent requirements via consultation. Sustainable investing governance structure – capturing global regulation and communication to the right stakeholders in the business.	● ● ● ●	0-5 yrs	High
Market	Not understanding shifts to client and customer preferences	Reduced revenue from decreased demand for products and services	Provision of ongoing thought leadership on sustainable investing – providing tools and guidance to support sustainable investing decision-making.	●	0-10 yrs	Medium
		Potential for missed opportunities due to lack of suitable products and services	Product development to meet demand for lower-carbon investments.	● ● ●	0-10 yrs	Medium
	Uncertainty regarding public policy on climate change	Lack of clarity regarding the pace, direction and evolution of public policy exacerbates market uncertainties and associated returns	Advanced scenario analysis providing insight as to the potential impact of varying policy stringency levels across regions and sectors. We advocate for standardised carbon pricing and market mechanisms to encourage investment in decarbonisation.	●	0-10 yrs	Medium
			Climate-related events impact the financial markets	Volatility impacting clients and reducing revenue and financial performance. Potential for financial market instability and uncertainty	We aim to mitigate impacts to client investments from negative climate-related risks. Well-established scenario analysis supports investment decision-making at asset and fund level and identifies long-term valuation impacts. Active engagement process supporting the identification of climate-risk at company level. Active advocacy with policy makers.	● ● ● ●
Reputational	Increased stakeholder concern or negative sentiment	Reduced revenue from decreased demand for products and services	Enhanced reporting and commitment to transparency in our disclosures. Controls to protect against marketing risks of climate-related products and strategies.	● ● ●	0-5 yrs	High
		Costs associated with potential litigation due to investment decisions	Proactive engagement with stakeholders across regions to ensure clear understanding of the regulatory and legal landscape.	● ●	0-5 yrs	High
Acute physical	Increased severity of extreme weather events	Costs associated with damage to infrastructure, technology, and disruption to power networks	Insurance for owned infrastructure. Well established business continuity process. Technology to support remote working. Infrastructure is distributed around multiple locations with secondary sources of power to protect critical infrastructure and reduce potential cost of disruption. Office location climate sensitivity analysis to understand location-specific risk.	●	Ongoing	Medium
		Costs and operational impact of non-office-based disruption to colleagues/third party suppliers	Well established business continuity processes and technological capabilities to support remote working. Support platforms available for staff. All third parties providing material services have resilience plans in place.	●	Ongoing	Medium

● Investment business ● Adviser business ● ii business ● Operational impacts

This is an illustrative table to reflect management's assessment and mitigation of climate-related risk. This is a forward-looking view and may evolve over time.

Risks and opportunities



Our climate opportunity radar

The table below illustrates our assessment of climate-related opportunities as abrdn. We consider applicability and expected likelihood across our business.

	Identified climate opportunities	Potential financial impact to abrdn	Realisation strategy	Applicability	Time horizon	Likelihood
Products and services	Development of lower carbon investment products and services	Revenue opportunity from demand for lower-carbon products and services Building on thought leadership toward client education	A clear climate strategy for our Investments business. Sustainable investing as a strategic priority for the Group. Proprietary analysis and climate toolkit supports both decision-making and thought leadership. Lower-carbon products to support client objectives. All three businesses provide thought leadership, information, reporting, and where possible, the tools, for customers to make sustainable choices. Maintain close relationships with clients.	● ● ● ●	0-10 yrs	Possible
Resource efficiency	Use of more efficient buildings, technology and transport	Reduced operational costs	We identify opportunities for greater efficiency during planned refurbishments. Assessment of emissions due to business travel and action planning. Our teams are encouraged to use virtual conferencing facilities where practical. Greater use of cloud – reducing data centre footprint.	●	0-10 yrs	Probable

● Investments business ● Adviser business ● ii business ● Operational impacts

Scoring identified risks and opportunities

Our assessment of risks and opportunities follows our Enterprise Risk Management risk impact matrix. We consider inherent risk and quality of controls (which impacts expected likelihood) to determine a residual risk score. The detail below illustrates applicable thresholds for expected likelihood and impact. Our climate radar notes the residual rating following assessment.

Time horizons expressed as expected likelihood

Our climate risk and opportunity radar considers the potential of a material event occurring. This is expressed through four expected likelihood horizons that translate as follows:

Expected likelihood assessment

Unlikely	Possible	Probable	Very likely
0-10%	11-30%	31-60%	61-100%

Impact assessment

We assess impacts across financial, client, regulatory, reputational, operational and strategic impacts. See below for the criteria that informs the financial impact.

Potential impact from risks and opportunities

Minor	Moderate	Major	Critical
£0-£99,000	£100,000-£1m	£1m-£10m	>£10m

Outcome: Following initial assessment of expected likelihood and impact, we determine an appropriate suite of mitigants that, ultimately, seek to either reduce the expected likelihood of the risk materialising or, in the event the risk has crystallized, limit the extent of its negative impact.

Scenario analysis



Our approach to understanding climate transition pathways for investments.

Our beliefs driving our analysis

We believe climate scenario analysis is a critical tool to enable thorough understanding of climate-related risks and opportunities. It is vital that investors understand how physical climate change and the energy transition affect the investment returns of the companies and markets in which they invest. We believe that doing so will support increased resilience, enable us to encourage positive change at the companies in which we invest, and support client objectives. One of our key research questions is to understand the relative 'winners' and 'losers' under potential future energy transition pathways and temperature rises. The outputs of climate-scenario analysis help answer this question and support decision-making in our investment processes for our clients.

Our bespoke approach

We take a bespoke approach with the aim to integrate climate scenario analysis with our investment processes and enable solutions for our clients:

- 1 We aim to reflect critical regional and sectoral characteristics.
- 2 We assign probabilities to our scenarios to create a 'most likely' scenario by 2050.
- 3 We include a baseline to reflect what is currently priced into the market.
- 4 We consider the impact of company transition strategies through our credibility assessment.
- 5 We have created internal tools to communicate potential financial impacts to assets and funds.

Chart 1: Illustrating the temperature trajectories of our 18 climate scenarios

We use a combination of 18 bespoke and industry standard scenarios across a range of temperature rises (between 1.3 and 3.2 °C by 2100) and transition pathways up to a time horizon of 2050.

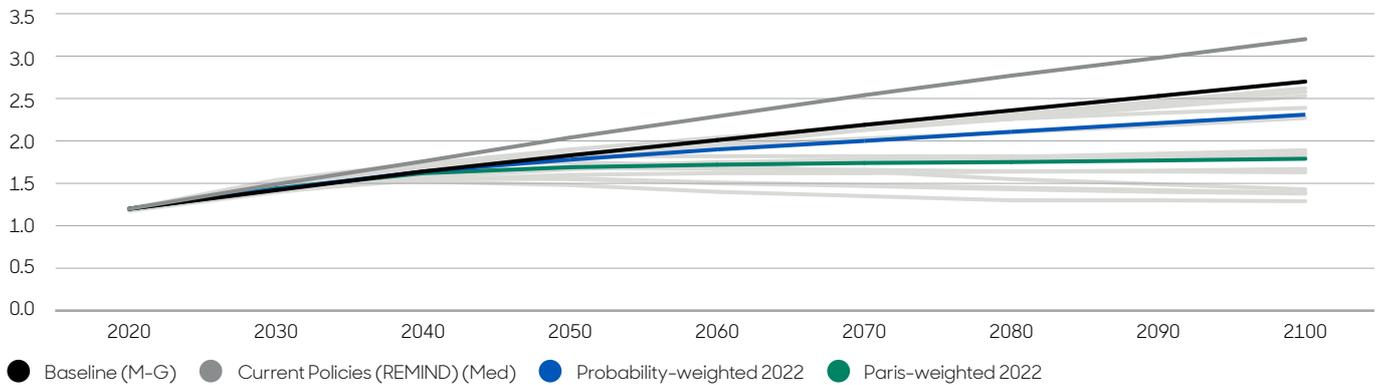


Table 1: Projected energy demand, renewable energy share, and carbon price under different scenarios

The table below provides a summary of the latest scenario metrics in the context of our four key scenarios.

Category	Measure	Baseline	Current policy	Probability-weighted mean	Paris-aligned mean
Temperature change	2100, compared to pre-industrial levels	2.7°C	3.2°C	2.3°C	1.8°C
Share of non-fossil power generation	Share in 2050	59%	79%	82%	97%
Coal demand	Annual growth 2020-2050	-1.95%	0.82%	-2.65%	-5.85%
Gas demand	Annual growth 2020-2050	1.98%	0.77%	0.52%	-1.43%
Oil demand	Annual growth 2020-2050	-0.08%	-0.98%	-0.97%	-2.03%
Electricity demand	Annual growth 2020-2050	2.38%	2.44%	2.66%	3.00%
EV sales	EV share of new vehicle sales in 2050	80%	73%	86%	96%
Carbon price	\$/tCO _{2e} in 2050	49	7	316	656

Scenario analysis



Regional and sector insights

The world is not on track to achieve Paris Agreement goals

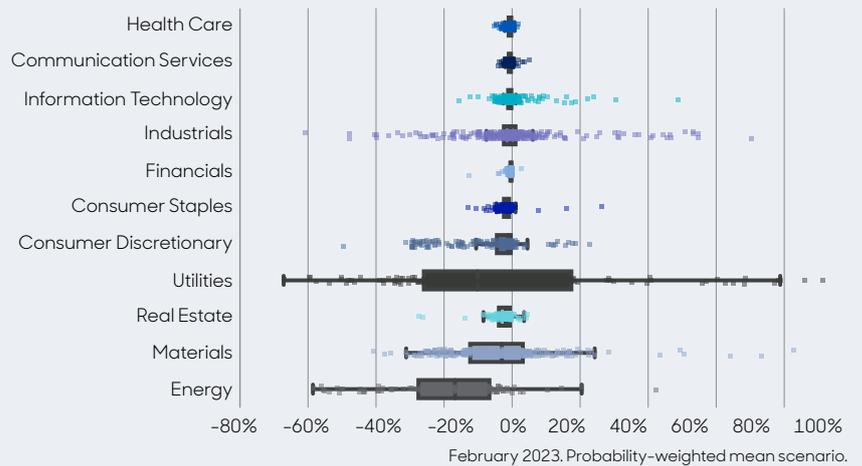
Our latest research suggests the world is not on track to achieve Paris Agreement goals, with our analysis suggesting that the most likely outcome is a 2.3°C world. This would overshoot the aim to hold the increase in global average temperature to well below 2°C above pre-industrial levels. Our core insight also remains consistent in that financial impacts on equity and fixed income valuations are likely to be modest in aggregate but significant when looking at the dispersion across and within sectors.

Aggregate financial impacts to equity and fixed income

Our conclusion continues to be that aggregate financial impacts on valuations are modest, as sector leaders and laggards offset one another within an index. Our probably-weighted mean scenario indicates a potential impairment for the MSCI ACWI of -2.0% for equities, with -0.7% for fixed income valuations in the Bloomberg Aggregate Index. These outputs support our key conclusion that actionable insight comes from looking at the dispersion across and within sectors.

Chart 2: Estimated impairments are highly dispersed within sectors

Our continued conclusion is that the impact from climate scenarios is mostly a micro phenomenon. This is because at aggregate level the negative impacts on individual securities are mostly offset by positive effects on others. However, there is much greater dispersion across sectors and sub-sectors. This dispersion is illustrated in the chart, which shows the spread of individual valuation uplifts and impairments from our latest analysis.

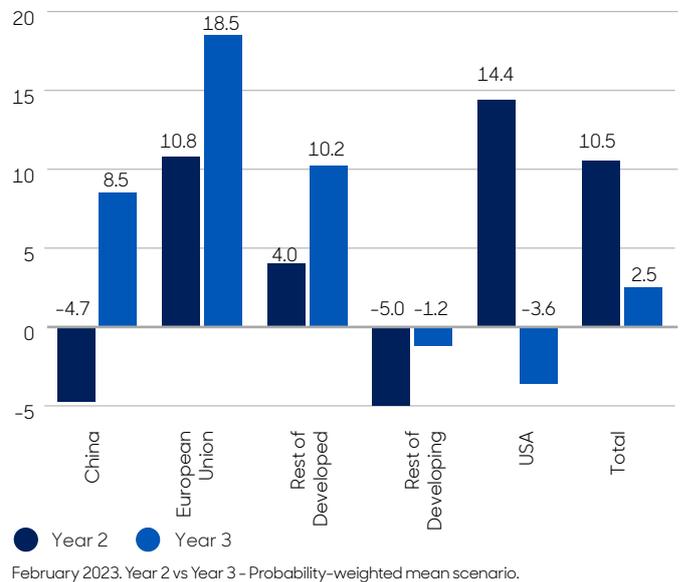


Case study

Focus on Utilities sector

Utilities continues to be the only sector that shows an uplift in our mean scenario. However, this has been revised down to 2.5% from 11% in our 2021 research. Whilst the sector will benefit from increased demand for electricity, especially from renewable sources, impact is largely driven by direct carbon costs and the ability to pass those costs through in the market. This varies by the carbon intensity of the company which means that low-carbon companies are expected to have a competitive advantage. Our bespoke approach allows policy pathways to vary by region, with significant implications for related impairments and uplifts. Scenario revisions to carbon prices, particularly in the US, have impacted the outlook for the sector, as illustrated in Chart 3.

Chart 3: Regional variation in Utilities sector impact



Scenario analysis



Assessing credibility of transition strategies

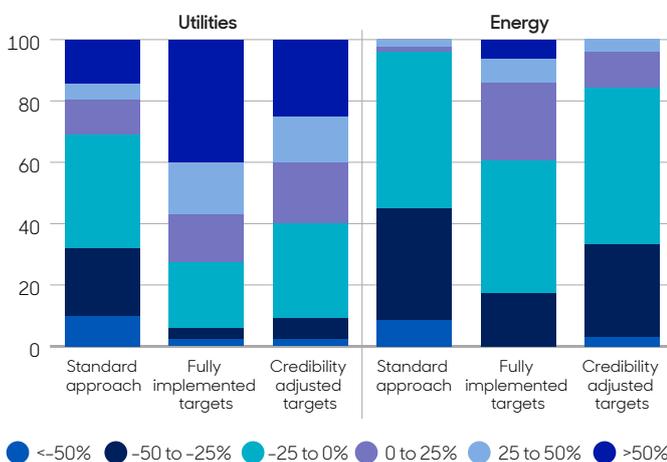
Addressing a common limitation of climate scenario analysis

One of the primary challenges of standard scenario analysis is that it does not acknowledge that companies negatively exposed to the energy transition can alter their strategies. Our additional company target analysis takes a forward-looking view of company behaviour, utilising published company transition plans in the modelling process. But those targets should also not be taken at face value, and so we have developed a six-factor scoring framework that assesses the credibility of transition plans. The result is a company transition credibility score within a range of 0% (lowest credibility) to 100% (highest credibility). We apply this as an adjustment factor to our analysis to reduce the risk of overestimating the benefit of targets being achieved. We believe this better enables the identification of companies with the potential to be credible transition leaders.

Transition plans can significantly mitigate impairments

Based on our latest research, nearly one fifth of all firms analysed would benefit from valuation uplifts of 25% if their transition plans were fully credible. The Utilities sector in particular shows considerable potential uplift, with a large proportion of Utilities enjoying an uplift above 50%. However, this proportion is significantly reduced when accounting for credibility adjusted targets, as illustrated in Chart 4. This conclusion is also mirrored when looking at other sectors, such as Energy, with most firms analysed having a 'credibility gap' between fully implemented targets and credibility adjusted targets.

Chart 4: Valuation impairment with fully credible and credibility-adjusted targets



February 2023.

Credibility assessment



How can we use the outputs?

- Identifying credible transition leaders.**
Our investment teams can rank peers within a sector or region.
- Engaging with climate laggards.**
Identified weaknesses can inform the basis of our engagement with companies.
- Understanding impacts on asset values.**
We can obtain a more refined picture of potential financial impacts to asset values.

Scenario analysis



Resilience of our strategy to climate scenarios

Application of our framework

Our framework allows us to generate forecasts on the effects of our climate scenarios on over 24,000 equity assets and 52,000 corporate bonds. This can be aggregated to sector, regional, and fund levels. Our latest available analysis suggests that approximately two thirds of our existing equity portfolios and over one third of our fixed income portfolios show a greater uplift or less impairment than their benchmarks when considered against our Probability-weighted mean scenario, as well as our Paris-aligned mean scenario.^{1,2,3}

At aggregate fund level, climate impact can be minimal. Three quarters of our equity funds have an impact on value of less than 2% in our mean scenario. Effects are generally smaller in credit portfolios, due to debt being higher in the capital structure. Credit securities also have a time-limited duration, which reduces the impact in the later years of our modelling horizon. In aggregate, the negative impacts on individual securities may be offset by positive effects on others (Chart 2). Whilst this can contribute to minimising the climate-impact at fund-level, that dispersion also highlights securities which are potential climate 'winners' or 'losers'.

Chart 5: Equity portfolio resilience

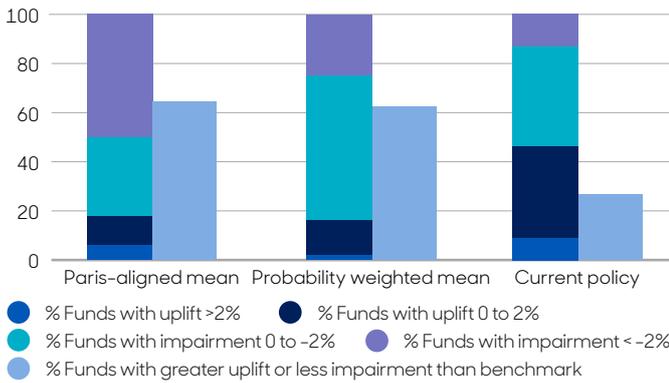
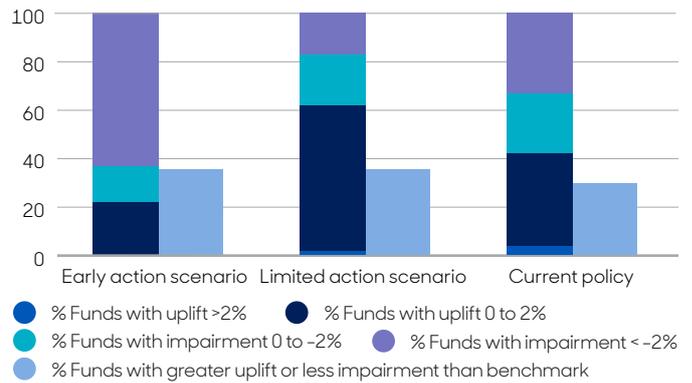


Chart 6: Fixed income portfolio resilience

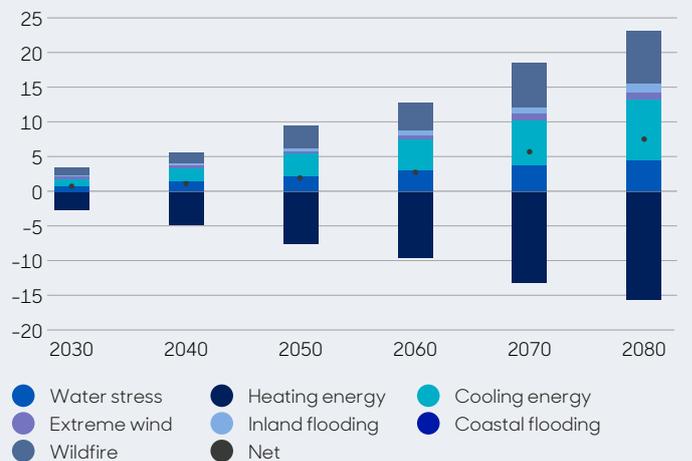


1. Funds in scope are public market equity and fixed income portfolios, with statistics based on in-scope public market assets.
 2. Impact in equity portfolios is measured in terms of NPV. Impact in fixed income portfolios is measured as change in probability of default.
 3. The probability of default is not available for our Probability-weighted and Paris-aligned mean scenarios. Chart 6 compares the Current policy scenario to a median scenario (Limited action) and a Paris-aligned scenario (Early action).

Physical risks to real estate

The scope of our climate scenario analysis has largely focused on asset classes in which valuations are largely derived from future corporate earnings streams, and associated transition risks. We are alert to potential physical risks across our real estate portfolios and have completed three rounds of analysis to understand the potential Climate Value at Risk (CVAR). This helps us understand how assets may perform in future and to plan for potential adaptation measures. Chart 7 illustrates the potential drivers of physical risk costs for a Western-European positioned fund over time. The basis for this assessment is the 'worst case' RCP 8.5 scenario, which we use as an illustration but note this is not our view of the most plausible energy transition.

Chart 7: Illustrating potential increased costs associated with investment real estate portfolios



Scenario analysis



Important limitations

Limitations of modelling

Our framework has limitations inherent to forward-looking analysis and assumptions. We provide specific detail below, but the overriding limitation is that our exercise is a simplification of the real world and must be complemented by other analysis to support effective decision-making. Climate scenario analysis is only one tool amongst a wider toolkit and the outputs do not inform every investment decision.

1. Our approach rests on the assumption that our baseline scenario is the one the market is accurately pricing. It is not clear in aggregate how well market participants understand the dynamics of the climate transition and it is widely accepted that markets may be inefficient in various ways. We believe our assumption is a reasonable starting point in working towards actionable insight.
2. Climate scenarios do not capture the impacts of firm births and non-climate drivers of firm deaths. It is likely that some companies will go out of business, and others may come into existence. It may also be that the new firms will be the ones that are the primary beneficiaries of climate transition opportunities, which is an inherent uncertainty to this exercise.
3. The analysis is reliant on company emissions data. Though the quality and consistency of this data is increasing, there remain meaningful data gaps for some companies. In this case, our analysis assumes that company emissions intensities are in line with the sector mean, which may not be the case.
4. Our analysis is focused on the energy system and does not currently consider agriculture, forestry, and land use that account for approximately 25% of global greenhouse gas emissions.
5. Our modelling assumes that the supply of oil and gas remains similar to today, with our focus being on the changes in the demand versus supply. All sources are assumed to be available until 2050, which may not be the case should policy environments change.
6. A smooth linear pricing of risk is assumed, which may not be the case. Abrupt pricing changes are not considered in the model.
7. Our credibility assessment framework currently assumes that companies can achieve their targets with no additional cost or loss of efficiency. Our approach should therefore be considered an upper bound to the benefits that companies may derive from the climate transition.

Sources of data

Our industry standard scenarios are based upon those created by the Network for Greening the Financial System (NGFS). We also source data from a variety of third-party vendors and are reliant on the quality of that information. Multiple sources enable us to refine our approach but do not solve for all data gaps or remove risk associated with modelling assumptions.

Asset class coverage

Our analysis is primarily focused on equity and fixed income assets. We have also performed analysis on real estate and sovereign bonds, but this is not completely embedded in our existing platform. Other asset classes are currently excluded primarily due to data availability and maturity of methodologies.

Applicability across abrdn

Our climate scenario analysis platform has been developed to better enable our active Investments business. Though the insights may be beneficial more widely, the specific outputs are not currently used as part of our Adviser or ii businesses. These businesses face less direct exposure to climate transition risks and opportunities due to the nature of being investment platforms, versus active investment managers.

Looking ahead

Our focus is on continuing to enhance our approach and we expect to publish the next iteration of our analysis by Q3 2024. This will include updates to our scenario suite: taking into account changes in the NGFS scenarios; revisions to our baseline to reflect how the market is pricing in the transition; revisions to company-level data in the modelling; and an expansion of the universe of companies which are included in our company targets analysis.

Risk management



Identifying and assessing climate-related risks

Our identification and management of climate-related risks and opportunities is led by our first line sustainability teams, with our Group risk assessment being based upon our Enterprise Risk Management risk impact matrix (page 21).

The role of our sustainability teams

Investments Sustainability Group

Our Investments business has a dedicated Sustainability Group, led by our Chief Sustainability Officer. This is a central team within the Investments business, with specialists to lead and execute our sustainable investment strategy. Our Head of Sustainability Insights and Climate Strategy supports a consistent approach to portfolio decarbonisation across the Investments business.

Asset class specialists

In addition to the Investment Sustainability Group, we have sustainability (or 'ESG') experts embedded within our global investment teams. Our specialists support the day-to-day consideration of sustainability-related risks and opportunities relevant to each asset class. This includes potential risks and opportunities related to climate change.

Corporate Sustainability

Our Corporate Sustainability team works closely with our three businesses to identify and manage sustainability risks and opportunities, including those connected to climate change. Our Head of Corporate Environment Strategy has specific responsibility for our operational climate strategy and to monitor emissions performance.

Climate change working groups

Our Head of Sustainability Insights & Climate Strategy and Head of Corporate Environment Strategy chair two climate-related working groups, which consist of subject matter experts from across the business. The groups meet to review and discuss material climate risks and opportunities and shape strategic approaches to climate change.



Case study

Our climate risk workshop

Our sustainability teams work closely with stakeholders across the business to identify and manage climate-related risks. This is something that is ongoing using our climate toolkit (pages 28-30), but it is also important to periodically assess climate-related risk across the Group at enterprise level.

In January 2024, our Chief Risk Officer chaired a cross-functional workshop with SMEs from across the business to reaffirm our understanding of climate-related risk for abrdn. The output of this workshop is reflected in our climate risk and opportunity radar (pages 20-21), which illustrates our latest view of enterprise climate risk.

Changes between our previous workshop, held in January 2023, are reflected in our radar. We note an increased focus on the applicability of climate-related risk and opportunity as relates to our three businesses, and our operational impacts. This is reflected in the presentations on pages 20-21.

Integration into overall risk management

Climate-related risk is integrated with our Enterprise Risk Management Framework, which is subject to Board oversight. We operate 'three lines of defence' with defined roles and responsibilities across the business.

- **First line:** Day-to-day risk management, including identification and mitigation of risks and maintaining appropriate controls.
- **Second line:** Oversight from our Risk and Compliance function, which reports to the Chief Risk Officer.
- **Third line:** Our Internal Audit function, reporting to the Chief Internal Auditor, independently verifies our systems of control.

Climate change is considered amongst our principal risks and uncertainties but is not defined as a principal risk due to its close association with other risk categories. Detail on principal risks and uncertainties is available in our Annual report and accounts.

Risk management



Tools to support our investments processes

Our climate change toolkit

We have tools to help integrate climate-related risk into decision-making for our active investment processes and we continue to build our capabilities. Tools, such as carbon metrics and scenario analysis, are available on-desk to our fund managers, with the objective being to enable climate resilient portfolio construction and solutions development. We note that the use of available tools is not mandatory and may not be applicable to all investment decisions. Our toolkit works in addition to the expertise of our sustainability and ESG professionals.

Enhancements from 2023

In 2023 we expanded our existing credibility assessment framework, added portfolio alignment capability, and considered how we can integrate nature-related impacts and dependencies into our processes in future. We see these developments as important steps forward in managing climate-related risks and aim to build tools that are complementary to better enable our processes. Data remains limited by various factors including coverage, uniformity, and nascent methodologies. This is a common challenge, and we make use of multiple data vendors to address these gaps. Our applicability matrix illustrates limitations on page 29.

Carbon metrics

Provides a baseline for measuring climate impact, providing an understanding of portfolio carbon intensity and financed emissions. This enables an understanding of climate-related risks at portfolio, sector, and company levels.

Climate scenario analysis platform

Provides a forward-looking view on transition and physical risks and opportunities. This enables assessment of potential financial impacts by geography, sector, and company. It supports portfolio construction and solution development.

Credibility assessment framework

Our framework assesses corporate net zero targets using a six-factor scale, considering ambition, performance, readiness, policy environment, market penetration, and governance. This supports our identification of transition leaders.

Research and insights

Our Sustainability Insights team lead on research to enable our understanding of climate-related risks and opportunities. We publish internal and external research papers, articles, and webinars, which guide our understanding of climate-risk management.

Climate policy index

Our in-house policy index builds on the IIGCC-recommended Climate Change Policy Index as we add weightings to reflect the central role of policy in the energy transition. This is our assessment of the supportiveness of different regions and geographies.

Blueprint for decarbonisation: real estate

Our direct real estate investment process is informed by 21 sustainability indicators, which include climate factors to support the determination of risks and opportunities. This is an input into our due diligence process.

Portfolio alignment

In 2023 we developed a portfolio alignment tool, which assesses target design and emissions performance of over 20,000 companies. We translate the output to three alignment metrics, with initial application to a subset of our funds.

Nature-related data

Climate and nature-related impacts and dependencies are interlinked and are likely to become increasingly material. We have performed initial analysis to understand potential dependencies across equity and fixed income holdings.

Risk management



Applicability of our climate toolkit

Our climate toolkit supports decision-making across our investment process at different levels of integration. The matrix below maps our existing toolkit against asset classes to give a view of applicability of tools for various investment strategies. It is important to note that our tools enable a wider process and insights may not be material to every investment decision.

Asset class	Carbon metrics	Scenario analysis	Credibility assessment	Climate policy index	Portfolio alignment	Research insights	Net zero carbon forecasting	Nature-related data
Equities	●	●.....○.....○	○.....○		●	●	●	●
Corporate Credit	●	●.....○.....○	○.....○		●	●	●	●
Quantitative Strategies	●	●.....○		●	●	●	●	●
Real Estate	●	●	○	●	●	●	●	●
Multi-Asset	●	●.....○		●	●	●	●	●
Sovereign bonds	●	●	○	●	●	●	●	●
Infrastructure	●	●	○	●	●	●	●	●
Private credit	●	●	○	●	●	●	●	●
Cash	○	○	○	○	○	○	○	○
FX	○	○	○	○	○	○	○	○
Derivatives	○	○	○	○	○	○	○	○
Passive funds	○	○	○	○	○	○	○	○
Third party funds	○	○	○	○	○	○	○	○
Execution only funds	○	○	○	○	○	○	○	○

Key:

- Full scope
- Partial scope
- Out of scope
- Not applicable
- Enabler

Definitions:

- The asset class is in scope of the tool or metric.
- A proportion of the asset class is in scope to utilise the tool, or metric, or is in development.
- The asset class is out of scope for the reporting year, but tool development is being explored.
- The tool is deemed not to be applicable for the next 1-2 years, or deemed not relevant to the asset class.
- The tool or processes better enables or enhances the outputs of another complementary tool.

The purpose of this matrix is to provide an illustrative view of investments climate toolkit applicability to asset classes. This is intended to inform stakeholders of how our tools can support climate-related risk management in our investment processes. This illustration is not a reflection of a particular product or investment strategy, and toolkit applicability should not be interpreted as a reflection of all investment decisions. There are many factors that drive decision-making, and our climate toolkit informs cases where climate-related risk is material to specific circumstances and supports the aggregate delivery of our climate strategy. This matrix also does not capture bespoke pieces of investment analysis.

Risk management



Insight to support retail investors and advisers

Enabling sustainable investment by choice and providing information on risks and opportunities

We provide support to retail investors and advisers with the objective of enabling better investment. Our solutions are accessible through ii and Adviser platforms, but this is in addition to a range of third-party products. Investments in our solutions may benefit from the tools outlined on page 28, but we aim to provide meaningful resources to support informed decision-making on a wider basis.

We do this through insights and educational resources that are aligned with our understanding of client and customer objectives, with examples ranging from curated guides to more general educational materials. Sustainable investing and the integration of climate-related risk to investment strategies remains a relatively emergent area of focus. The topics are also increasingly politicised, and regulation has yet to settle, which can make the landscape especially difficult to navigate for investors. Our expectation is that there will be increasing demand for quality, accessible, information to guide decision-making and we will continue to develop our resources with that view.

ii ACE 40 investments

The 'ACE 40' list aims to support retail investors to find high-quality choices among the available universe of sustainable funds, across different asset classes, regions, and investment styles to allow them to construct a global well-diversified portfolio.

Finimize support for retail investors

Through published guides and insights, Finimize aims to empower retail investors to invest with confidence. Sustainable investing themes are included as both free and subscription content, always with a focus on accessibility for a retail investment audience.

Adviser platform enablement

Our platform provides access to a range of sustainable investments options. We believe this is an increasing consideration for advisers and provide information outlining common types of sustainable investment on our website.

Managing our operational impacts

Examples of tools we use to monitor and influence our operational emissions impacts.

Our operational emissions intensity is comparatively small versus the intensity of the investments we manage on behalf of our clients. We aim to lead by example and believe that our actions must mirror our expectations as investors and reflect the ambition of our clients. Additionally, we are alert to the growing expectations of our wider stakeholders and we continue to manage the risks of a broadening regulatory landscape.

For these reasons, we have ambitious operational emissions targets (page 41) and have implemented tools to monitor our progress and expand our reporting capability. Achieving our targets also requires the support and engagement of colleagues from across the business. Our operational toolkit therefore extends to how we engage with our colleagues to communicate our strategy and influence carbon conscious change.

Operational data platform

Our Corporate Sustainability team monitor emissions for our global offices using a third-party data platform. This supports centralised reporting and monitoring of our climate objectives, through consolidation of data from a large number of sites.

Carbon conscious travel options

We are targeting emissions reductions from business travel. Our travel booking platform now provides indicative kgCO₂e impacts at the point of booking to encourage lower carbon options. This is new in 2023 and we have not yet assessed related impacts.

Colleague activation

Supporting colleagues to understand and engage with our operational climate strategy is an important part of our approach. We provide access to the Pawprint app and ran a 'net zero month' campaign on our communication channels during 2023.

Risk management



Engagement with companies and assets helps identify and mitigate climate risk

Supporting real-world decarbonisation

Within our Investments business, our climate engagement strategy is focused on understanding climate-related financial risks within our holdings and driving real-world decarbonisation. One way we can do this is through engaging with our largest public listed financed emitters to seek transparency on decarbonisation milestones and to advocate for increased disclosure. Our expectation is that companies are effectively managing climate risk, with our assessment of companies informed by relevant standards, such as the Climate Action 100+ net zero benchmark, and our credibility assessment framework (refer to page 24).

Engagement with highest financed emitters

In 2022, for our public market investments, we launched a two-year engagement programme with our top 20 largest financed emitters. Focusing on our top 20 financed emitters enables meaningful engagement over time and reflects our objective to work with our investee companies to support real-world decarbonisation. Our expectation is that, in collaboration with our investee companies, we will achieve progress against climate-related milestones and the increased credibility of related climate commitments. If we do not see sufficient progress against these milestones, we may take voting action and/or consider reducing our financial exposure, if we believe a lack of progress represents a clear financial risk to our clients.

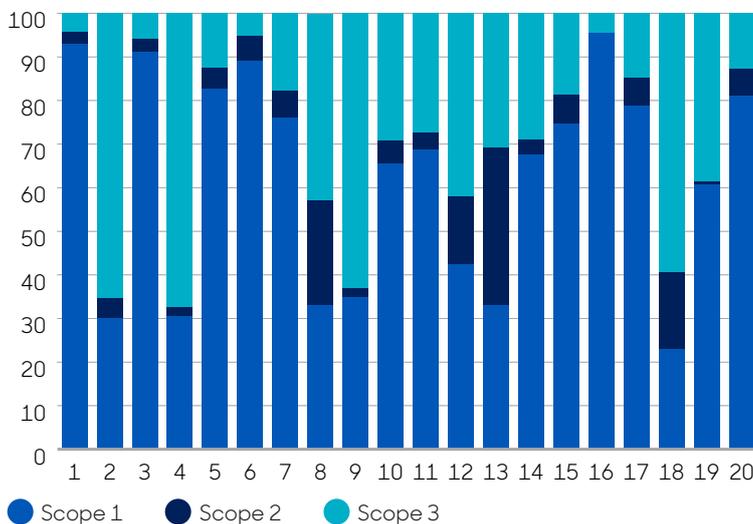
Top 20 financed emitters: Equity and Fixed Income

Companies identified for net zero engagement:

Rank	Company	Sector
#1	UltraTech Cement Limited	Materials
#2	Shell plc	Energy
#3	RWE Aktiengesellschaft	Energy
#4	BP plc	Energy
#5	Holcim AG	Materials
#6	Anhui Conch Cement Co Limited	Materials
#7	Enel SpA	Utilities
#8	Glencore Plc	Materials
#9	TotalEnergies SE	Energy
#10	CRH plc	Materials
#11	Hindalco Industries Ltd	Materials
#12	Rio Tinto plc	Materials
#13	Anglo American Plc	Materials
#14	Engie SA	Utilities
#15	CEMEX, S.A.B. de C.V.	Materials
#16	NTPC Ltd	Utilities
#17	The Siam Cement Public Company Limited	Materials
#18	LG Chem Ltd	Materials
#19	Electricité de France	Utilities
#20	SSE plc	Utilities

Companies presented in order of total financed emissions. Total emissions represented (Scope 1 & 2): 4,831,068 tCO₂e. Underlying data snapshot as of 31 December 2022.

Chart 1: Estimated emissions profile of top 20 financed emitters



It is important to understand the emissions profile of a company to gauge potential challenges for decarbonisation. Chart 1 illustrates the relative proportion of absolute emissions between our top 20 highest financed emitters. We find that utilities companies generate the most direct emissions (Scope 1), such as SEE and RWE, whereas energy companies, such as Shell and BP, have a higher proportion of indirect emissions (Scope 3). Understanding this enables us to better assess the credibility of climate-related commitments. For example, a decarbonisation target for an Energy company that does not cover indirect emissions will not capture the most material emissions source.

Risk management



Findings from our engagement

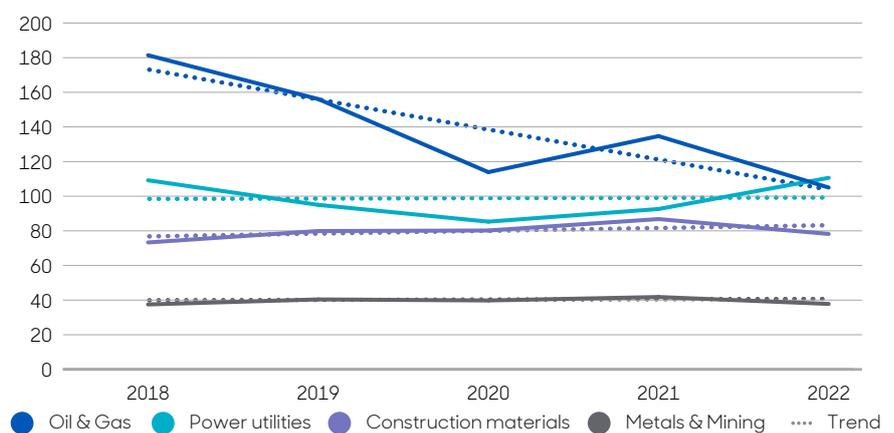
General conclusions from our first year of focus

Achieving real-world decarbonisation requires absolute emissions reductions over time. This is an important indicator, and we find that most of our highest financed emitters have instead opted for emissions intensity reduction targets, based on denominators such as energy capacity. These targets are valuable in that they do not penalise company growth. However, this is not equivalent to absolute reductions over time. We do not assess this in isolation and consider a variety of factors - including 'green' capital expenditure.

All our top 20 highest financed emitters have allocated some proportion of expenditure to low carbon products or initiatives. We believe companies must invest in enabling technologies toward net zero and we encourage this through engagement, but we also acknowledge challenges associated with the competitiveness and scalability of some technologies. Enabling policy environments are also critical and we are advocates for binding policy commitments to support investors and corporates. This is needed to create a favourable environment for the energy transition.

Though absolute emissions must ultimately decrease to achieve net zero, we believe that the credibility of a company's transition plan is the most significant short-term indicator of climate-related risk management. Emission changes in the short term may be related to increases in production, or energy capacity, yet do not reflect diversification and investment in support of long-term sustainability goals. Aggregate trends in emissions performance are inconclusive, which is why our focus is to understand individual credibility via engagement and assessment.

Chart 2: Trend of absolute emissions for our top 20 financed emitters (MtCO_{2e})



Q Case study

Challenges for the Construction materials sector

The production of materials, such as cement, is critical for global infrastructure but also carbon intensive, with hard to abate emissions in the short term. We note that Ultratech Cement, an Indian company, has seen estimated increases in Scope 1, 2, and 3 emissions but this does not equate to no action being taken in support of long-term decarbonisation. Our observation is that the company is studying the electrification of the cement kiln heating process, using alternative fuels in combustion and production processes, and implementing wider energy efficiency measures. The company has chosen to validate its emissions reduction targets with SBTi, which is a marker of credibility of intention.

Q Case study

Challenges for the Utilities sector

Electric Utilities face a unique challenge in supporting energy security requirements whilst phasing out high carbon assets. Through collaboration with other investors via Climate Action 100+ we have engaged with RWE, a German electric utilities company, to discuss options available for legacy coal assets and to voice support for its decarbonisation strategy. In 2022 RWE announced an agreement to phase out coal power generation by 2030, and in 2023 submitted more ambitious climate targets to the SBTi. The company believes it is now aligned to a Paris-aligned climate transition pathway. We believe these are positive steps toward real-world decarbonisation and will continue to monitor progress over time.

Risk management



Exercising voting and ownership rights

Climate change resolutions

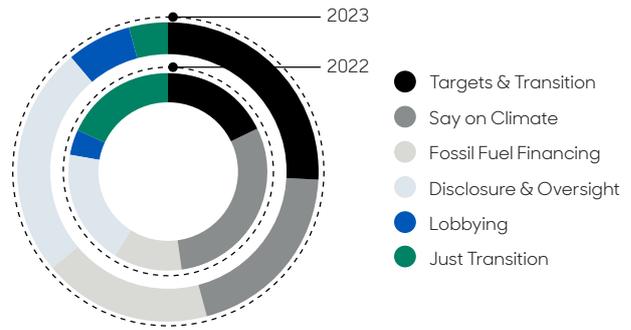
In addition to encouraging improvement through targeted engagement, we may take voting action at companies that we identify as climate laggards. Our public voting policy outlines our expectations, and we disclose decisions on our website the day after a general meeting. We take great care to set high expectations in our custom voting policies and we use data to inform our decisions and understanding. As members of the Net Zero Asset Managers Initiative, we expect and encourage companies to:

- Demonstrate that a robust methodology underpins Paris-aligned, net zero goals and targets.
- Set targets for absolute emission reduction, not just carbon intensity, to show a clear pathway to net zero.
- Report in alignment with the TCFD framework.
- Link targets to remuneration and ensure they are reflected in capital expenditure and R&D plans.
- Carefully manage climate-related lobbying by ensuring appropriate oversight, transparent disclosure of activities, and alignment of activities with the company’s strategy and publicly stated positions.

More information is available in our latest Stewardship report and public voting policy.

Chart 3: Climate change resolutions (2023)

We continue to assess climate resolutions tabled and instruct votes in the best interests of our clients.



	2023	2022
Resolutions voted	162	141
Votes in favour	40%	56%
Votes against management	55%	26%

'Say on climate' resolutions

We are supportive of ambitious corporate sustainability strategies and targets but note an increasing trend toward those strategies being tabled for shareholder approval. While we welcome the intention of the transparency, we believe they have the potential to dilute board accountability and limit potential future investor challenge. We have therefore taken the decision to abstain from those resolutions, as we believe other mechanisms offer more effective approaches.

Enabling retail investors to vote at UK company meetings

Award winning shareholder engagement

Investments platforms are a gateway through which millions of individuals invest. However, not all retail investors exercise their voting rights from company ownership. Our assessment is that most voting opportunities for retail investors are not taken each year. In response, we made changes to the ii platform to make it easier for UK investors to connect with, and influence, the companies they own. In 2021 we made our UK online voting service opt out rather than opt in, and in 2023 we took a step further and introduced voting via our app. ii customers now receive notifications in their 'voting mailbox' to flag important shareholder events, including AGMs. This feature is available for all UK-listed companies for which ii customers own shares.

Monitoring the outcome

In 2023, 198,365 votes were processed via the platform (2022: 210,801). We note that amongst the most popular 10 shares voted are 2 of our 20 highest financed emitters as abrdn. This is potentially indicative of the importance retail investors place on climate-related issues, though this could also be a correlation of market capitalisation, or another factor. The shareholder voting landscape continues to evolve and we expect to see organic movement each year. Many votes from retail investors remain uncast, and we continue to focus on enabling shareholder engagement for ii customers.

In 2023, ii was recognised with the AIC Shareholder Engagement Award for the third consecutive year.

Risk management



Investment solutions

Supporting client climate goals

We are proactively developing climate transition and low carbon investment solutions to align climate ambition with investment opportunity, to help our clients achieve their climate goals. We work with current and prospective clients to understand and enable their objectives. Our focus is to offer a range of options for clients, whether they have made commitments to net zero, or are interested more broadly in transition opportunities. Climate considerations are incorporated to different extents across our fund range, with our sustainability focused solutions designed to meet four broad types of client needs. We offer a small number of climate thematic funds, but also apply climate-related screens, or decarbonisation targets to other sustainability focused products. We also work directly with clients on segregated mandates to outline how we can support any climate-related objectives they may have. This is in addition to using tools, such as climate scenario analysis, and research capabilities to inform our wider investment processes (page 28). Our frameworks and tools can be leveraged as part of investment processes to identify climate transition leaders, climate solutions and adaptors addressing physical risks.

Approach to low carbon and climate transition

When developing solutions and targets, we use the Net Zero Investment Framework (NZIF) as a foundation for our approach. We contributed to the framework as part of our involvement in the Institutional Investors Group on Climate Change (IIGCC) Paris-Aligned Investing initiative. The framework centres on real-world decarbonisation with a combination of targets that go beyond simple carbon metrics. The core features of the framework incorporate decarbonisation of assets within the portfolio by:

- 1 Investing in transition leaders (rather than divestment).
- 2 Allocation of capital to climate solutions increasing over time.
- 3 Target net zero stewardship approach, focusing on highest financed emitters.



Case study

Engaging with clients on net zero

Many of our clients have set goals aligned to net zero but this does not automatically translate to mandates. Markets and policy environments need to align to support decarbonisation at pace. Equally terms like sustainability and ESG are increasingly subject to public challenge. Against this backdrop our Head of Sustainability Insights and Climate Strategy spent time during 2023 speaking with clients in the US, Australia, Singapore, Hong Kong, and at COP28; hearing first-hand from investors as to their priorities and highlighted some of the risks and opportunities we have identified related to climate change. We are also in the process of creating a standardised methodology to implement a net zero framework, which could include more stringent decarbonisation targets directly aligned to Paris and net zero objectives, as well as engagement and committed investment to transition and solution leaders. We are working with a small number of funds to implement these targets in the first half of 2024.

Investments: targets



We are committed to reducing the carbon intensity of in-scope assets we invest in on behalf of our clients to support the transition to net zero.

Our investments target is to reduce the carbon intensity of the in-scope assets we invest in by 50% by 2030 versus a 2019 baseline.

Scope of our target

Our portfolio decarbonisation target is applicable to approximately 28% of our AUMA as of 31 December 2023. The target reflects our objective as abrdn plc and does not reflect specific client or fund objectives. The underlying data is based on Scope 1 and 2 emissions sources. This limitation is driven by data availability, maturity of methodologies and control over decision-making. Refer to page 37 for an illustration of asset classes in-scope.

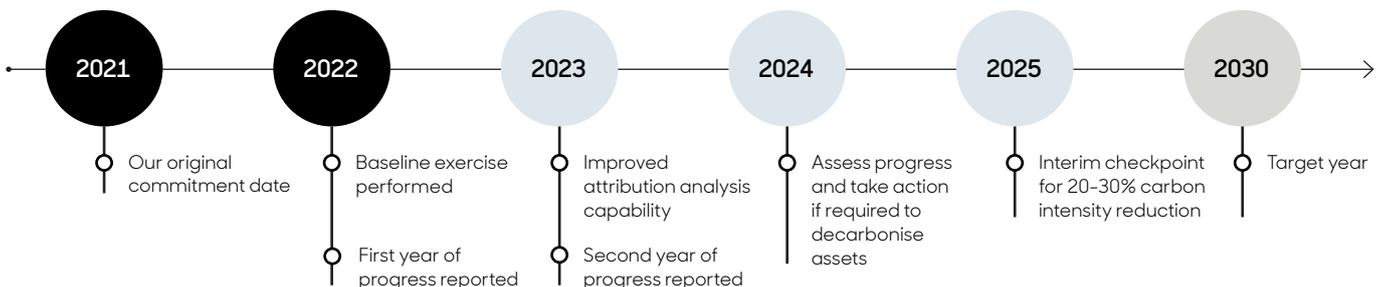
Measuring our progress

Our target is set in line with the original recommendation of the TCFD, using the Weighted Average Carbon Intensity (WACI) as the metric for public markets. We source emissions data from our specialist third-party provider and use our proprietary tools to apply the data to our portfolios and enable aggregate reporting. Note that in-scope real estate uses a different applicable carbon intensity metric, with more detail on page 36 and 40.

Our 2019 baseline year

We measure our progress against a 2019 baseline year. The public markets baseline is constructed using benchmark data from 2019, which we have been reporting on since 2022 after setting our target in 2021. There are two reasons for setting a baseline using benchmark data. The first is to ensure that portfolios which have already achieved significant decarbonisation against their benchmark are not penalised. The second is that more carbon intensive portfolios must decarbonise at a faster rate to be in line with the baseline carbon target.

Implementation timeline for our portfolio decarbonisation target:



Challenges to overcome to achieve our target

Investors cannot unilaterally allocate capital to achieve net zero. Divestment from carbon intensive assets does not automatically equate to real world impact. There are significant challenges to overcome including:

- **Client demand:** We are highly reliant on clients increasing demand for carbon targets and net zero products.
- **Policy gaps:** There are highly significant public policy gaps before a credible and just transition can be realised.
- **Lack of data:** Climate data for many assets and regions remains lacking, or nascent, despite progress in recent years.



Case study

Improved attribution analysis

In 2023 we introduced a four-stage annual monitoring process for our portfolio decarbonisation target. This is intended to support the ongoing management of the target as our underlying investment exposures change. The process is designed to better enable the attribution of carbon intensity in our portfolios and to identify points of any conflict between mandates and decarbonisation progress. Should this be the case, the team will inform the office of our Chief Investment Officer to support timely and proportionate action.

Investments: metrics



In 2023 we report a 41% reduction in the carbon intensity of in-scope public market assets (2022: 27%), and a 25% reduction to the carbon intensity of in-scope direct real estate assets (2021: 7% increase), versus our 2019 baselines.

Public markets: Progress to date

This is our second year of reporting against our target, with a 41% reduction in the carbon intensity of in-scope public market assets versus our 2019 baseline (2022: 27%). In-scope assets include equities, fixed income, and active quantitative strategies, with decarbonisation across each asset class. Our progress to date is in-line with our initial expectations, based on emission intensity trajectories from climate scenario analysis, and we note a gradual increase to client mandated decarbonisation in segregated accounts, which is an important enabler to achieving our target. We also note client inflows to low-carbon quantitative strategies over the last three years, with these products being a significant contributor to reducing public market carbon intensity, due to targeting low-carbon exposures as part of the product strategy mandate.

Real-world decarbonisation

There remain significant challenges to overcome to achieve real-world decarbonisation, including favourable policy environments, data availability, and client demand. Reductions in portfolio carbon intensity may not be attributable to real-world impact. Our strategy to drive this change is supported by climate scenario analysis, work to understand corporate credibility (page 24), active ownership, and solutions development (page 34). Our carbon target is an aggregate indicator and does not reflect specific objectives of all clients and funds.

Additional portfolio emissions metrics

Our teams can monitor a range of carbon metrics, with tools enabling disaggregation to specific holdings. These metrics are not part of our target but can inform our processes, and support climate-related risk management.

Real estate: Reporting a less volatile metric

In our 2022 disclosure we noted our intention to introduce the calculation of real estate emissions intensity by floor area (m²). This is a static denominator; whereas our previous metric used valuation (£GAV), which can be volatile and may less meaningfully represent the carbon intensity of real estate assets. We are restating our data using the floor area metric, as we believe this to be a more credible basis to monitor our long-term target.

Drivers of change in carbon intensity

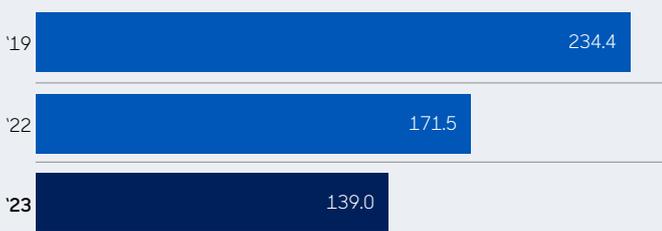
Between 2019 and 2022, we note a reduction in carbon intensity by floor area of 25%. This can be attributed to changes to property type composition of in-scope assets, decarbonisation of UK and EU energy grids, and more efficient management of assets. We note a reduction by floor area of 35% to office assets, which typically have a higher carbon intensity than other asset types. This is often due to the proportion of landlord procured energy (Scope 1 and 2) being higher for offices than for retail and industrial parks. Changes to our portfolio, such as this, mean that our reported reduction cannot be directly attributed to real-world changes. However, on a like-for-like basis (e.g. assets that were held through 2019 and 2022), we note a 18% reduction in carbon intensity, illustrating a carbon intensity reduction irrespective of portfolio change.

Taking the long-term view

Our portfolio of assets is diverse, and we have a framework to understand the actions required to support our target. This is expected to outline transition pathways for all our direct real estate funds by 2025, with supporting actions to achieve real-world decarbonisation.

Public market decarbonisation (26% AUMA)

WACI: tCO_{2e}/\$m Revenue (Scope 1 and 2)
41% reduction (27% reduction)



Weighted average carbon intensity (WACI) is our method of tracking public market decarbonisation, in line with the original recommendations of TCFD. In-scope assets include equities, fixed income, and active quantitative strategies.

Real estate decarbonisation (2% AUMA)

Carbon intensity: kgCO_{2e}/m² (Scope 1 and 2)
25% reduction (2021: 7% increase)



Carbon intensity for in-scope direct real estate is normalised by floor area and reported for the 2022 financial year. There is a significant lag to the collection of real estate metrics from individual assets, preventing reporting to 31 December 2023.

Investments: metrics



Which asset classes are in-scope for our portfolio decarbonisation target?

This table outlines the existing scope of our target, with in-scope assets broadly reflecting those with good data availability and where we feel we have control, ability to influence, and existing client support.

In scope	Rationale
Equities	Relatively good levels of carbon data for publicly listed corporates and increasing client demand to decarbonise and mitigate climate risk in these asset classes.
Fixed income	
Quantitative strategies	
Real estate	To achieve real-world decarbonisation this is a key asset class and, as direct owners, our clients are often supportive of decarbonisation efforts.
Out of scope	Rationale
Multi-asset	The complexity of data collection and calculation of sub-portfolios, synthetic positions, third-party funds and aggregating carbon metrics of different asset classes.
Sovereign bonds	Investors have limited influence over sovereign decarbonisation via engagement, with carbon accounting methodologies and data being relatively nascent compared to corporates.
Private credit	Limited data availability for this asset class.
Infrastructure	Limited data availability for this asset class.
Cash and FX	Limited climate impact and no applicable carbon accounting methodology or data.
Derivatives	Nascent carbon metric methodologies for this asset class.
Passive funds	Limited control over forward-looking decarbonisation trajectory.
Third party funds	Limited control over forward-looking decarbonisation trajectory and holdings data may not be directly accessible.

Additional portfolio emissions metrics

Further monitoring of climate risk related to portfolios

Our investments teams track and monitor a range of industry standard metrics and we seek to expand our coverage and capabilities over time. These metrics are monitored by investment teams and reported to our clients as required but do not form part of our house decarbonisation target.

Each metric tells a different story and may indeed move in opposite directions, due to other drivers beyond climate impact. It is therefore critical for investors to understand the relative utility of different carbon metrics to gain the most accurate picture.

Why the Choice of Carbon Metric matters

Investors have a range of carbon metrics that can be leveraged for the purposes of carbon risk management, reporting, and investment decision-making. Each metric tells a different story and may indeed move in opposite directions, due to other drivers beyond climate impact. It is therefore critical for investors to understand the relative utility of different carbon metrics to gain the most accurate picture.

In the last few years, three core portfolio metrics have emerged for investors to monitor:

Weighted Average Carbon Intensity

Monitors company carbon efficiency per dollar of revenue earned. Useful for comparing companies between sectors.

Economic Emissions Intensity

Monitors carbon intensity relative to the value invested. Useful to monitor portfolio emissions intensity independent of size, or growth.

Financed Emissions

Provides an absolute view of emissions 'owned' by investors. Useful for monitoring real world decarbonisation over time.

Importance of disaggregation

Our proprietary carbon footprinting tool enables our investment teams to explore disaggregated carbon metrics down to the specific holdings within a portfolio. This is important in cases where changes in carbon metrics may be unrelated to carbon fundamentals, such as market volatility or material changes to revenue. We can use disaggregated data to create more climate resilient portfolios (page 25), identify companies for engagement (page 31) and solutions development (page 34). We note carbon data may not be material to all investment decisions, nor is the use of the footprinting tool mandatory for fund managers.

A forward-looking view

Carbon metrics inherently look backward to emissions performance and do not provide a full picture in isolation. We complement carbon metrics with forward-looking tools, such as scenario analysis, and engagement activity with investee companies, which supports a more complete understanding of climate-related risks and opportunities.

Investments: metrics



Case study

Our preferred approach to understanding portfolio alignment

Insights from our 2023 analysis

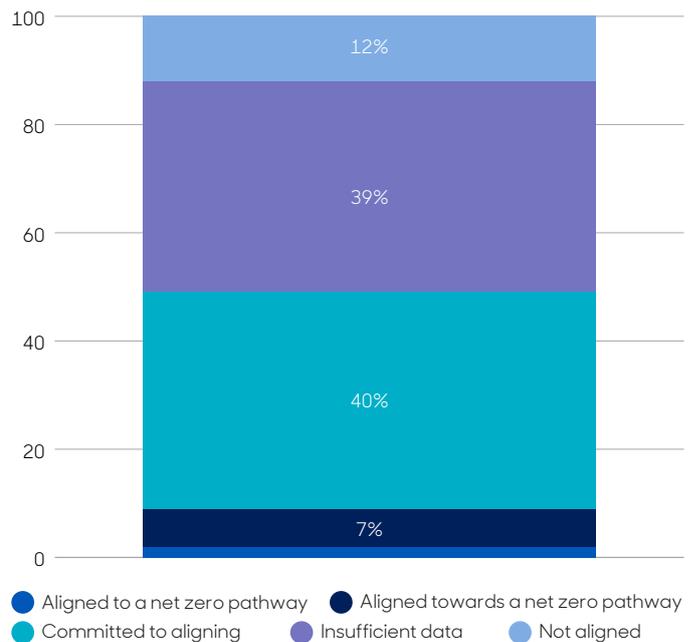
Investors are increasingly using metrics to assess the alignment of companies and portfolios. There are four common methods, which we have explored during 2023. Each method has its relative strengths and weaknesses, but we believe that the Maturity Scale Alignment (MSA) has the closest relation to real-world impact. This is therefore our preferred approach, and we believe its best suited for our investment processes. There are limitations, such as a requirement for high quality input data, which remains limited and requires sourcing from multiple vendors. The information on this page reflects initial insights from our application of MSA and we are considering long-term use-cases, including reporting, investment integration, engagement, solutions, and target setting.

Inputs required to categorise companies using the Maturity Scale Alignment (MSA)

- 1 **Ambition:** Does the company aim to be net zero by 2050?
- 2 **Targets:** What interim targets does the company have to meet its net zero ambition?
- 3 **Emissions performance:** Is there a positive trend in historical performance?
- 4 **Emissions disclosure:** Does the company provide full disclosure of emissions?
- 5 **Decarbonisation strategy:** Is there a clearly articulated strategy to support the outlined targets?
- 6 **Capital expenditure:** Is there a clear capital expenditure allocation to support decarbonisation?

Chart 1: Maturity scale alignment across 6,000 companies

By analysing maturity alignment across a universe of 6,000 companies, we found that only 2% could be considered fully aligned to net zero pathways, 7% were on track to align with a net-zero pathway in future. Around 40% had made a commitment but were not yet taking sufficient action. Critically, we found that data gaps meant that 39% of the companies had insufficient data to make a definitive conclusion on alignment. It is important to note that 'insufficient data' is core to the method, with potential for investment integration, and engagement, to be value additive. This could bridge the gap versus public disclosure.



Investments: metrics



Decarbonising investments real estate

Our objective is to achieve net zero across our direct real estate funds by 2050 through our delivery framework

Our direct real estate portfolio is diverse, with around 1,000 individual assets and we are developing bespoke pathways to enable this transition at scale.

Our delivery framework sets out our strategic actions that we expect to take for each of the funds we manage. It prioritises actions and provides a process that should be followed to create a pathway for each fund to define its own journey to net zero, accounting for its structure, investment objectives, client objectives, sector and geographical allocations. The framework follows the principles of the energy hierarchy and we aim to assess the transition pathway for each in-scope fund by no later than 2025.¹ This excludes indirect real estate investments at this stage.

This process involves:

- data collection and validation,
- baselining,
- asset benchmarking,
- intervention and scenario modelling including identifying capital expenditure requirements, and residual carbon.

We have further work to undertake before all studies are complete, but each study enables the learnings to be carried forward and applied to the next fund. We expect that some funds will ultimately move faster than others and acknowledge that there are meaningful industry challenges to transition the built environment to net zero.

Learn more about our approach and progress in 'Our blueprint for addressing climate risks: Global direct real estate approach to assessing transition and physical risks', available on our website.

Monitoring carbon intensity

A proportion of our direct real estate assets are in-scope for our portfolio decarbonisation target outlined on page 35 and reported on page 36. This means that we are targeting a 50% reduction in the carbon intensity of in-scope assets by 2030 versus a 2019 baseline. It may be that direct real estate performs differently to other asset classes in aggregate, but our progress will be continually guided by the delivery framework. Page 37 provides further information on the calculation of carbon intensity for in-scope assets.

¹. This objective is subject to investor approval.



Case study

Refurbishment supporting net zero objectives

Following our energy hierarchy to refurbish real estate

Reducing the impact from existing assets is essential to achieve long term climate objectives. We have established a set of minimum standards, which we apply to all major renovations and forward funded developments. An opportunity arose to refurbish an industrial unit near Heathrow Airport, after we took vacant possession. The unit had poor sustainability credentials at this time, and we took steps to improve that performance, with the ultimate refurbishment helping support an improved valuation at a higher than targeted rental level.



Energy demand reduction

We installed smart metering to enable monitoring of energy demand and to support better management.



Energy efficiency

We installed more efficient LED lighting and hot water systems, as well as draft proofing. This supported an improved EPC rating from a D to A.



Renewable generation

We installed 307 roof solar panels, which we expect to meet the vast majority of the tenant energy needs.



Renewable procurement

We reduced fossil fuel dependence by removing gas appliances and installing Air Source Heat Pumps.

Investments: metrics



Real estate: Carbon intensity disclosure

Our calculation methodology

Carbon emissions data for real estate is based on the energy consumed in the operation of real estate assets. Data is collated by asset class specialists and aggregated for reporting and disclosure purposes.

Existing scope

The scope of our disclosure reflects around 35% of direct real estate AUM as of 31 December 2022, translating to approximately 2% of Group AUMA. There is a significant lag to the collection of real estate metrics from individual assets. This prevents reporting to 31 December 2023, with disclosure on page 36 applicable to financial year 2022.

Scope 1 and 2 emissions

Data from Scope 1 and 2 emissions categories is in-scope for our portfolio decarbonisation target (page 35). This is inclusive of activity data such as electricity, gas, and district heating, which is then converted to kgCO₂e using location-based emissions factors. These factors are average grid carbon factors, which are subject to change each year. Scope 1 and 2 emissions relate to energy which the landlord (the investment manager) procures and excludes energy procured by tenants, which is categorised under Scope 3. This is important as procurement responsibility varies by individual asset. Assets, such as multi-let office buildings, typically have landlord procurement responsibility for the entire building, whereas for asset types, such as retail parks, the landlord may only procure energy for common areas and exterior lighting. The result is that some assets are more carbon intensive than others based on the subdivision of this responsibility.

Scope 3 emissions

Our team collects and collates available Scope 3 emissions, but this data is not readily available to a high level of completeness and accuracy. Scope 3 data is not included as part of our portfolio decarbonisation target.

Intensity by floor area

Our portfolio decarbonisation target uses floor area (m²) as the denominator for carbon intensity across the in-scope real estate portfolio. We note that the availability of accurate floor area data across our entire portfolio is limited. We consider our confidence level in both this, and Scope 1 and 2 data, before including an asset as in-scope for our target. This is something we are working to improve over time.

Operations: targets

We are targeting operational net zero by 2040 and have set out clear milestones to measure our progress, with our interim objective being to achieve a 50% absolute reduction by 2025 versus our 2018 baseline.

Prioritising absolute emissions reductions

Impacts from our business

Our operational climate impacts are a result of the nature of our business. With employees across over 20 countries and around 50 office locations, our operational footprint is largely generated from energy use in our premises and the activities of our colleagues. We are focused on driving long-term absolute reductions for these material sources of reported emissions, which are the energy use in our offices (Scope 1 and 2), and emissions from business travel (Scope 3). We believe our actions must mirror the high expectations of the investments we manage on behalf of our clients. Taking this approach helps mitigate our identified climate-related risks, as we meet the expectations of our stakeholders by achieving meaningful reductions in operational climate impact. We also want to ensure that our colleagues feel connected to our operational net zero pathway, with a view to empowering each of them to create change. We do this through engagement campaigns, the tools and resources we provide, and by encouraging more sustainable solutions to business needs.

Actions taken during 2023

Each year we take action to refine our processes, engage colleagues, and deliver meaningful impacts.

- 1 **Development of our Climate Transition Plan**
We initiated the development of our plan in 2023, with activity led by our related Steering Group (page 15). We intend to publish the plan in 2024.
- 2 **Internal 'net zero' month**
Our campaign to engage colleagues on net zero, including a 'You at work' survey to help refine what we know about homeworking.
- 3 **Baselining our impacts from procurement**
We completed the first phase of our project to understand emissions linked to our supply chain. Find out more on page 84.
- 4 **Data platform review**
We spent time exploring long term solutions to better enable operational emissions reporting.
- 5 **Travel policy update**
We amended our travel policy to encourage more sustainable travel and made estimated climate impacts visible upon booking.

Operational climate targets		Base year	Target year	Definition	Progress
Absolute emissions reductions	Operational net zero target by 2040	-	2040	Beginning with absolute emissions reductions, we are targeting a net zero operational emissions across Scopes 1, 2, and material Scope 3 categories by 2040.	69% reduction since 2018
	50% reduction in operational emissions by 2025	2018	2025	Reduction in reported Scope 1, 2, and 3 emissions versus our 2018 base year. This does not include some Scope 3 categories for which data remains unavailable.	
	50% reduction in Scope 1 emissions by 2025	2018	2025	Reduction in Scope 1 emissions including: natural gas, company-owned vehicles used solely for business purposes, fluorinated gas and stationary fuel.	72% reduction since 2018
	60% reduction in Scope 2 emissions by 2025	2018	2025	Reduction in Scope 2 emissions including: purchased electricity, and district heating emissions sources.	74% reduction since 2018
	72% reduction in Scope 3 emissions by 2025	2018	2025	Reduction in reported Scope 3 emissions including: business travel, transmission and distribution, UK-based waste, and homeworking emissions.	67% reduction since 2018
Energy efficiency	50% reduction in total kWh usage by 2025	2018	2025	Reduction in total energy consumption, measured in kilowatt-hours (kWh), from: purchased electricity, natural gas, company-owned vehicles used solely for business purposes, stationary fuel, and district heating.	64% reduction since 2018
Energy sourcing	Procure 100% renewable electricity	2018	2025	Procurement of electricity via green energy tariffs, for UK office locations where we have procurement responsibility.	99% on green tariffs
Emissions intensity	50% reduction in emissions intensity per FTE by 2025	2018	2025	Reduction in the intensity ratio of Scope 1 and 2 emissions divided by number of Full Time Equivalent employees.	66% reduction since 2018
Supply chain	50% of suppliers by spend with a net zero target	-	2025	Proportion of our third party suppliers by £GBP spent with net zero, or equivalent, targets in place.	Page 84 for an update

Operations: metrics



2023 operational emissions

Commentary on progress

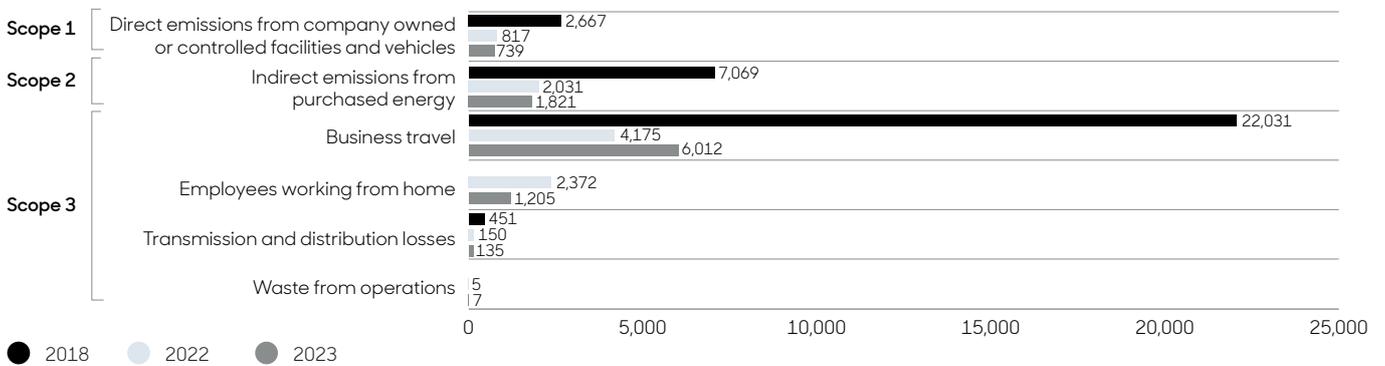
In 2023 we remained on track to meet our objective of a 50% reduction in reported operational emissions by 2025.¹ We report a 69% reduction versus our 2018 base year. This is driven largely by a significant reduction to business travel since 2018, which we attribute to the adoption of hybrid working. We also note significant declines in emissions associated with energy use in our office since 2018, which we have consolidated as part of wider organisational change programmes. Year-on-year, we note an increase in reported operational emissions by 4%. Despite a fall in travel related emissions since our baseline year, we note an uptick in business travel since 2022. This increase demonstrates a partial return to pre-COVID-19 working patterns, with our challenge now to support behaviour change to address these residual emissions.

Restating emissions linked to homeworking

In 2022 we noted our intention to reflect on our approach to estimating carbon emissions associated with colleagues working from home. We continue to believe this is the right thing to do but acknowledge the lack of an accepted standard method to calculate those emissions. In 2023 we revised our approach in collaboration with our partner Pawprint and used an employee survey to inform the basis of the calculation. An important change is that the model now accounts for numbers of people in the home and divides the energy requirements per individual. We believe this is a more nuanced approach and have restated our 2022 figures to provide an appropriate comparative. As an estimate, the method is reliant on some key assumptions. Refer to page 44 for further detail.

Operational emissions reductions ^{2, 3, 4, 5, 6, 7}

This chart illustrates reported categories of operational emissions over time. We have reduced emissions from 32,218 tCO₂e in 2018 to 9,919 tCO₂e in 2023, which is a 69% reduction.



Additional operational metrics

This table provides performance figures related to total energy consumption and emissions intensity, which are relevant to our operational business. Further information is also provided on page 100 of our appendix.

Measure	Unit of measurement	2018	2022	2023
Global energy consumption	in kilowatt-hours (kWh '000s)	35,109	13,027	12,558
Emissions intensity ⁸	Scope 1 & 2 emissions intensity per full-time employee equivalent (FTE)	1.57	0.56	0.54

1. Operational net zero and interim reduction targets are based on reported Scope 1, 2, and 3 absolute emissions (tCO₂e) reductions.
 2. 2022 total restated to 9,550 tCO₂e (previously 14,246 tCO₂e) following the application of a revised method to estimate employees working from home.
 3. Scope 1 emissions include natural gas, fluorinated gas, company-owned vehicles, and stationary fuel.
 4. Scope 2 emissions include purchased electricity and district heating.
 5. Scope 3 reported emissions do not include some emissions categories deemed to be material but where data is currently unavailable. Refer to page 43.
 6. Rail and flight journeys are calculated using the GHG Protocol's distance-based method. Exclusions apply to countries in APAC, where only Singapore and Australia are included.
 7. 2022 estimate associated with employees working from home restated to 2,372 tCO₂e (previously 7,068 tCO₂e) due to methodology changes. Refer to page 44.
 8. Emissions intensity reporting based on FTE as of 31 December 2023 of 4,719 (2022: 5,130 and 2018: 6,192).

Operations: metrics



Our emissions reporting methodology

Reporting boundary

Our methodology aligns with Greenhouse Gas (GHG) Protocol. We use an operational control boundary and exclude any joint ventures and associates. Emissions associated with our direct operations are therefore representative of abrdn plc and its wholly-owned and operated subsidiaries, reported as of 31 December 2023.

Data collection and collation

Our Corporate Sustainability team collects activity data for Scope 1, 2 and 3 emissions categories from across the business and use third-party software to support conversion, and aggregation of inputs to tonnes of carbon dioxide equivalent (tCO_{2e}).¹

Scope 1 emissions

We report emissions from natural gas, fluorinated gas, company-owned vehicles used solely for business purposes, and stationary fuel.² Recorded metrics, such as kilowatt-hours (kWh), are converted to tCO_{2e} using regional guidance on conversion factors. The recorded metrics differ for each emissions source (kWh, m³, kg, litres) but relate to energy use in our office buildings and car mileage.

Scope 2 emissions

Consumption from electricity and district heating is metered and measured in kWh for in-scope operations and converted to tCO_{2e} using regional guidance on conversion factors. The source for this information is typically energy bills from utility providers.

Reported Scope 3 emissions categories

We report fuel and energy related activities (Category 3), waste from UK operations (Category 5), business travel (category 6), and an estimate for employees working from home (refer to page 44). For each category we follow GHG Protocol guidance and prioritise the conversion of real data, such as passenger kilometres travelled, to tCO_{2e} using applicable conversion factors. We are reliant on third parties for the collection of some data, including waste contractors and travel platforms.

Energy consumption

We report energy consumption associated with our global operations using the same activity data as noted for Scope 1 and 2 in kWh. This data is reported in both aggregate and disaggregate form. Page 100 for further disclosure.

Limitations and exclusions

Market-based emissions

We report both location-based and market-based emissions but note that our operational targets are measured using location-based emissions. We believe this to be best practice, with the outputs reflecting absolute emission reductions over time. Market-based emissions are not included as part of our external assurance engagement but are disclosed on page 99.

Use of estimates

We source primary data wherever possible but if data is not available, we will estimate based on an equivalent time for the previous year, the average consumption for the facility, or a similar site within the portfolio.³ If data is completely unavailable for a site, we may choose not to disclose a value versus providing an estimate. There are limitations linked to the completeness of some reported data, e.g., we are unable to track waste disposal across all global office locations. We prioritise reporting based on proportion FTE working from a facility and aim for continuous improvement year on year.

Other Scope 3 emissions categories

We do not currently report against all 15 categories of Scope 3 defined by the GHG Protocol. Our assessment is that some categories are not material due to the nature of our operations. We acknowledge gaps related to purchased goods and services (Category 1) capital goods (Category 2), employee commuting (Category 7) and investments (Category 15). During 2023 our procurement function has worked to develop a Category 1 and 2 baseline, which we expect to report in future. We also carried out an employee survey which will enable us to establish a Category 7 baseline. Our focus for Category 15 has been to enable our clients to understand emissions related to their portfolios and we disclose portfolio carbon intensity metrics on page 36, with scope limited by data coverage and availability. This does not currently include financed emissions associated with the assets on the abrdn plc balance sheet. Our intention is to disclose all material emissions categories over time. However, our priority is to ensure the data capability to enable client objectives. We will continue to allocate resources with that view but expect to add to our disclosure over time. This may result in adjustments to our reported baseline and targets in future periods.

1. Conversion factors applied differ by region and source of emissions data. Primary sources are DEFRA, IEA, NGA, UNFCCC, and www.carbonfootprint.com

2. Fluorinated gas and stationary fuel limited to 5 sites, with 55% FTE coverage.

3. 11% of electricity consumption (in kWh) was estimated in 2023 using noted methods.

Operations: metrics



Estimating working from home emissions

Our approach

To calculate our estimated emissions associated with colleagues working from home, we revised our approach in 2023 in collaboration with our external partners, Pawprint. The basis of the approach is to use the Pawprint methodology to calculate the estimated emissions profile of an abrdn colleague working from home, which is aggregated to an annual tCO_{2e} figure based upon inputs such as headcount and assumed office occupancy. We are using the technical model developed by Pawprint, as we believe this has a strong basis for this purpose.¹

Inputs from our colleague survey

In 2023 we asked all colleagues to respond to a voluntary survey, with questions designed to enable the generation of an average emissions profile for abrdn colleagues. We received an 18% response rate across global colleagues, which we use as the basis for the output.

Average emissions profile

The applied method builds an average emissions profile based on survey inputs capturing home size, working patterns, heating, cooling, and equipment use. Consumption values are drawn and converted from regional averages sourced from guidance published by those such as the Department for Business, Energy & Industrial Strategy (BEIS). For example, over 75% of respondents are using natural gas for home heating, which is a more intensive fuel type than electricity and this is reflected in the extrapolated total.

Office occupancy

Our colleagues are generally expected to work from our offices three days a week and we use this as our ratio to aggregate a 2023 average emissions profile. This is after making allowances for annual leave and part-time work. We also assume a 7-hour working day, based on standard contractual terms. In practice, we acknowledge that this will vary. Our 2022 comparative is based on a higher working from home ratio, in line with the transition away from COVID-19 restrictions in the year. This is a key driver in reported tCO_{2e} reduction between 2022 and 2023.

Total colleagues

Our survey was conducted during August 2023, and we are using our August headcount as the basis for our total population. We are also restating figures reported in 2022 using average headcount used for the full year.

Note on our previous method

Our previous approach used an independently produced methodology as the basis for key assumptions relating to colleague homeworking environments but did not account for direct inputs from colleagues. A particular limitation is that we were unable to apportion energy use for multiple people working in the same environment, alongside a reliance on assumptions for home heating, cooling, and equipment use. This method was also largely separate from the colleague experience, with limited basis for us to engage, or inform, colleagues with the outputs. We therefore opted to change our approach to attempt to address some of these limitations now that hybrid working patterns have matured following COVID-19.

Key limitations to our approach

Our 2023 approach uses colleague survey inputs to create a more nuanced average emissions profile, paired with the third-party model from Pawprint. We believe this is a more robust approach for long-term utility but stress that the calculation of working from home emissions is inherently reliant on some key inputs and assumptions. The reported figure should be treated as an estimated value only. Figures such as the office occupancy ratio, and employee headcount have significant bearing on the aggregate figures reported. This means that changes to policy, or our business, may result in higher or lower reported figures that are unrelated to real-world emissions changes.

1. Pawprint emissions methodology available at www.pawprint.eco/methodology

Natural capital strategy



Within our Investment business, our belief is that understanding and managing nature-based risks and opportunities can lead to better investment decisions, and ultimately support client objectives.

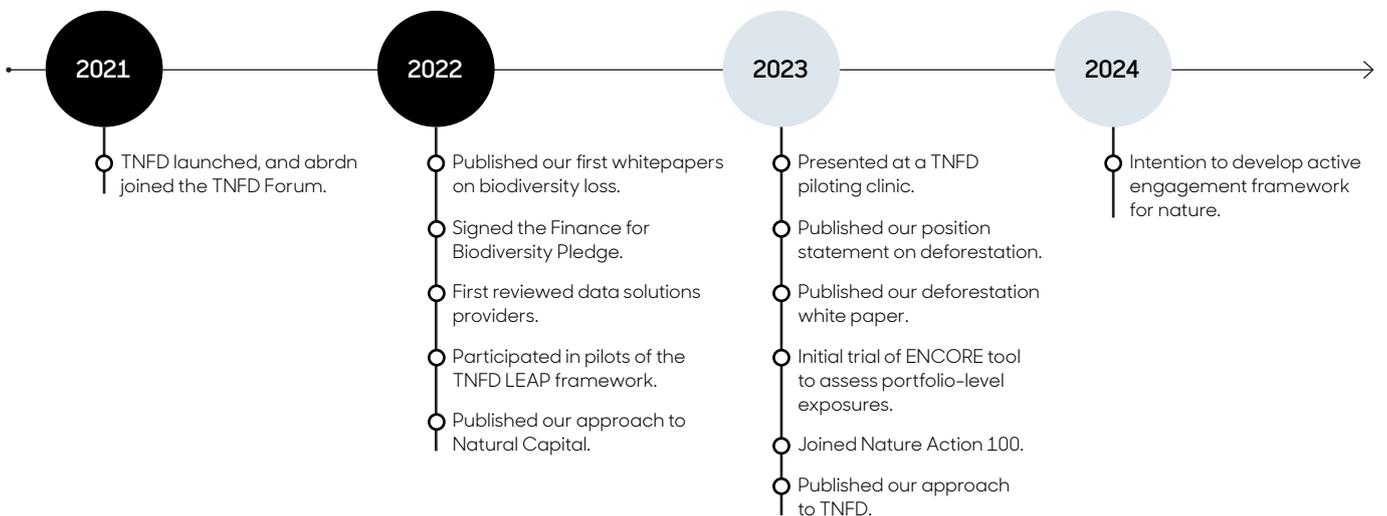
We aim to incorporate nature-related considerations into our investment process using six areas of focus:

The case for nature focused investing

Human activity has significantly altered land and marine environments, impacting the ecosystem services that underpin our societal and economic needs. Critical dependencies and impacts related to nature have the potential to be financially material and investors need to understand risks and opportunities associated with the use of natural capital. Climate and nature are interlinked and protecting and restoring natural capital is essential to reach net zero.

- Research and data**
We aim to enhance our understanding of the implications of unsustainable use of natural capital across our asset classes and regions.
- Investment integration**
We aim to build upon and enhance the data and tools we use to enable investment decision-making when considering the preservation of natural capital.
- Active ownership**
We aim to better understand how investee companies manage nature-related risks and opportunities and to encourage improvements.
- Client solutions**
We look to understand our clients' expectations and develop investment solutions that can help deliver nature positive outcomes.
- Collaboration and influence**
We collaborate with relevant industry associations and initiatives, engaging with peers and policy makers to stimulate improvements and best practices.
- Disclosure**
We will encourage better disclosure in line with the recommendations of the Taskforce on Nature-related Financial Disclosures.

Application of our approach on nature to date:



Identifying impacts and dependencies



Sector insights using available data

Identifying potential nature-related impacts and dependencies in our public market portfolios

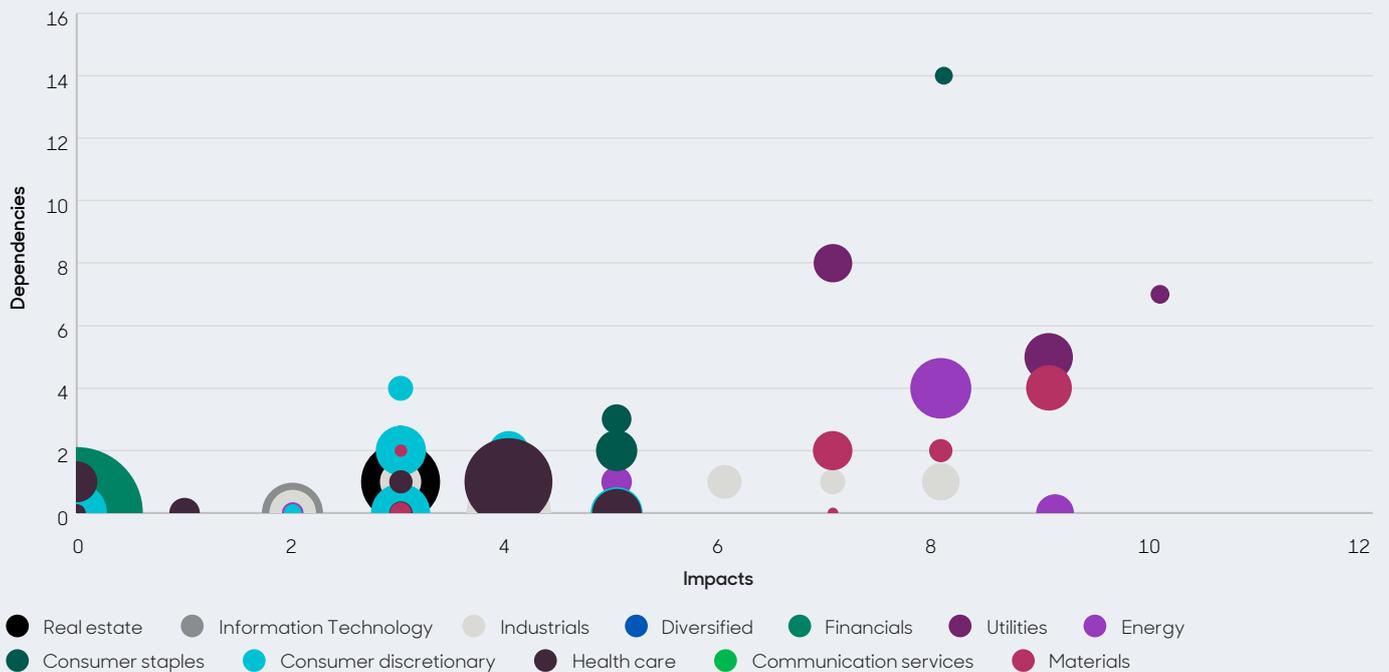
During 2023 we have focused on further developing our initial understanding of potential nature-related risks and opportunities in our portfolios. This builds on our existing data and research and insight.

Our initial assessment is illustrated in Chart 1, and we are keenly aware of the data limitations whilst disclosure on nature-related impacts and dependencies remains emergent. Nonetheless, we are beginning to build a more detailed picture through tools such as 'Exploring Natural Capital Opportunities, Risks and Exposure' (ENCORE).

We have also actively supported the development of the TNFD framework, through the TNFD Forum, and are developing a phased approach to reporting as abrdn. The information in Chart 1 reflects a key output from the first phase of this work, with our next step to enhance our analysis using company-specific information and through priority engagement activities.

Chart 1: Portfolio-level exposure to sectors with 'high' or 'very high' potential impacts and dependencies^{1,2}

Using insights on relevant nature-related sector impacts and dependencies from ENCORE we can explore the potential nature-related risk concentration of our equity and fixed income holdings. This heatmap plots the quantity of potentially 'high' or 'very high' nature-related impacts and dependencies mapped to sectors, with the size of the bubble proportional to the size of our financial exposure to that sector. This visualisation therefore provides an initial illustrative view of how we could prioritise future risk assessments. For example, agricultural products and services has both potentially high impacts and dependencies but proportionally limited financial weight in our portfolios. Whereas the financial sector has high weight but limited potential impacts and dependencies. This view is nonetheless limited in that we are unable to drill down to specific companies within sectors to assess the management of these impacts and dependencies. However, we can use this analysis to identify priority areas for engagement to support further assessment.



1. The information in Chart 1 reflects holdings across equity and fixed income which we are able to map to the Global Industry Classification Standard (GICS).
 2. The underlying data in Chart 1 is equivalent to approximately £133bn of Assets under management.

Actions and insight



Biodiversity 'net gain' in the UK

Focus on implications of regulation for investment real estate.

From 2024, developments such as housing, commercial buildings, and smaller infrastructure projects in England will need to deliver a 'net positive' biodiversity impact from project development. In practice this means developers will need to develop habitats and green spaces. This can either be at the project site, or through purchased private, or statutory credits.

This presents both risks and opportunities for investors. For example, developers could incur additional costs, with landowners potentially being positioned to benefit from an option to create 'habitat banks' to be sold as biodiversity credits. Our investment real estate approach considers the potential impacts on nature across both the construction and use phase of an asset's lifecycle. We are alert to the need to mitigate negative impacts to nature and continue to develop our approach to enhancing local biodiversity at both development and standing assets.



Case study

Piloting 'net gain' for new developments

Our real estate team has worked with DEFRA on pilot projects so as to provide feedback on live regulatory updates using developments from our funds. For instance, when converting an intensive cattle pasture to a 62,000 square feet parcel delivery hub, we could not enhance biodiversity at ground level, despite retaining trees and hedgerows. Instead, we incorporated a green roof when designing the delivery hub. This incurred a cost but avoided the purchase of biodiversity credits for the project, which under the regulation would be a greater expense. Despite the additional cost, we delivered a biodiversity uplift on-site, without needing to purchase biodiversity credits.



Case study

Solutions for nature-related data

One of the primary challenges for investors is access to high quality data, with disclosure on nature still emergent. This is a particular challenge for metrics such as land use change, water stress exposure, and non-GHG air pollutants. We expect to see changes over time, driven by regulatory frameworks, but for investors looking to fully assess portfolio-level risks and opportunities, currently, there are limited solutions. During 2022 and 2023, we mapped the current market for data, footprinting, and geospatial data providers to understand how, as investors, we could access quality nature-related data. Despite an array of existing and emerging providers, our assessment is that there is insufficient coverage for the entire range of data we need. This is nonetheless a rapidly evolving space and there is now sufficient data to begin identifying potential risks and opportunities in our portfolios.

Research and insights

Further reading available on our website.

- [Preserving Natural Capital – Our approach for investments](#)
- [Biodiversity Loss – Introducing the next environmental crisis](#)
- [Biodiversity Loss – Impossible for investors to ignore](#)
- [Nature as a climate solution](#)
- [Deforestation – Why it matters for investors](#)

Operations



Recognising our impact

Our approach to date

Our operational impacts on nature are relatively small, compared to those connected with our investments. Our impacts are through the resources we use, the waste we generate, and through interlinkages with climate impact.

We have historically taken actions such as targeted removal of single-use plastics from our offices, and through responsible waste management. In the last two years, we have also established powerful partnerships, through the abrdn Charitable Foundation, with organisations such as The Alan Turing Institute and UNESCO. We believe this is one way for us to have a meaningful positive impact beyond our day-to-day operations, with further information on page 96.

These partnerships are also intended to support engagement with colleagues, alongside the important role our Environmental Champions colleague network plays, with 90+ staff volunteering at events hosted by the network throughout 2023. The network also hosts regular meetings with 'Spotlight Speakers', such as our Head of Corporate Environment Strategy, in addition to selected external speakers.

Looking ahead, we recognise that there is more to do to integrate nature with our operational sustainability strategy. Our team are looking at improving available data on metrics such as water, and waste, as well as considering other areas of connectivity linked to our existing work on climate impact.

The role of carbon credits

We are aware of the growing scepticism related to the voluntary carbon market and we measure our operational climate targets through the achievement of absolute operational emissions reductions over time. We have historically purchased carbon credits to the value of our residual reported operational emissions, prioritising projects which follow the Oxford Principles for Net Zero Aligned Carbon Offsetting. In 2023 we continued this practice, purchasing credits to an equivalent value of 100% of our reported 2022 operational emissions. These credits supported a REDD+ Gola Rainforest Protection project, in Sierra Leon, and a Rooftop Solar project across East Africa. Our aim is that chosen projects have low risks of non-additionality, reversal, and unintentionally creating negative consequences. We intend to reflect on our long-term approach, with our focus continuing to be absolute reductions of operational emissions.

Powerful partnerships

Charitable partnerships focused on protecting nature and addressing climate change:



£1,000,000 partnership with The Alan Turing Institute to help bridge the knowledge gap between ecosystem impacts and insect populations.

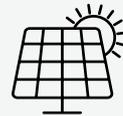


€750,000 partnerships with UNESCO to support research and educational programmes on sustainable development.

Learn more on page 96.

Minimising operational impacts

Ongoing actions across our global office estate.



Procurement of 99% renewable electricity for UK offices where we have procurement responsibility (2022: 99%).



Purchased carbon credits equivalent to 100% of reported tCO_{2e} from our 2022 reported operational emissions. 50% of these credits related to a Gola Rainforest Protection REDD+ project.



Engagement with top 50% of third-party suppliers by spend to set net zero equivalent targets.

Refer to page 84 for an update.

Social:

Inclusion and opportunity



Disclosure approach

The information in this section is intended to summarise the actions we are taking across abrdn to create a more inclusive and engaged organisation for our people, and to illustrate how we apply those principles for our wider stakeholders. We are committed to transparency, which is one of 'Our commitments' and this report provides the opportunity to update on our actions and areas of focus, in addition to complementing the disclosures we make in our Annual report and accounts as abrdn plc. This section is focused primarily on our actions as a corporate entity but provides supporting examples showing how our principles are applied to active engagement, and to our wider products and services. The information reflects the latest available as of 31 December 2023, and signposts to other information where relevant to specific topics.

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2023 in review

“We are committed to building a business and shaping a culture where all our people can thrive. We are focused on developing talent, supporting careers and creating an environment where every colleague can be themselves, do their best work and ultimately contribute to our success.”

Tracey Hahn
Chief People Officer



Progress against targets

Diversity, equity, and inclusion across our organisation:

Our people

Female representation:

- 40%** **abrdrn plc Board**
Target: 40% women, 40% men, 20% any gender by 2025 (2022: 45%)
- 34%** **Senior leadership**
Target: 40% women, 40% men, 20% any gender by 2025 (2022: 39%)
- 43%** **Global workforce**
Target: 50% gender balance (+/-3% tolerance) by 2025 (2022: 43%)

Ethnic representation:

- abrdrn plc Board**
Ambition: 2 Directors identifying as minority ethnic by 2025. 2023: 1 (of 10) (2022: 1 (of 11))
- Senior leadership**
From 1st January 2024: Target of 6% of senior leadership (UK) identifying as ethnic minority by 2027

Colleague engagement

Overall score from our annual engagement survey

54% (2022: 50%)
Learn more on page 52.

Other important milestones:

Investments

We published our investment approach to diversity equity and inclusion in November 2023.

abrdrn

We became a Disability Confident employer in September 2023.

Our commitments

We are:

Client first

From every seat in our business, we understand our unique role in enabling our clients to be better investors, regardless of where we fit in the organisation. We listen and learn from our clients and colleagues, enabling us to adapt quickly to clients' needs and deliver better experiences and outcomes.

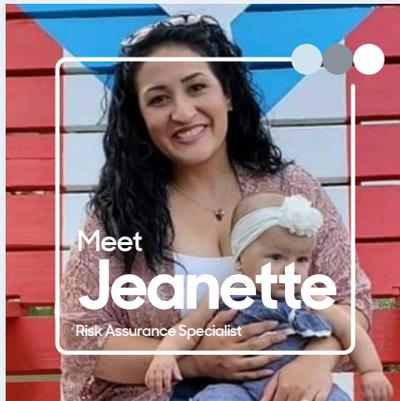


"We base decisions on what's in our client's best interests. This applies to our relationship managers, and everyone in the value chain across abrdn"

Peter Branner

Empowered

We speak up, challenge and act. We take ownership for our work, we accept accountability for our successes and, when they happen, our failures too. We embrace opportunities that expand our experience and build our skills. We champion diverse voices, nurture talent, and encourage people to reach their full potential.



"For me, empowerment revolves around trust – trusting myself, and feeling that my people leaders trust me with the task at hand."

Jeanette Justiniano

Transparent

We have the honest and important conversations that fuel our performance and build trusted relationships. We share information without ego or agenda, so we can make the best decisions for our clients, the growth of our business and development of our people.



"Transparency and feedback is important to culture because it's not about criticism, it's all about how we continue to improve and better connect."

Sandy Takahashi

Ambitious

We strive for exceptional performance. We also know when to balance pace with perfection to get things done. We are passionate about the positive impact we can have for our business, industry and society and are active in making a difference. We recognise and celebrate when we create value for clients and the community.



"My drive for ambition comes from the feeling of knowing I've made a difference – in work and my community. "

Chloe Finlayson

Our commitments



Embedding our commitments

Actions we are taking in support of colleague engagement

During 2023 we have focused on integrating our commitments into every stage of colleague experience, supported by powerful storytelling and robust feedback mechanisms. The examples below illustrate some of our engagement programmes in action.

1 Leadership communication programme

In 2023 we launched our leadership communication programme. The focus being to strengthen trust, confidence, and connection between leaders and colleagues. We have six active leadership communication channels, including digital broadcasts, informal coffee sessions, and hybrid townhalls. We continually gather feedback and make changes in response to colleague ideas.

2 Our listening strategy

Central to our approach is our strategy for colleague listening. Our regular rhythm of surveys includes candidate onboarding, leavers, and complete engagement monitoring. These provide actionable analytics that empower people leaders at all levels of the business, in addition to enabling focus on the areas with the most significant impact.

3 Talking talent series

We want colleagues to feel abrdn is the place to grow their careers. Building on our 2022 series we invited leaders and colleagues to come together to share personal development stories. This amplifies our existing development programmes and illustrates opportunities available at all levels.

4 Awards and recognition

In 2022 only 44% of colleagues felt recognised for their work in the business. We want colleagues to feel celebrated for the work they do, so we launched our first 'abrdn awards'. With over 600 colleagues receiving a nomination it was a great response. In 2023 we see an improvement to 64% of colleagues feeling recognised for their work.

5 Colleague communication channels

We continue to evolve our approach to colleague communications, delivering strategic content through streamlined channels. Each week the most important updates from the business are collated and circulated through our all-colleague email. This includes amplified personal stories and community activities. In 2023 we also rolled out Microsoft Engage, which we hope will lead to greater interactivity in 2024.

2023 engagement results

Each year our annual engagement survey provides colleagues with the opportunity to have their voices heard. Our November 2023 survey saw 79% of our people take part, with over 5,200 comments providing a rich picture of how we are doing across areas of focus. Amidst a challenging market, ongoing transformation, and organisational change, overall colleague engagement increased slightly to 54% (2022: 50%). We see positive scores attributed to the roles people play, their sense of inclusion, the nature of their work, and motivation levels. Where we have focused, we see improvements across 2023, with increased scores around leadership, systems, and processes. As we transform abrdn, we continue to focus on our culture and the actions we need to take to shape our overall colleague experience. Whilst we know there is work to do, we are ambitious and committed to making demonstrable progress for our people.

Clear themes of feedback

- 74%** My job provides me with the opportunity to do challenging and interesting work
- 68%** I know how my work contributes to delivering our strategy
- 64%** I receive praise for the contributions I make

What we need to focus on

- 46%** I can see actions being taken to improve systems and processes
- 43%** I see myself working here in two years time
- 36%** I believe there are good career opportunities here

Looking ahead

Clarity, communication, trust and transparency are key drivers of progress. Continuing to listen, and demonstrate that people are important to the success of our business, is the top action that will build confidence in leaders and the future.

Diversity, equity and inclusion



"Our objective, and mission is to create an inclusive culture for all colleagues. We want our people to feel valued for what they do, to feel they are making a difference everyday, and to be proud and supported to be themselves at work. Our commitments are at the heart of our strategy and bring us together in pursuit of inclusivity."

Gillian McGill, Colleague Experience Director - Communications and DE&I

We define diversity, equity, and inclusion (DEI) as:

Diversity

Everything that makes us who we are – our people and all the ways we differ and are similar. Both our visible and invisible characteristics, as well as how we think, how we work, and the experience we bring to our clients.

Equity

Creating a level playing field to ensure equal access to opportunity – including assistance to candidates or colleagues from underrepresented groups.

Inclusion

The workplace and culture we are collectively creating for diversity to thrive – creating an environment where all of our people can work at their best.

Our DEI strategy helps hardwire diversity, equity and inclusion through all we do. We are guided by four consistent priorities and use data to drive effective change.



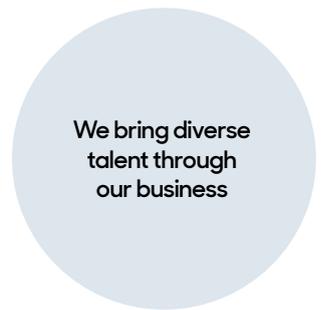
DEI is part of our purpose



Our ways of working are inclusive and equitable



We feel valued and included everyday



We bring diverse talent through our business

Oversight of our strategy

Led by our Executive Leadership Team

Our strategy intends to make a positive impact across our business and is led by our Executive Leadership Team, with oversight from our Board. We have targets aligned to important areas of underrepresentation and our leaders are accountable for this progress. Our Executive Directors' Remuneration Policy includes non-financial performance metrics, with a 10% weighting linked to our people, engagement, and diversity metrics when considering variable bonus awards. More information available in our Annual report and accounts.

Delivering our strategy

Action plans maintain focus and momentum

We deliver on our strategy through action plans ratified by our Board. It is important to acknowledge that, though DEI is now widely recognised as an important focus for business and policy, there are still significant gaps to embed inclusivity in our industry, and areas for further focus across abrdn. Our action plans apply to how we aim to deliver for our colleagues, but we are also taking meaningful actions as investors and through our products and services. Pages 55–58 focus on the former, but more information on the latter can be found on pages 67–69.

Diversity, equity and inclusion



Roles and accountabilities for DEI

Our governance framework

abrdn plc operates using a governance framework aligned to the principles of the UK Corporate Governance Code (2018). Our Board of Directors oversees the implementation of the company business model and activities of our three businesses: Investments, Adviser, and ii. This includes oversight of material DEI matters as relates to the implementation of our business model and strategy. More information available in our Annual report and accounts.

Our Board and Committees

Our Nomination and Governance Committee has oversight for our DEI strategy across abrdn. This oversight is additionally supported by our Board and other Committees, with important roles for our Audit and Remuneration Committees, as relates to the performance against public targets and non-financial reporting and disclosure. In 2023 the Directors played an important role in monitoring progress and challenging management on DEI matters. The Board also continues to support its Diversity Statement.

Our Executive Leadership Team

Our DEI actions across abrdn are led by our Executive Leadership Team, with accountabilities tracked through scorecards and goals. This is supported by a monthly management information pack that highlights progress and challenges across our areas of focus.

In each business, function and region

Our strategy is global but requires local delivery to create authentic inclusion. Each of our Executive Leadership Team sets priorities relevant to local contexts against our framework, so that each abrdn team can contribute.

Global Inclusion Committee

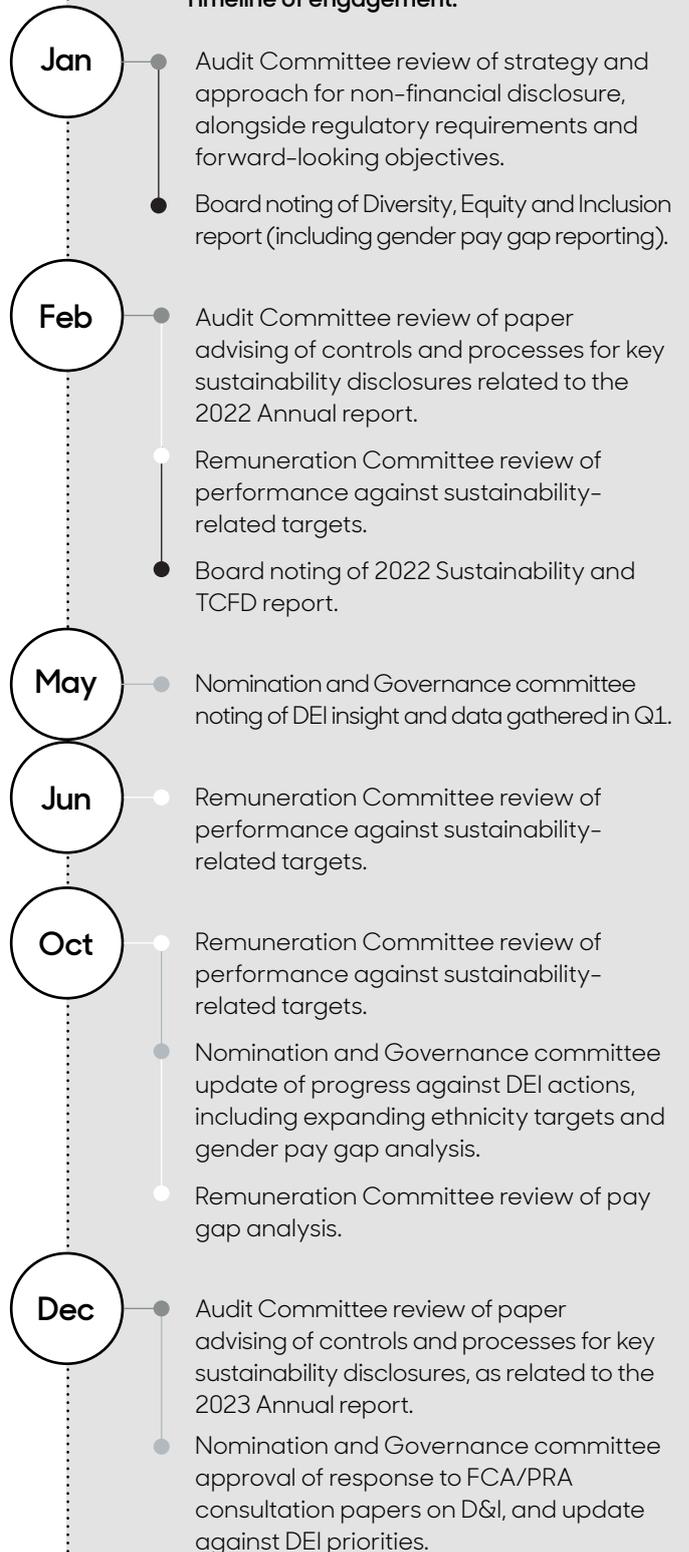
We have an active committee of leaders from across the business to help set our DEI strategy and support the delivery of local initiatives.

Our global code of conduct

Our global code of conduct sets out the standards and principles that we hold ourselves to, with each of our colleagues asked to consider the principles in every decision we make. All abrdn colleagues are required to annually attest to the code.

Illustrating Board oversight in 2023

Timeline of engagement:



● Board ● Audit Committee ● Remuneration Committee
● Nomination and Governance Committee

Diversity, equity and inclusion



Why it matters

Our belief is that gender balanced teams bring diverse perspectives, thoughts and ideas and help improve decision-making. This supports our strategy and purpose - to enable our clients to be better investors. We aim to be transparent about our actions and improve progress for abrdn and our industry.

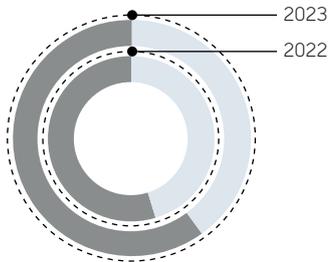
2023 actions and outcomes

In 2023 we updated our gender action plan, collating the work we have done to work toward gender balance across abrdn. This year was also one of organisational redesign, with reductions in headcount also correlating with a reduction in gender representation for our senior leadership population. We continue to benchmark well, and were delighted to be named in the 2023 Financial Times Diversity Leader List. We know there is much more to do, and remain committed to our targets and actions.

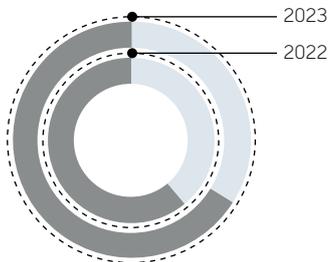
Gender representation objectives to 2025:

Gender

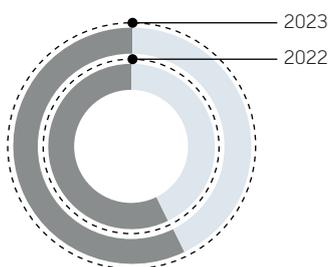
● Female ● Male



abrdn plc Board		
Target: 40% women, 40% men, 20% any gender by 2025		
	Women	Men
2022	45% 5 (of 11)	55% 6 (of 11)
2023	40% 4 (of 10)	60% 6 (of 10)



Senior leadership (CEO-1 and 2)		
Target: 40% women, 40% men, 20% any gender by 2025		
	Women	Men
2022	39% (of 132)	61% (of 132)
2023	34% (of 96)	66% (of 96)



Global workforce		
Target: 50% gender balance (+/-3% tolerance) by 2025		
	Women	Men
2022	43% (of 5,147)	57% (of 5,147)
2023	43% (of 4,742)	57% (of 4,742)

Gender action plan

Aiming for a gender balance at all levels of our organisation.

What we have done:

01

Recruitment: Through a combination of technology partnerships, and practices, we have a framework in place to help attract more women into roles in our business. Learn more on pages 60-62.

02

Development: We have introduced development offerings for women at early, mid and senior career stages. Learn more on page 62.

03

Data: We promote accountability by providing leaders with increasingly detailed data on gender representation.

04

Capability: We have taken actions to address gender-related barriers to career progression, such as steps to build our Career Framework, and by creating safe spaces to share and learn.

05

Colleague support: Our Balance colleague network provides support and runs sessions on topics such as mental health and career progression. Learn more about colleague networks on page 66.

06

Policy: Our benefit policies are gender inclusive, including equal parent leave in the UK.

Looking ahead

In 2024 we expect to focus on continued menopause awareness, increasingly detailed data integration, and advocacy efforts from our leaders across the organisation.

Diversity, equity and inclusion



Why it matters

There is a long-standing imbalance between men and women in the labour market, with significant inequalities remaining. The gender pay gap is an important marker of this, and we are committed to addressing it as part of all our gender actions.

We are committed to continued reductions in our gender pay gap, with a key contributing factor being that more men occupy senior roles than women. We have four actions in place to address this imbalance:

An update on our progress

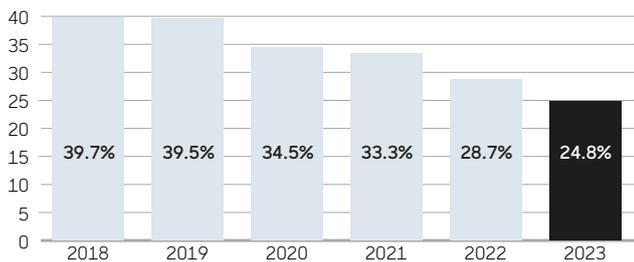
Though we continued to see reductions in our UK mean and median pay gaps and our median bonus gap, we noted an increase to our mean bonus gap in 2023. Challenging global market conditions for our industry meant we had a reduced variable pay plan bonus pot this year, and average bonuses for men and women were reduced. Other types of bonus payments (for example commission, deferred fund and share payments) were less impacted. These bonuses are available to certain roles (for example sales roles and senior roles) and these roles currently have higher proportions of men, therefore driving an increase in the mean bonus gap. We have the right actions in place, but progress is slower than we would like. We will continue to prioritise the activity and actions that we know will make the biggest difference.

1 Representation targets	We set targets for representation of women at all levels across the organisation. Refer to page 55 for our 2023 disclosure.
2 Gender action plan	We have a plan in place to focus actions on attraction, retention and progression of women at early, mid and senior career stages. Learn more on page 55.
3 Industry collaboration	We set a collective industry target to reduce the industry gender pay gap by 50% by 2030, in partnership with the Diversity Project.
4 Executive accountability	We were one of the first signatories to the HM Treasury Women in Finance Charter, linking delivery of our targets to pay through our Executive Director scorecard.

Our UK gender pay and bonus gaps

We have reduced our UK gender pay gaps in 2023 for the sixth consecutive year and believe we have the appropriate actions in place to address this long term. We also note our mean bonus gap increased versus 2022.

UK Mean gender pay gap



UK Mean gender bonus gap



Scope of disclosure

Our data is reported for UK colleagues only and uses a snapshot date of 05 April 2023. This information is disclosed to provide additional transparency under the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The data has not been subject to independent assurance and is reported in a manner consistent with prior periods. This information is additionally disclosed in a standalone Gender pay report, which was published in February 2024. The purpose of inclusion in this report is to further support transparency on a critical area of focus for abrdn and our industry.

abrdn combined employing entities with over 250 employees		
	Median 2023	Mean 2023
Gender Pay Gap	18.8%	24.8%
Gender Bonus Gap	34.6%	55.3%
Pay Quartiles	Female	Male
Q4 (Upper)	26%	74%
Q3 (Upper Middle)	41%	59%
Q2 (Lower Middle)	49%	51%
Q1 (Lower)	50%	50%
Proportion Receiving Bonus	51%	61%

Diversity, equity and inclusion



Why it matters

Our belief is that diverse teams with inclusive cultures help to improve decision-making with different perspectives and experiences. This supports our strategy and helps enable better investment for our clients. Our industry has a long way to go before we achieve systemic change, and we aim to be transparent along that journey.

2023 actions and outcomes

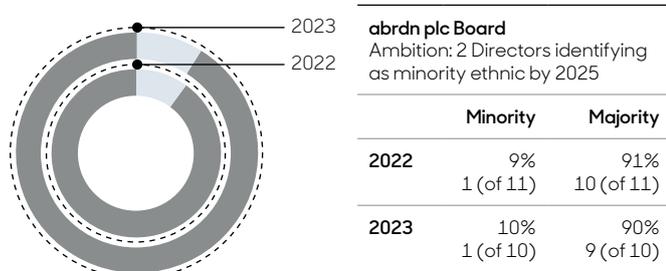
In 2023 we updated our ethnicity action plan with colleagues from across the business and committed to a new target applicable to our senior leadership population. This target comes into effect from 2024, and we continue to meet the Parker review recommendation of one abrdn plc Board member who identifies as ethnic minority.

As part of our commitment to the Corporate Call for Action, we also welcomed 11 students from diverse backgrounds into the second cohort of our 'Future Talent Program', which is a micro-internship designed to deepen participants' understanding of our business and industry.

In the UK, we also entered into a new membership with Black Women in Asset Management to provide cross-industry ethnicity mentoring, insights, job board, and events into 2024.

Minority ethnic representation objectives:

● Minority ● Majority



abrdn plc Board
Ambition: 2 Directors identifying as minority ethnic by 2025

UK Senior leadership (CEO-1 and 2)

Our target from 2024 to increase minority ethnic representation by 2027. This meets the recommendation of the UK Government supported Parker Review.

Ethnicity action plan

Aiming to improve outcomes for ethnic minority colleagues.

What we have done:

01

Recruitment: Tools such as diverse interviewer pools, and external partnerships help us reach candidates from minority ethnic backgrounds. Learn more on page 60.

02

Development: We created a 'Talk about race' guide to support colleagues talking openly about race and to build inclusion.

03

Data: We believe industry transparency helps drive progress and have published ethnicity data on regional representation. Refer to page 101 for detail.

04

Capability: We run cultural awareness workshops and promote 'Human Library' learning opportunities.

05

Colleague support: Our Unity colleague network runs regular events and provides learning opportunities across the business. Learn more about colleague networks on page 66.

06

Policy: We were one of the inaugural signatories to the Race At Work Charter in 2018 and also joined the Corporate Call to Action and Change the Race Ratio.

Looking ahead

In 2024 we expect to focus on topics including ethnicity pay gap reporting, specific learning opportunities aimed to support ethnic minority colleagues, and the continuation of our work to build cultural awareness and capability.

Diversity, equity and inclusion



Why it matters

Alongside gender and ethnicity, there are many socioeconomic barriers facing people in society. Over time, we aim to remove those from our organisation. We believe that diverse teams with inclusive cultures help to improve decision-making with different perspectives and experiences. This supports our strategy and our clients.

2023 actions and outcomes

We continue to build socio-economic diversity at early careers level and in 2023 recruited 50% of our graduates from Non-Russell Group universities and 88% of trainees from state schools. Social inclusion is also something many of our colleagues passionately support. In 2023, one of our investment teams also designed and delivered an interactive presentation for schools in Edinburgh, to encourage young people from low socio-economic backgrounds to find out more about abrdn and the asset management industry.



Case study

Facing up to the data challenge

Social issues are often interlinked and do not exist in isolation, with specific barriers also different across each region we operate in. Though we believe we have a general understanding of the drivers of social disparity in our industry, we are unable to set specific targets until we have measurable, actionable data. We increasingly collect social mobility data from our early careers recruitment process (page 61), but we do not have related data for most colleagues who have been with us for some time. Information on factors, such as educational background, may also not be a fair reflection of barriers our colleagues and candidates are facing. Colleagues may also prefer not to share, which can lead to low data completion rates. To address this challenge, we produced a simple guide to explain why this disclosure is important and to encourage those colleagues who are comfortable to share. Acknowledging the data gap is not something we can change overnight; our action plan includes providing safe spaces and guides to talk about things like 'class' in the context of social mobility and inclusion.

Social inclusion action plan

Aiming to create positive outcomes for people facing barriers in society.

What we have done:

01

Fair Work: We are accredited UK Living Wage and Living Hours employers. Learn more on page 65.

02

Recruitment: We have partnerships with organisations such as SEO London to help us reach candidates from different economic backgrounds. Learn more on inclusive recruitment on page 60.

03

Developing understanding: We produced a 'Talk about class' guide to support colleagues talking openly about social mobility issues.

04

Data: We have embedded social mobility questions into our recruitment processes to deepen our understanding of socioeconomic backgrounds. Learn more on page 61.

05

Colleague support: Our NextGen colleague network runs regular events. Learn more about colleague networks on page 66.

06

Working across our industry: We work collaboratively with groups including ShareAction, the Living Wage Foundation, and the City of London Socio Economic Diversity taskforce. This help us share best practice and encourage cross industry working.

Looking ahead

In 2024 we hope to continue to build our data on socio-economic backgrounds, and to work with regional partners to understand social inclusion priorities in different regions.

Diversity, equity and inclusion



Outlining our DEI objectives reporting scope

Reporting boundary

Our reporting boundary for our global workforce and senior leadership populations is representative of abrdn plc and its wholly-owned and operated subsidiaries. Data is reported as of 31 December 2023.

abrdn plc Board

The abrdn plc Board is comprised of 1 Chair, 7 Non-Executive Directors, and 2 Executive Directors. Diversity information for all Board members is self-reported.

Global workforce

Our global workforce includes all full-time, part-time, fixed term, graduates, apprentices, secondees and intern employees. We do not make any adjustments for part-time working and count each person as one employee. Non-Executive Directors are not included in total populations, as independent members of the Board. Diversity characteristics are self-reported by all colleagues through our people systems. This information is typically disclosed during onboarding processes, but colleagues do have the ability to change and update their own information, should this be required. Gender representation is calculated based on a total headcount of 4,742 as of 31 December 2023. This is reported as a percentage of the total population.

Senior leadership

Our senior leadership is defined as: those one and two reporting levels below the CEO of abrdn plc, excluding all administrative and support staff. This is a subset of our global workforce and follows the same self-reporting processes noted. Gender representation is calculated based on a total senior leadership population of 96 as of 31 December 2023. This is reported as a percentage of the total population.

Definitions and exclusions

Gender

Reported representation figures are based upon self-disclosed information from colleagues and Directors. This is split by male and female gender identities for the purposes of formal and regulatory reporting, we recognise and are supportive of colleagues who may choose to identify as a different gender to that assigned at birth, as non-cisgender, or as non-binary. We disclose the percentage of colleagues who have identified as non-cisgender on page 101.

Ethnicity

Our existing ambition for the abrdn plc Board is based upon our Board members self-reported ethnicity to our DEI team, compared with UK census data to identify ethnic minority backgrounds (all non-white groups). We also provide further information on the ethnicity of our regional workforces on page 101.

Administrative roles

Colleagues in administrative and support roles are excluded from our senior leadership population for the purposes of our related target and reporting. These roles are defined by job title, or equivalent, with supporting information on our people systems used as the basis.

Leave

Colleagues on garden leave as of 31 December are excluded from the senior leadership population. In simple terms, this reflects colleagues in the process of leaving the business who remain on leave until the completion of a notice period. Other forms of leave are included.

Data

Any colleagues without gender on our people systems as of 31 December are removed from the calculation. This was 63 colleagues in 2023 (2022: 60).

Area of representation	Target group	Objective by 2025	31 Dec 2023	31 Dec 2022	Status at 31 Dec 2023
Gender	abrdn plc Board	• 40% women, 40% men, 20% any gender	40% women	45% women	✓
Gender	Senior leadership (CEO-1 and 2)	• 40% women, 40% men, 20% any gender	34% women	39% women	✗
Gender	Global workforce	• 50% (+/-3% tolerance)	43% women	43% women	✗
Ethnicity	abrdn plc Board	• 20% (or 2 Board directors who identify as ethnic minority)	10% ethnic minority	9% ethnic minority	✗

Talent



Focus on inclusive recruitment

Our tools to enable more inclusive recruitment

Identifying and attracting the best talent for our organisation involves minimising bias and removing potential barriers to our processes. We use several tools, partnerships, and approaches, to prioritise inclusive recruitment at all levels of our business.

This involves making training and guidance available for hiring managers, with support from our global diverse interviewer pool. In addition we have continued to extend our outreach via diversity partnerships, such as Girls Are Investors (GAIN). We extended our support for GAIN in 2023 and have committed to sponsor programmes and events to encourage more women and non-binary people into the investment industry and improve diversity in our sector.


Case study

We are a Disability Confident Employer

In September 2023 abrdrn became a Disability Confident employer under the UK Government's scheme. We are committed to removing barriers for people with disabilities to join and be successful in our industry. Since signing up we have met with 17 talented individuals who qualified for interviews as part of Disability Confident. We also committed to offering internships via the Able Intern Programme in our 2024 intern intake - a programme which seeks to address the under-representation of disabled talent in the UK.

Diversity partnerships

We work with partners to help us reach diverse talent pools. Our early careers partnerships include Girls Are Investors (GAIN), and 10,000 Black interns. In addition, all our executive search partners are obliged contractually to provide diverse shortlists.

Augmented writing

We continue to use an online tool to review our role profiles to make sure they are attractive to a wider range of candidates. The tool helps us to avoid language that could suggest gender bias, and flags jargon that may not be easily understood.

Diverse interviewers

In 2023 we refreshed and expanded our diverse interviewer pool, which now includes 70 colleagues. Our objective is to ensure that our interview panels are representative and that our assessment of candidates is robust and fair.

Training for hiring managers

We have a bespoke training programme called Hiring for Success. This is available in multiple formats and equips our hiring communities to identify and mitigate against biases and micro-behaviours and to advocate for DEI at every stage of our process.

Informative data

We track diversity characteristics to inform each stage of our recruitment process. This helps us to identify potential drop-off points for candidates to help inform our approaches to increase gender and ethnic representation over time.

Interview templates

Our interview templates help us to provide a consistent experience and fair assessment for candidates. We have taken steps to ensure this extends to neurodivergent candidates, with specific guidance for hiring managers on our templates.

Talent



Early careers

Monitoring diversity characteristics

Our objective is to improve the diversity of candidates attracted to us globally and our inclusive recruitment tools support this goal. Each year we recruit graduates, interns, and trainees into our business, and we continue to track diversity characteristics in support of our DEI action plans for gender, ethnicity, and social mobility. We believe that the tools and processes we have in place are supporting better outcomes in this, but also acknowledge that challenges associated with representation and inclusion in our organisation cannot be solved solely through early careers recruitment. The relative size of these groups also means that percentages may be subject to significant changes from one, or two, individual outcomes each year. We are working towards increased representation over time and hope that our early careers colleagues will stay in the business and help co-create an inclusive culture. This is a potentially compounding effect each year, and we acknowledge there remains progress still to come.



Case study

Ethnicity micro-internships

Our US micro-internship invited another 11 ethnic minority students in for the second year to develop skills, networking and industry awareness. We know that not everyone is aware of our industry and this four-day programme is designed to introduce students to asset management and to provide the opportunity to hear from our colleagues. Our micro-interns worked through a busy agenda. This included a case study project focused on sustainable investment, learning and how we can approach the assessment of risks and opportunities for specific companies. Our Non-Executive Director for Board Employee Engagement also participated and spoke with the group.

Chart 1: Overview of diversity indicators for successful graduate candidates over time

In 2023 we recruited 32 graduates, with gender and UK ethnic minority representation ahead of those characteristics versus our wider workforce. The chart below shows representation changes over time for this population.¹

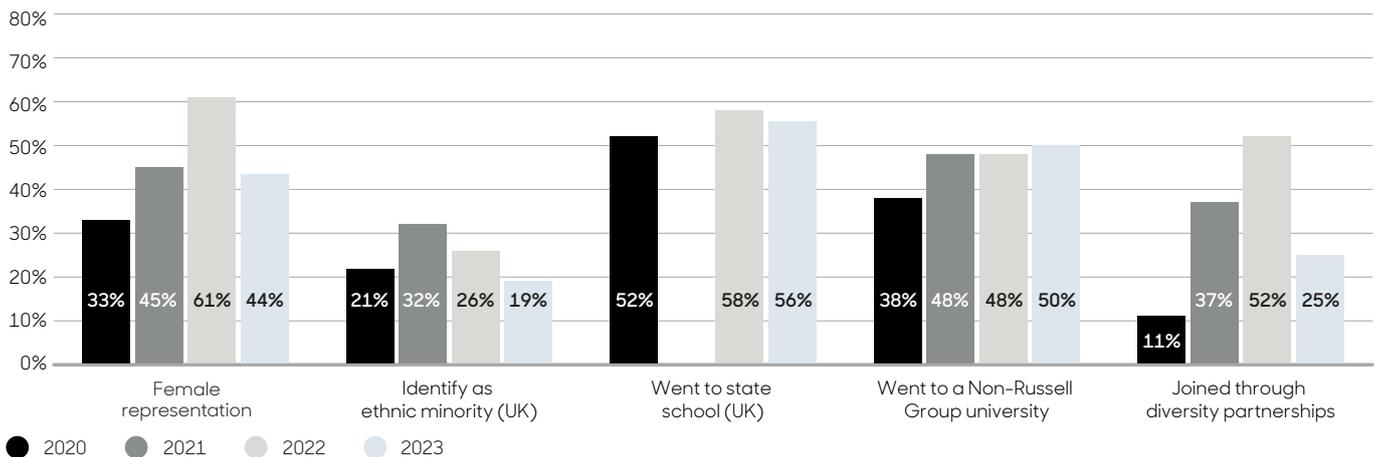


Table 1: Indicators for intern and trainee recruitment (UK)	Interns (37 total in 2023)		Trainees (9 total in 2023)	
	2022	2023	2022	2023
Female representation	45%	35%	17%	33%
Identify as ethnic minority	45%	24%	17%	0%
Joined through diversity partnerships	49%	46%	28%	22%
Went to a state school ²	-	51%	72%	78%

1. Note that no data is available for the proportion of recruited graduates in 2021 who attended a state school. This is reflected on the chart as a null value.
 2. Note that no data is available for the proportion of interns in 2022 who attended a state school. This is reflected as a null value in the table.

Talent



Mid-career

Identifying a strong talent pipeline

At mid-career stage, we aim to identify a strong talent pipeline and demonstrate the value of growing our internal talent, with around 31% of our roles being filled internally.

We recognise that career journeys are not limited to vertical career progression and in 2023 we launched Opportunity Marketplace to enable colleagues to share talent in support of short-term opportunities and projects across the business.

Our development programme, Accelerate, is available to all mid-career colleagues globally, and includes courses that are run specifically for women. We continue to collaborate with diversity partners such as Black Women in Asset Management, 100 Women in Finance and Black Professionals Scotland to build attraction, promote our vacancies and provide cross company development opportunities, all of which further improves the diversity of our talent pipelines.

We also continued to run our Returners Programme, for the third-consecutive year, encouraging women who have spent extended time away from the workplace providing a valuable path back into investment management.

Senior career

Sourcing and succession

We ensure that our Executive Leadership Team succession pipeline has the breadth of experience and diversity to bring the thought leadership required in an effective team. All our executive search partners are also contracted to provide diverse interview shortlists as part of sourcing activity. The importance of recognising and developing our existing talent is critical to this objective and is reflected in our strategy to develop talent focused on areas of strategic importance to our business, such as leadership, clients, and futurist mindsets.



Case study

Developing our Future Leaders

We launched our 'Future Leaders' programme in 2022 to develop a diverse pipeline of leadership talent across our business, through inclusive selection processes. This 18-month long programme focused on building leadership capability through areas of strategic importance – leadership, client and futurist mindsets. Each learning block had sponsorship from our Executive Leadership Team as well as opportunities to connect talent with abrdn Board.

Through a blend of education, exposure and experience components, our 50 'Future Leaders' accessed personalised development through mentoring, psychometrics and coaching. This along with key experiences through business projects and secondments has led to 34% of our participants being promoted since 2022. In September 2023 we celebrated Graduation of our first cohort which has already delivered benefits to our business, with increased engagement of this population and retention of 84% of this talent pool. In 2024 we intend to build on this success as we launch our second cohort and continue to invest in key talent.

Learning and development



Our learning strategy to develop talent

Our aims and objectives

There is no one-size-fits-all approach to learning – we aim to give all our colleagues the tools and resources they need to take control of their development, and to support the delivery of our strategy. Our aim is to:

- 1 Develop the skills and capabilities to support our strategy.
- 2 Support colleagues to build successful careers.
- 3 Create engagement in the organisation.

Our new Leadership Academy was launched this year and has taken a segmented approach to ensure we develop leadership skills at every career stage:

Leading self: Personal skills that we need at every stage of our careers.

Leading others: The skills needed to effectively lead and manage individuals and teams.

Leading the business: Supporting our senior leaders.

Technology is at the heart of our learning strategy, allowing us to create an inclusive approach to development while also managing costs and the environmental impact of travel. Virtual classroom sessions and digital resources are now the established mechanisms for delivering courses and content, and more recently we have extended our use of technology into the field of coaching.

Digital platforms are facilitating an effective and cost-efficient approach to matching colleagues with a coach, allowing us to extend this type of development to a wider audience. We have also introduced a 'digital coach' to support new people leaders as they apply their learning after they have attended our new people leader development programme.

Achieving the right blend of human and digital learning opportunities continues to be a key focus as we support colleagues to get the most from AI and other technological advancements that are being introduced through business transformation.



Case study

Leading with Presence & Impact

This programme was introduced as part of our Leadership Academy and uses techniques from the world of theatre to build influence and create greater engagement with colleagues, clients, and stakeholders. There are three key areas of focus:

- Status & Impact
- Rapport & Influence
- The Power of Story

The programme has received positive feedback from participants, with a Net Promoter Score of 62. After the workshop and subsequent group coaching sessions, 95% participants reported that they feel confident applying what they have learned.

"Really enjoyed the session and found the insights from the world of performance and theatre to be very refreshing and surprisingly appropriate and useful."

Senior leader, Investments business



Case study

Career & Development Planning

We know from feedback in our engagement surveys that career development is important to our colleagues. To support this, we asked that all colleagues and their respective people leaders held a career conversation as part of their mid-year performance review.

To support these conversations, we introduced workshops and webinars for colleagues and their respective people leaders, focusing on using the tools and building the confidence to own and plan career development. 431 colleagues participated in either a workshop or webinar, with the resulting feedback from participants showing that 93% felt confident to apply what they learned.

"I feel better equipped to have the conversation that will make a difference and help others to achieve that."

Investment specialist, Investments business

Learning and development



Our outcomes and impact

Monitoring metrics linked to our learning strategy

One way we can monitor the implementation of our learning strategy is to track core metrics linked to our investment, colleague commitment, and the impacts of our programmes.

The average amount of time our colleagues have spent on learning has reduced. This can be partly attributed to changes in the organisation that have reduced the volume of compliance-related learning hours.

We also know from our engagement surveys and anecdotal feedback that colleagues find it hard to spend time on their development. As a result, a larger volume of places on classroom sessions were cancelled at short notice, which is also contributing to the reduced average learning hours.

Making access to learning more flexible is one of the ways we can address this trend. In 2024, we will increase our focus on self-directed learning tools, such as digital and online content. This will help our colleagues to learn at a time and place that suits them.

Our NPS score, and learning relevance and confidence indicators continue to be very positive, which indicates that colleagues respond well to our learning strategy and programmes. This is something we hope to see maintained as we look ahead to 2024.

Reporting and transparency

We believe in the principle of reporting relevant information publicly. The information here is reported as of 31 December 2023 and reflects common industry metrics relating to learning and development.

Our investment

£2.8m
2022: £4.0m

Total spend

Our learning programmes support talent at all stages of development, and we continue to invest significantly in our content and capabilities.

£670
2022: £829

Total spend per FTE

Based on 2023 FTE figure of 4,719 as of 31 December 2023.

Our commitment

18.3hrs
2022: 23.5hrs

Average time spent (total)

Although the average time spent on learning reduced, our analysis shows that 70% (2022: 62%) of colleagues engaged with some form of developmental learning.

17.9hrs
2022: 24.3hrs

Average time spent (male)

Colleagues identifying as male reduced average learning time in 2023 with time spent across developmental and compliance related learning.

18.8hrs
2022: 22.5hrs

Average time spent (female)

Colleagues identifying as female reduced average learning time in 2023 with time spent across developmental and compliance related learning.

46
2022: 40

Average NPS score

Positive colleague has increased, with high levels of recommendation.

Our impact

88%
2022: 88%

Learning relevance

Our Academies continue to provide highly relevant learning, as colleagues develop their leadership, change, data and digital skills and their wider career development.

90%
2022: 88%

Learning confidence

With many new skills being learned in a transforming business it is critical that learning can be transferred into the workplace. This metric remains strong and increased in comparison to 2022.

Inclusive work



Living Wage and Living Hours

Our commitment to fair work

We have been an accredited UK Living Wage employer since 2014 and in 2020 were one of the first companies to be accredited as a Living Hours employer. We ensure all our UK colleagues (approximately 80% of our global workforce) are paid above, or in line with, the UK Living Wage and that all colleagues are paid above the minimum wage in their country of work. In the UK, we extend this commitment to third party suppliers working on our premises and our Global Third Party Code of Conduct details our linked expectations for any global third parties that we work with.

What is Living Wage?

In the UK, the Living Wage Foundation monitors and sets a Living Wage threshold based on the deemed hourly rate needed to meet the cost of living beyond the minimum threshold mandated by legislation. Living Wage rates are updated annually and was last updated on 24 October 2023, to £12.00 across the UK and £13.15 for London. In comparison, the UK government's minimum wage is currently £10.42.

What is Living Hours?

Also overseen by the UK Living Wage Foundation, the Living Hours accreditation provides greater security for workers. Living Hours is intended to help combat insecure work across the UK, with the three key standards ensuring fair treatment of workers on flexible contracts.

- Decent notice periods for shifts: of at least 4 weeks' notice, with guaranteed payment if shifts are cancelled within this notice period.
- A guaranteed minimum of 16 hours a week (unless the worker requests otherwise).
- The right to a contract that reflects accurate hours worked.

Living Hours is intended to help combat insecure work across the UK, with the three key standards ensuring fair treatment of workers on flexible contracts.



Case study

Living Wage advocacy

We continue to play a leading role in advocating for the Living Wage, by participating in three working groups of the Living Wage Foundation, in support of the Living Wage and Living Hours. In November 2023, we hosted Scotland's Deputy First Minister and Cabinet Secretary for Finance, to mark Living Wage Week. We reflected on how the payment of the Living Wage supports our colleagues, and how this ensures young people join the workplace on a salary that supports them and acknowledges their contribution to the business from the outset. The Minister met with a number of our current and former trainees and graduates to hear directly about their experiences.

Inclusive work

Employee networks

Colleague-led network successes

Our colleague-led diversity networks serve as an important aspect to bring focused, safe space, and open conversations to raise awareness and create connections on important and intersectional topics such as mental health, LGBTQ+ support, and allyship. The networks are run and supported by colleagues globally. Our networks often recognise key days with events such as hybrid learning sessions for World Mental Health Day, International Women’s Day, Reservists and Armed Forces days, cultural celebrations such as Diwali and Pride. In 2023 highlights included newly launched “You are not alone” series from Mind Matters which touched on topics such as addiction and baby-loss awareness, senior leaders speaking at the NextGen launch across Asia Pacific, and 10-year celebration events for our Armed Forces and Lighthouse networks. In addition, the networks work in partnership across abrdn through bi-monthly insight sessions with business areas such as Communications, Sustainability, and Learning & Development. Our networks also host external speakers on topics such as mental health, resilience, and cultural awareness.

We also have more informal peer-to-peer sharing communities. These communities run drop-in sessions and share resources such as the ‘Talk about Neurodiversity’ and ‘Talk about Menopause’ guides to encourage discussions within teams. The communities have also featured guest speakers on different topics ranging from dyslexia, neurodiversity assessment support routes, and menopause masterclasses for colleagues.

Case study

Launching our EMEA colleague forum

The EMEA DEI forum was established in 2023 to bring together representatives from across our offices to support with all aspects of DEI. Launched during abrdn inclusion week, the forum now has representation from all EMEA countries we operate in. Since inception the forum has led communications focused on mentoring, the importance of DEI, and inclusion tools for colleagues. As the forum continues to develop it has been involved with fundraising for world mental health day and Movember, while putting in place plans to continue to grow into 2024.



Colleague networks

Colleagues feel valued and included everyday.

- ### Armed Forces Network

For colleagues with an affinity with and who support the armed forces community. Engaging with forces, ex-forces, and non-forces individuals alike to drive support.
- ### Balance

For colleagues who want to drive positive change, educate, and help achieve gender balance across abrdn.
- ### Lighthouse

Provides an inclusive, welcoming, safe space for all of our colleagues looking to be involved with, learn about and engage with the LGBTQ+ community.
- ### Mind Matters

For colleagues who want to raise awareness and break down stigma around mental health through signposting support, sharing stories, and creating connections.
- ### Unity

For colleagues passionate about embracing ethnicity and multiculturalism. Creating safe space conversations, recognizing days of various cultural importance, and providing education opportunities around multiculturalism.
- ### NextGen

For colleagues, and those with an affinity with the next generation of talent at abrdn, providing opportunities to develop, build networks, and make a bigger impact within the company and local communities.
- ### Capability

Ensures diverse abilities and skills of all colleagues are valued and appreciated, and covers physical well-being, mental well-being and disability.
- ### Environmental Champions

The Environmental Champions is a colleague-led network with a purpose to encourage and inspire environmental practices in abrdn and beyond.
- ### Well-being (ii)

Focusing on providing information and support on colleague well-being.
- ### Social (ii)

Organisation of events to uplift company morale and support our selected charities in fundraising initiatives.
- ### Environmental (ii)

Providing information on sustainable and environmentally friendly personal and workplace practices.
- ### Diversity & Inclusion (ii)

Celebrating our differences in respect of Race, Gender, LGBTQ+, Neurodiversity & Disability, and Religion & Beliefs.

Inclusion in our value chain



Case study

Our belief as investors is that making progress on DEI is critical for the long-term success of companies and economic growth.

We incorporate DEI metrics and questions into our decision-making process to understand financially material risks and opportunities:

Our view is that diverse workforces can help contribute to the financial stability of the companies in which we invest. Policymakers and regulators are increasing their focus on DEI. The level of focus varies by region but will, in aggregate, see companies increasingly disclosing and monitoring performance of DEI characteristics. This feeds into our decision-making and our approach focused on: research, investment integration, active ownership and solutions.

Learn more in our DEI approach document for investments, available on our website.

Example metrics we can use to support DEI investment integration and assessment of risk and opportunities.¹

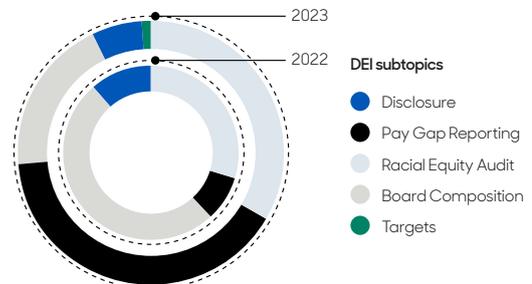
- 1 **Policies:** Does the company have DEI related policies?
- 2 **Targets:** Does the company have DEI related targets?
- 3 **Board composition:** Percentage of gender and minority ethnic representation on the Board.
- 4 **Company composition:** Percentage of total staff representation by gender, minority ethnic, or other minority groups (e.g., LGBTQ+, disability, veterans).
- 5 **Ownership:** Proportion of the firm owned by gender, minority ethnic, or other minority groups (e.g., LGBTQ+, disability, veterans).
- 6 **Culture:** Does the company have structures such as employee resource groups to foster culture?
- 7 **Ownership and accountability:** Does the company have a senior leadership group focused on culture and DEI?

Overview of our voting on DEI topics

We first introduced voting policies related to expectations of minimum board gender diversity in the UK in 2019. Since then, we have expanded this approach to certain other regions, strengthened expectations of minimum female representation and introduced policies related to ethnic and racial representation on boards in the UK and USA. In 2023, we voted against resolutions of 132 companies due to concerns regarding board gender diversity and voted against resolutions of 16 companies due to concerns regarding board ethnic or racial diversity. Where we have concerns, we generally take voting action against the Chair of the Nomination Committee. DEI continues to be a significant focus for shareholder resolutions, with focus on a range of topics broadly including racial equity audits, pay gap reporting, and transparent disclosure. We assess each resolution within the context of the proposal, the company, and region, with recognition that a universal application of DEI decisions is not appropriate in the context of regional differences. Our voting policy is a public document, available on our website.

Chart 1: Shareholder resolutions on DEI

We continue to assess DEI resolutions tabled and instruct votes in the best interests of our clients.



Shareholder resolutions on DEI	2023	2022
Resolutions voted	67	63
Votes in favour	46% (31/67)	48% (30/63)
Votes against	54% (36/67)	52% (33/63)

¹ Gender related metrics currently have the highest rates of disclosure, with other metrics not as widely available. We expect disclosure to increase over time and use a range of tools and databases to integrate DEI into our investments.

Inclusion in our value chain



Case study

Financial inclusion for retail investors

Insights and approach from ii

We believe that investing should be simple and open to all. Through ii, we enable this via a platform providing solutions for pensions, ISAs, and investment. We also provide impartial news and insights for retail investors. In addition to the platform, we look to understand the barriers to financial inclusion for UK retail investors through insights, such as The Great British Retirement Survey, and champion education through initiatives such as the Personal Finance Teacher of the Year Award. We know there are significant gaps for financial inclusion, and we have an important role to play as a business. This remains a continued focus for us, as individuals face ongoing challenges from inequality, cost-of-living pressures, and long-standing financial education gaps.

ii and Pension Essentials

In 2023 we launched Pension Essentials, expanding our Which? recommended SIPP (Self Invested Personal Pension) product to provide lower fees for pots under £50,000. Our Great British Retirement survey supports this need, finding that 76% of self-employed people are paying nothing into a pension.

Great British Retirement Survey

In 2023, ii published the fifth Great British Retirement survey, which highlights common financial challenges and reinforces the role our sector can play through education, financial planning and advice. Through a combination of ii customers and independent research, the survey includes findings from 9,000 people and identifies many gaps for financial inclusion. Some key findings in the context of DEI are noted below, with the complete findings published on the ii website. The survey also includes UK policy recommendations, based on the insights from respondents.

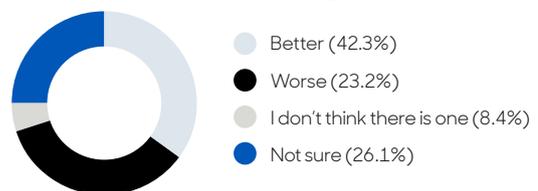
- 14% Gender inequality**
Women are found 14 percentage points less likely to have any pension pots than men (72% versus 86%).
- 16% Financial education**
Only 16% of respondents said they received any financial education, with only half of those individuals believing it sufficient.
- 58% Disability impacts participation in pensions**
Only 58% of people self-identifying with significant disability have any pension pots, versus 82% of non-disabled individuals.

Insights from Finimize.

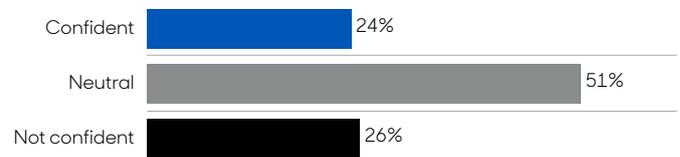
Our investing insights platform focused on empowering modern retail investors with accessible analysis, closing the information gap and increasing financial inclusion.

Our Q4 2023 Modern Investor Pulse focused on female investors, as we acknowledge a history of financial exclusion that women have and continue to face. Despite this, we see increasing optimism that the gender investment gap can be bridged, with 42% of female investors believing that the investment gap is closing, versus 23% who believe the gap is widening. In addition to providing insights through its premium offering, Finimize helps bridge the investment and confidence gaps for female investors by providing free, public, educational materials and guides. Topics include personal finance, sustainable investing, and industry deep dives. This supports financial inclusion for all retail investors, through independent insight.

Question: Do you think the gender investment gap is getting better (closing) or worse (widening)?



Question: Do you feel confident managing your own investments?



Source: Finimize Modern Investor Pulse, Q4 2023. Survey with 1,104 respondents identifying as female, or non-binary. Charts reflect female survey respondents only.

Inclusion in our value chain



Case study

Support for customers in vulnerable circumstances

Our Adviser Client Engagement Hub

We support advisers to achieve the best outcomes for their clients, which includes additional support for customers in vulnerable circumstances. Anyone could find themselves in vulnerable circumstances in their lives with the FCA key drivers of vulnerability including health, life events, resilience, and capability. Through our Client Engagement Hub, we can provide the support and tools for clients with vulnerabilities and aim to make processes as effortless as they would be for anyone. We have a team of specialists who are trained to provide additional help when a vulnerability is identified, and we tailor our services in instances where the client may contact us again. We do this using the data and advanced technology behind our platform.

We were proud that our Client Engagement Hub team was shortlisted for the 'Changing Customer Needs Award at the Scottish Financial Services Awards for 2023.

Using technology to support colleague well-being

In 2023 we have been learning more about workplace stress through a trial programme in partnership with BIOSstress. Using a biometric device and companion app, we can monitor and measure stress levels at work. In practice, increased stress could be due to a challenging call, or meeting. Monitoring this information may help to identify themes, which we can use to pinpoint learning opportunities, such as improvements to training or processes. We hope to learn from the insights from the trial and intend to use the information to support our colleague's well-being, improve our customer service and drive change in the business through 2024.

Customer satisfaction score

90%

Our customer satisfaction score in 2023 was 90%, which is testament to the work we do to deliver quality services through the talent and commitment of our colleagues.

Accessibility services

We believe that websites and digital services should be accessible and easy to use by anyone, regardless of ability, age, or technology. This means that all customers and clients, including those with permanent or temporary disabilities, visual or hearing impairments, cognitive, and/or motor disabilities can use our websites and digital services. For our websites, we aim to be Web Content Accessibility Guidelines (WCAG 2.1) compliant and have tools and services to meet other additional needs. We acknowledge that not all documents and services are fully accessible, including this document as a PDF, which is not fully accessible to screen reader software. We aim to address this over time, as we evolve our digital services to meet customer needs.

Examples of accessibility services we offer

We are continually working to improve the accessibility of our digital services:

Large print, braille or audio formats: For key documents and letters, we can provide a choice of formats on request.

Guidance on website accessibility: We publish guidance on how to enable features such as Text-to-speech functionality online.

Relay UK: We can be contacted via Relay UK, which enables users to type to talk through a Relay Assistant.

Sign language interpreters: We accept calls from NRCPD registered sign language interpreters to speak on customers behalf.

Health and safety



Why it matters

The health, safety, and well-being of our colleagues and the people who work with us is of paramount importance. Our physical environments are relatively low risk compared to other sectors, but we ensure that the appropriate structures and processes are in place to manage risk, with the goal to protect the well-being of those we work with.

Governance

Our Board has overall responsibility for health, safety, and well-being throughout abrdn, with our Chief Executive Officer responsible for oversight on behalf of the Board. The operational responsibility is delegated to a member of our Executive Leadership Team. This was our Chief People Officer in 2023. Our UK Health & Safety Committee meets at least twice annually to consider any material health and safety matters, including the effectiveness of existing policies and practices. The Board maintains oversight on an annual basis through the review of a health and safety report, which includes a summary of significant activities, by region, for the reporting year. Related risks are also embedded within our Enterprise Risk Management Framework (ERMF). More information is available in our Annual report and accounts.

Policy and standards

- **Health & Safety Policy:** Our policy is applicable to all abrdn colleagues and includes individuals working on our premises. The policy sets out the standards for the business to ensure appropriate monitoring, controls, training, and procedures are in place to create a safe and healthy working environment. The policy supports compliance with regulatory requirements for the countries we operate in.
- **Global Third Party Code of Conduct:** Our expectation is that any work undertaken on our behalf is within a safe, and healthy work environment. This applies to our premises and in supplier working environments.

Training and education

All abrdn colleagues are required to complete biennial health and safety training to understand how to maintain safe and healthy working environments, whether working remotely or in the office, and to become familiar with applicable laws and regulations.

Monitoring and systems

All colleagues work in comparable office environments. Most of our people are based in the UK (approximately 80%), which is therefore our highest risk region due to the volume people working from UK locations. We employ an external consultancy to visit all our UK offices on an annual basis, to review our health and safety approach and fire safety compliance. Identified risks are logged as actions and addressed based on the noted severity by our third-party workplace team. We also conduct risk assessments for our work activities. Our goal is zero reportable workplace accidents and 95% of risks to be controlled at the point of audit. All accidents and incidents are investigated.

Reporting and transparency

Though our colleagues work in low-risk environments, accidents can and do happen and we believe in the principle of reporting relevant information publicly. The information below is reported as of 31 December 2023.

Global fatalities

0
2022: 0

Accidents

8
2022: 7

The absolute number of accidents remains comparable year on year.

Absences

1.7%
2022: 1.5%

Around 1.7% of total working days schedules in 2023 were taken as sick. The coverage is 83% of all colleagues.

Looking ahead

The health, safety, and well-being of the people we work with is always a priority. The way we manage the safety of our office environments is critical, and we intend to transition to health and safety matters to being owned by our workplace team, as part of wider organisational redesign.

Human rights



Why it matters

Our role as global investors, employers, and service providers, means there is potential for significant impact and influence on human rights issues. We are alert to these issues across the whole of our business and have policies, and actions in place to mitigate risk and deliver positive outcomes. We have a critical role to play and work to tackle industry issues and to promote best practice.

Salient human rights issues

Overview of our areas of focus

We look at a range of potential human rights impacts resulting from activities we are involved in and prioritise those likely to be the most severe were they to occur. This is based on the level of impact to the rights holder, how widespread the issue could be and the complexity of remedying the issue. We draw on internal expertise and conversations with external bodies to consider how our practices should evolve to respond to events, and how our activities might impact on human rights across our operations.

Rights holder	Salient human rights issue	Policies, Statements and Accreditations	Actions we are taking	Find out more
Clients	Data privacy	<ul style="list-style-type: none"> Privacy and Data Protection Policy Privacy Notices Cookie Policy Global Social Media Policy Global Code of Conduct Client and Customer Policy Anti-Bribery Policy Anti-Financial Crime Policy Sanctions Policy Conflicts of Interest Policy 	It is vital that the information we process is for fair and lawful purposes, and that people are informed of how we collect and safeguard any personal information shared with us.	Pages 81–82
	Customer inclusion	<ul style="list-style-type: none"> Global Code of Conduct Client and Customer Policy 	We listen to the needs of all of our clients and consider their diverse requirements within our products.	Pages 69 and 88
Our people	Protection from discrimination, bullying and harassment	<ul style="list-style-type: none"> Global Code of Conduct Group Risk Policy – Speak Up Bullying and Harassment Policies (region-specific) Global Diversity, Equity and Inclusion Policy Disciplinary Policy (region-specific) Grievance Policy (region-specific) 	Our policies ensure we meet legal requirements but our framework for action goes beyond this to create a diverse and inclusive workplace.	Pages 53 and 90
	Safe and secure work	<ul style="list-style-type: none"> Global Health and Safety Policy Blended Working (region-specific) Holiday Policy (region-specific) Special Leave Policy (UK-specific) Parent Leave Policy (UK-specific) 	Blended working is our default way of working globally. We continue to support safe working in the office and at home, with colleagues typically working from their local office at least three days per week.	Page 70
Supply chain	Fair wages	<ul style="list-style-type: none"> Global Third Party Code of Conduct Procurement, Outsourcing and Third Party Management Policy UK Living Wage and Living Hours Employer 	<p>Our supplier code of conduct sets out what we expect from suppliers.</p> <p>We are an accredited Living Wage and Living Hours employer.</p>	Pages 83 and 65
	Preventing modern slavery and forced labour	<ul style="list-style-type: none"> Global Third Party Code of Conduct UK Living Wage and Living Hours Employer Modern Slavery Statement 	Our Modern Slavery Statement details the steps we have taken to help prevent modern slavery in our operations, supply chain and investment approach.	Latest Modern Slavery Statement is available on our website.
Our communities	Inequality	Community engagement and charitable giving approach	Action through the abrdn Charitable Foundation.	Pages 91–97
Impacts linked to Investments	Dependent on country and sector	Human Rights Approach	Human rights considerations are integrated into our investments approach.	Approach document available on our website.



Governance:

Trust and transparency



Disclosure approach

The information in this section is intended to summarise the policies, procedures, and actions we have in place to ensure we have a robust corporate governance framework across the business. It is important to note that governance is foundational to all our work and the information in this section should not be interpreted as exhaustive. abrdn plc reports in line with the UK Corporate Governance Code on an annual basis in our Annual report and accounts. We are also signatories to the UK Stewardship Code and produce a standalone report against the 12 principles. Other policies and reports are also referenced throughout the section. Our focus here is to provide meaningful summary information on common areas of focus and illustrate how we apply sustainability strategies and principles in context. The information reflects the latest available as of 31 December 2023, and signposts to other information where relevant to specific topics.

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2023 in review

“In 2023 we reaffirmed our commitment to the principles of the UN Global Compact and the Sustainable Development Goals, with our 10-year anniversary as signatories. We remain strong advocates for quality disclosure, which we aim to put into practice ourselves.”

Stephen Bird
Chief Executive Officer



Industry ratings and benchmarks:

WBA

#1 Asset manager

Financial system rating: World Benchmarking Alliance latest assessment. The next rating is expected in 2024.

MSCI

AA

MSCI ESG Rating
(2022: AAA)

Indicators of our conduct:

99%

Mandatory training completed
(2022: 99%)

Other important milestones:

UNGC

2023 marked our 10-year anniversary as a signatory to the UN Global Compact. This report is an important indicator of how we follow the principles.

Sustainability governance



Why it matters

Effective corporate governance is the foundation of our business. Our governance framework enables the delivery of our strategy, and our ability to create sustainable value for our clients, people, and communities. Sustainability is increasingly reflected in strategy, risk management, and company culture, as we recognise and manage our related impacts, risks, and opportunities.

Our governance framework

abrhn plc operates using a governance framework aligned to the principles of the UK Corporate Governance Code. Our Annual report and accounts includes a complete statement of how our Board carefully considers the principles and provisions of the code, with its role to oversee the implementation of our business model. This oversight extends to all material sustainability matters, with increasing engagement from our Board and Committees on climate change (page 14), and diversity, equity, and inclusion (page 54).

Sustainability-related impacts, risks, and opportunities can manifest differently across our business and the assessment and management of these matters is delegated through our Chief Executive Officer, Executive Leadership Team, and to subject matter experts within our businesses. We provide an illustration of this framework on page 75 and further articulate specific strategies, policies, and actions throughout this report.

The landscape for sustainability continues to evolve at pace, and we acknowledge the need for increased integration with our governance framework over time. Our existing framework continues to leverage subject matter expertise through adaptable thematic working groups, to ensure we have the agility to address emergent subjects quickly, within the bounds of our strategic objectives as a business. More information is in our Annual report and accounts.

Actions linked to areas of focus

1 Reporting and disclosure

We are alert to the continued evolution of the sustainability reporting landscape and completed work to understand the long-term implications of the topics including EU Corporate Sustainability Reporting Directive, and non-financial assurance. These findings were noted at the Q4 Audit Committee meeting in 2023. Our Regulatory Markets & Standards Taskforce also played an important role in ensuring upcoming regulatory change is discussed and highlighted across the firm.

2 Embedding our framework

We continued to utilise thematic working groups in 2023 as we support greater collaboration on areas of focus in the business. One such focus has been the development of our Climate Transition Plan, through the support of a newly created Climate Transition Plan Steering Group, with representation from across abrhn. Other groups were maintained, adapted, or simplified, as we look to ensure efficiency and collaboration across the business. Page 75 provides a high-level illustration of our existing framework.

3 Training and development

In 2023 we completed a review of the market for sustainability learning programmes, which we have considered in terms of applicability for our Board, Leaders, and wider workforce. Our Investments business also launched a 'Grow Sustainably Academy' to deliver training for investments colleagues on topics including regulation, greenwashing, and our proprietary tools. We recognise the need for continued development across abrhn, with detail on our learning strategy provided on page 63.



Case study

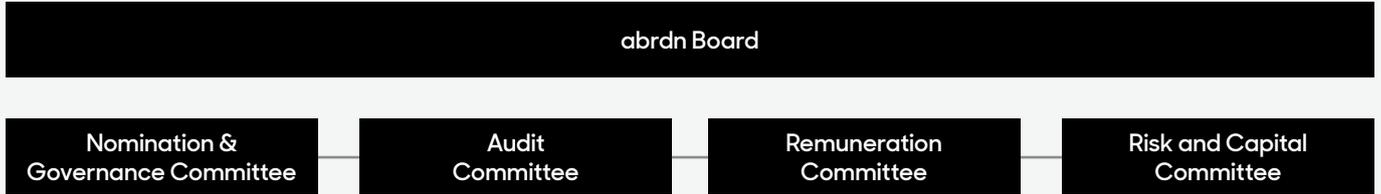
Active ownership and our focus as investors

In 2023 we announced our three-year active equity thematic engagement roadmap. Corporate Governance is one of our areas of focus, with the robust governance frameworks key enablers of financial and sustainability-related performance. We are prioritising areas including Board structure, remuneration policies, and capital allocation and return. More information can be found in our Stewardship Report and on our website.

Sustainability governance



Board level governance: Oversight



Executive leadership: Management



Cross-business working groups: Collaboration



Our businesses: Delivery of our strategy, with support from sustainability forums



Limitations of this illustration

abrdn plc operates through three businesses, with support from specific corporate functions. We integrate sustainability governance using thematic working groups, which are subject to evolution as the requirements of the business and regulatory landscape change. This model is a high-level view and does not capture every forum, information flow, and decision-making authority. The model reflects our current and near-future intention and the specific components are subject to change. Best practice for sustainability governance continues to evolve and so will our policies and processes.

Financial crime



Why it matters

Tackling financial crime is not just about adhering to laws and regulations. It is also about preventing harm to people and society. We are committed to protecting our client and corporate assets and supporting law enforcement and regulators in detecting and preventing financial crime. We have a zero-tolerance approach to bribery and corruption, money laundering, sanctions and terrorist financing.

Governance

Our Board maintains oversight of all financial crime systems and controls, ensuring application across the business. The Chief Executive of each of the Group's three businesses is responsible for implementing the structure and procedures for the management of financial crime operationally. This is with the support of our second line teams, including the Chief Risk Officer and the Group Head of Anti-Financial Crime who provide oversight of the Anti Financial Crime Programme. Each regulated entity also appoints a Money Laundering Reporting Officer (MLRO), with specific responsibilities including maintenance of policies and standards in line with local laws and regulations.

abrdn colleagues are required to follow the Policies and Standards issued by abrdn and relevant operating procedures and guidance applicable to their business area. This includes performing assessments of financial crime risk applicable to their role in the business, such as conducting risk assessments and obtaining due diligence on clients and customers. Fraud and Financial Crime risks are embedded within our Enterprise Risk Management Framework (ERMF) as a principal operational risk. More information is available in our Annual report and accounts.



Case study

Fraudulent investment products

We continue to see fraudulent investment products being offered online. A variety of methods can be used to attract potential victims to these scams, and we proactively work with our technology partners to identify and take down fraudulent email domains and websites. We also have a victim assistance document, which is intended to provide guidance on how individuals can protect themselves and their assets.

Policy and standards

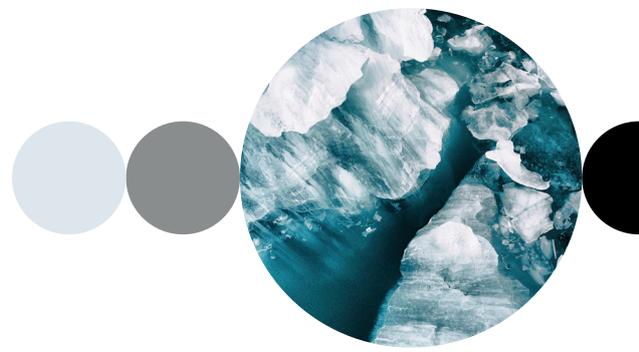
- **Anti-Financial Crime Policy:** Our core policy to set the standards and define clear principles for the management of financial crime risk.
- **Anti-Money Laundering Policy:** Outlines our approach and principles to follow to combat money laundering and terrorist financing and reporting of any suspicion. The policy also details the role of designated MLROs.
- **Anti-Bribery and Corruption Policy:** Outlines our globally consistent approach to anti-bribery and corruption, with zero-tolerance for employee or group engagement with associated offences.
- **Anti-Fraud Policy:** Outlines our commitment to financial integrity and our approach to developing an anti-fraud culture. The policy confirms colleague responsibilities and procedures for non-compliance.
- **Gifts and Hospitality Policy:** Outlines rules and limits for giving and receiving gifts and hospitality to ensure compliance with legal and regulatory requirements and to avoid conflicts of interest. Sets out expectations for reporting and escalation.
- **Sanctions Policy:** Outlines our approach and the principles to follow to mitigate the risk of sanction breaches and where applicable to timely reporting and action.
- **Global Code of Conduct:** Our public code of conduct describes the standards of behaviour expected from colleagues. This includes acting with honesty and integrity and provides guidance on raising concerns surrounding suspected financial crime.

All policies are applicable to all abrdn colleagues and subsidiaries.

Training and education

abrdn colleagues are required to complete anti-financial crime related training annually. This includes topics such as anti-bribery and corruption, anti-money laundering and terrorist financing. This is in addition to bespoke training for key departments. Our intranet also provides applicable resources for colleagues, including guidance on specific policies and procedures, alongside information on how to report any concerns.

Financial crime



Internal control systems

Our controls to prevent financial crime are in place and are designed to be proportionate, appropriate and, tailored to the needs of our three businesses. Our ERMF supports the management and monitoring of effective control systems, with our first line teams operationalising our policies and procedures, with oversight from our anti-financial crime team. Internal control systems and procedures are subject to regular audits to assess effectiveness in countering financial crime.

Client due diligence

Before establishing a business relationship, we verify the identity of our clients as a precaution against crimes like money laundering and terrorist financing. Our verification process involves certifying documents, checking against known terrorist databases, and identifying Politically Exposed Persons (PEPs). We utilise specialised screening tools for this purpose. If a client is identified as a PEP, they undergo additional scrutiny, including MLRO and senior management approval. Throughout the due diligence process, we gain a thorough understanding of our client's business and investment goals. We also have ongoing monitoring procedures in place to detect any potentially suspicious activities. Our colleagues are required to report any suspicious activities to the designated MLRO.

Risk Based Approach (RBA)

Fundamental to our AFC Framework is the Risk Based Approach (RBA). This ensures that clients identified as posing a higher Anti-Money Laundering (AML) and Counter Terrorist Financing (CFT) risk are subject to enhanced due diligence and monitoring, and that we allocate additional controls to higher risk activities and operations. This means more resources are deployed to the areas where the financial crime risks are highest. Underlying the RBA is a detailed client risk assessment methodology drawing on a range of criteria including entity type, jurisdictional, product channel, and sectoral risk.

Monitoring and Oversight

Monitoring and Oversight of financial crime risk areas is an ongoing area of activity for the AFC teams. This is driven by Group Risk Appetite and the RBA including results of our Anti-Financial Crime Enterprise-Wide Risk Assessment, ensuring that second line teams are continually reviewing first line operations and reporting on the results, including the effectiveness of controls.



Case study

Impersonating our clients

We are committed to protecting the assets that we manage or administer on behalf of our clients and customers, with our anti-financial crime controls designed to prevent and detect fraud. Fraudsters may try to use personal information to impersonate our clients and to bypass our systems. We have controls in place to mitigate this. In 2023 we identified a number of potentially suspicious activities, and our internal controls prevented the potential loss of client funds. In one such case, a client was a victim of identity theft and the criminal had sufficient information to pass initial security checks. However, the requested activity on the account triggered our controls and identified the attempted fraud.

Reporting and transparency

We have a zero-tolerance approach to financial crime, and the conduct of our colleagues is essential in preventing potential incidents. We are also committed to transparency as an organisation and disclose common voluntary measures of business ethics. The information below is reported as of 31 December 2023.

99%
2022: 99%

Mandatory training completion

Percentage of mandatory training completed. This is reported in aggregate and includes colleagues on extended leave who are exempt from training.

0
2022: 0

Incidents identified of bribery or corruption

Confirmed incidents of bribery or corruption by abrdn colleagues.

£0
2022: £0

Losses from legal proceedings

Losses from proceedings associated with financial industry laws or regulations.

Looking ahead

Detecting and preventing financial crime is essential to the continuity of our business and we will continue to invest in our capabilities. In 2024, we expect to focus on improving our systems and controls, including through the use of technology to drive efficiency and better manage risk.

Responsible tax



Why it matters

Our approach to tax is closely aligned to our strategy and our purpose. It is critical that we meet our responsibilities in paying and collecting taxes in the countries in which we operate. Our tax strategy is guided by our strong commitment to high ethical, legal and professional standards and being open, honest and transparent about what we are doing and how we meet those standards.

Governance

Our approach to tax is embedded within our Enterprise Risk Management Framework (ERMF), based on our tax risk policy which is approved annually by our Board. Operationally, tax risk management and controls sit with the various regions and functions of the business, supported by our tax team. The tax department works closely with stakeholders to ensure that our approach to tax is consistently applied throughout the organisation. More information is available in our annual tax report.

Policy and standards

- **Tax Strategy:** Our strategy sets out our overall approach to tax and is core to the implementation of the Tax Risk Policy. We publicly disclose our strategy in our annual tax report, alongside taxes paid and collected in the financial year.
- **Tax Risk Policy:** Our policy sets out the standards and principles for our business in relation to tax risk. The policy is applicable to abrtn plc and its subsidiaries and is updated annually, with the abrtn plc Board approving any changes deemed to be material.

Tax strategy

Our approach to tax is closely aligned to our strategy to create sustainable, client-led growth. We seek to operate responsibly in all our tax matters and recognise its importance across our stakeholders, from our clients, customers and employees to our shareholders and the contribution we make to society more widely. The principles of our tax strategy are closely aligned to the standards and behaviours we expect from all our colleagues, and we aim to maintain a cooperative and transparent relationship with tax authorities in jurisdictions where we operate.

The principles of our Tax Strategy

1	Responsibility We recognise the importance of the contribution we make to public finances through our payment of taxes and take into account the needs of all our stakeholders in the way we manage our tax affairs.
2	Purpose We do not seek to apply an aggressive interpretation of tax legislation and we will not undertake any transaction whose sole or main purpose is the creation of a tax benefit greater than that intended by legislation.
3	Sustainable tax development We discuss tax policy and regulation development with tax authorities, government and international organisations to ensure the sustainable and effective development of tax rules.
4	Transparency We work cooperatively and transparently with HMRC and other tax authorities.
5	Control We operate a strong governance framework in managing and controlling our tax risks.
6	Compliance We ensure that we meet our tax compliance and reporting obligations.

2023 tax contribution:

£201m **Taxes paid**
2022: £186m
These are the taxes our company pays to tax authorities where we have operations.

£248m **Taxes collected**
2022: £257m
These are the taxes that we are obliged to collect and then pay to tax authorities arising from our operations across the globe.

£449m **Total tax contribution**
2022: £443m
Our total tax contribution consists of the taxes paid by our company to tax authorities, and the taxes our company collects that are then passed to tax authorities.

Looking ahead

We will continue meeting our responsibilities of paying and collecting tax in countries where we operate, guided by high ethical, legal, and professional standards.

Cyber and information security



Why it matters

Information security is how we safeguard our clients, people, and business from the misuse of confidential information. The misuse of information, whether accidental or deliberate, can result in significant harm to people and society, and we must continually ensure its protection. We do this through our policies and procedures, with the support of our Security, Resilience and Protection (SRP) team.

Governance

Information security is embedded within our Enterprise Risk Management Framework (ERMF), which is subject to Board oversight. Information security risks are applicable to a number of principal operational risks for the business, including those relating to technology, and security and resilience. Our governance reflects this, with our Chief Enterprise Technology Officer reporting to our Chief Executive Officer, as a member of the Executive Leadership Team. Our SRP team supports oversight across the business and expertise on matters including cyber security. Information to enable oversight is provided on a recurring basis to the Risk and Capital Committee by the Chief Risk Officer in a 'Views on Risk' report, which covers the principal risks and uncertainties faced by abrdn. More information is available in our Annual report and accounts.

Policy and standards

- **Information Technology:** This policy sets the standards for the use, operation, and management for information technology services across the business. This policy is applicable to all abrdn businesses and service providers and third parties.
- **Protection of Information & Resilience Policy:** This policy outlines how the business approaches the identification, assessment, and management of information security risks. The objective being to improve resilience against events, such as cyber-attacks and data breaches.
- **Global Code of Conduct:** Our public code of conduct describes the standards of behaviour expected from all abrdn colleagues, which includes using information responsibly. The code outlines what may happen in the event of a breach of applicable policies and standards. This could be disciplinary action, and potentially criminal or civil enforcement.

Our information security framework

Our Information Security Framework is developed using industry standards, including ISO27001 and the NIST Cybersecurity Framework. Our objectives are to:

1	Protect our people, physical, financial, and information assets.
2	Protect client and customer interests.
3	Comply with related legislation and regulatory requirements.

The SRP team helps drive the implementation of the framework and supports the development of our risk-aware culture for the business. Areas of focus include:

- Analysing cyber risks and threat intelligence
- Our incident and crisis management framework
- Colleague training and awareness
- Policy development and efficacy

The team supports the wider business to implement key policies and maintain controls, where applicable.



Case study

Testing for vulnerability

Proactively identifying risks to information security supports our ability to build resilience across the organisation, and to assess and remediate identified risks. Our approach to the identification and mitigation of cyber vulnerabilities is risk based and prioritises those areas which are critical to our business, or subject to greater threat, such as internet facing services, like our websites. On a weekly basis, we run vulnerability tests to our internet facing infrastructure, using a third-party scanning tool, to identify potential risks for us to remediate. We also employ third-party specialists to conduct enhanced testing on a quarterly basis, which supports the further identification of potential vulnerability in our core operating systems and databases. Critical vulnerabilities are logged on our risk management system and resolutions are tracked to completion by our SRP team and technical experts. In addition, our Operational Resilience team conduct business continuity testing programmes, which assess our ability to respond to and recover from threats. This testing includes, but is not limited to, simulated cyber-attacks on our business.

Cyber and information security



Certification

abrdn also holds ISO22301 certification and renews this annually. This certification requires that the organisation undergoes a formal external assessment of our Business Continuity management systems and demonstrates to internal and external stakeholders that abrdn is adhering to good practices in business continuity management.

Independent monitoring

We thoroughly test our controls using independent procedures, both internally (through our ERMF’s internal audit team) and externally (through 3rd parties specialising in technical and process-focused testing and regulator engagement) to ascertain the effectiveness of our control environment. Consequently, we can proactively identify potential enhancements, which may help prioritise items for investment in our annual cyber change programme.

Training and education

As a minimum, all colleagues must complete training on information security at least once a year. This covers a range of regularly updated related topics like password security, social engineering and information protection. The SRP team also delivers adhoc training focused on threat trends and/or individual requirements and provides evergreen resources for colleagues on our intranet, including maintaining policies on topics like acceptable use. During 2023, the team implemented specific training for new joiners on phishing and cybersecurity essentials. Education on phishing continues to be a key focus as it remains one of the primary risks facing organisations.

Reporting and transparency

The business monitors and internally reports a range of metrics to track the effectiveness of relevant policies and procedures. These include outcomes from phishing training and exercises, but also comprehensive maturity, vulnerability and business continuity testing. We aim to increase the resilience of our business to security breaches, and to ensure our colleagues are equipped to manage risks. We disclose related voluntary metrics in support of transparency. The information is reported as of 31 December 2023.

99%
2022: 99%

Mandatory training completion

Percentage of mandatory training completed. This is reported in aggregate and includes colleagues on extended leave who are exempt from training.

0
2022: 0

Information security breaches

Confirmed breaches of information security during the reporting period.

Third party due diligence

Prior to procuring goods and services across abrdn, we complete a service risk assessment questionnaire (SRAQ), which informs the questions we ask during due diligence. Information security and resilience standards are embedded in this process and identified risks are challenged by internal subject matter experts to determine proportionate mitigation efforts and decision-making.

Policy applicable to third party suppliers

- **Global Third-Party Code of Conduct:** Our public policy sets out the principles we require all third parties to follow when providing goods or services to abrdn. This includes ensuring appropriate technical measures are in place to protect information. The policy is in addition to any specific contractual terms agreed.

Looking ahead

Information security is essential to the continuity of our business, and we are committed to safeguarding the information entrusted to us. We will continue to develop enhancements to our monitoring and detection capabilities, alongside preparations to ensure we are fully compliant with DORA regulations.

Case study

Can you hack it?

In 2023, our Security Awareness team ran a contest to simulate how social engineering can be a serious threat. Colleagues were asked to gather available information commonly used to build trust and result in unauthorised access to important information, or systems. This was a prompted 'treasure hunt' using our intranet, with the objective being to demonstrate how hackers use social engineering, and to proactively build resilience against recurrent pitfalls. The voluntary contest offered a prize for one successful 'hacker' and is one example of raising colleague awareness.

Data privacy



Why it matters

Our purpose as a global investment business to enable our customers and clients to be better investors requires the collection and use of personal information. It is important we not only process this personal data in line with our obligations under privacy & data protection laws but that our customers and clients trust us to process their information for fair and lawful purposes and take appropriate measures to ensure its security.

Governance

Privacy and data protection risks are managed as part of our Enterprise Risk Management Framework (ERMF), which is subject to Board oversight. It is the responsibility of all colleagues to understand and adhere to privacy & data protection principles and to manage any privacy risks in line with the company’s risk appetite and applicable laws. The role of our Data Protection Officer and Data Privacy Office is to provide the framework and guidance to support ongoing compliance with our policies and applicable data protection laws, and to report independently on compliance to the Board and relevant Control Forums. Information relating to the company’s privacy & data compliance risks and key metrics is provided on a regular basis to the Risk and Capital Committee by the Chief Risk Officer in a ‘Views on Risk’ report. More information on our ERMF is available in our Annual report and accounts.

Policy and standards

- **Privacy and Data Protection Policy:** Our Policy is applicable to all abrdn colleagues and subsidiaries. The policy sets out the principles for colleagues to adhere to when processing personal data, including the identification, assessment, and management of risks. The Policy is reviewed annually by our Data Protection Officer.
- **Global Code of Conduct:** Our code of conduct describes the standards of behaviour expected from all abrdn colleagues, which includes using information responsibly. The code outlines what may happen in the event of a breach of applicable policies and standards. This could be disciplinary action, and potentially criminal or civil enforcement.
- **Protection of Information & Resilience Policy:** This policy outlines measures to ensure the security of information, including personal data.

Guiding principles

Our Data Privacy Office provides an internal Policy and standards to support the company to effectively process personal information in line with its obligations under applicable laws globally:

- 1 We document personal data processing activities (with clear lawful basis) in a Personal Data Inventory; this is reviewed and updated at least annually to reflect any changes.
- 2 We will only process the minimum personal data necessary for the agreed purposes and will delete personal data in line with business retention schedules when we no longer have a lawful basis e.g., 7 years after the end of our relationship with the data subject.
- 3 Appropriate processes and controls are implemented to ensure personal data is processed fairly and lawfully; regular monitoring in place to ensure these remain effective.
- 4 We will consider potential privacy risks upfront (‘privacy by design’) when implementing any new (or changes to existing) processing activities. Data privacy impact assessments are undertaken for high-risk activities which require prior approval from the Data Privacy Officer.
- 5 Privacy notices (to inform data subjects why and how we process their personal data) are published and are easily accessible. These are reviewed at least annually to reflect changes in processing activities.
- 6 We have implemented controls to ensure access to personal data is restricted to only those employees who require this information to do their role; reviewing these regularly to ensure these remain effective to prevent unauthorized access to personal data.
- 7 We have undertaken relevant and regular due diligence and have up to date contractual agreements in place, including relevant data protection & security provisions, with our affiliates and any external third parties (and their sub-processors).
- 8 We have implemented processes and controls to prevent breaches, and where these occur, we are able to promptly identify, respond (and make any notifications to regulators and data subjects where required under law). Appropriate measures are taken to reduce risk of harm and prevent recurrence.

Data privacy



Privacy notices

We follow our guiding principles and inform all data subjects (e.g., our clients, customers, shareholders, and colleagues) as to what personal information we process and for which purpose(s). One way we do this is through Privacy Notices published on our external websites, which are tailored to different purposes and regions. These explain:

- Personal information we collect and use
- Where we collect personal information
- Why we collect and use personal information
- Where personal information is processed
- Who we may share personal information with and why
- How we protect personal information
- How long we keep personal information
- Data subjects' rights under law and how to exercise their rights
- How to make a complaint

Monitoring and systems

Personal information is protected by processes and controls designed to minimise loss or damage through accident, negligence or deliberate actions. We apply appropriate measures to ensure the security and integrity of personal information. Processing activities and the nature and volume of personal data will vary across the business, but each area documents these within a Personal Data Inventory. This is then assessed by our Data Privacy Office to identify any compliance gaps requiring remediation. The Data Privacy Office uses an external solution from for the collation of the required evidence from each area, which acts as a consolidated view of personal data processing across our global operations. This solution also supports regulatory horizon scanning. We believe our privacy management framework and third-party solution supports efficiencies in how we assess data privacy risks and associated business processes, and enables effective monitoring and reporting. Our controls are also tested periodically by internal and external audit specialists.

Training and education

All employees complete mandatory annual training to ensure they understand their obligations when processing personal data. We take appropriate action (including potential disciplinary where necessary) to protect personal data and support compliance with our Policy and the laws.

Reporting data incidents

Data incidents are logged when identified and reported to management and relevant control meetings on a monthly basis. This process ensures visibility of the incidents and assurance that appropriate actions have been taken to address risks and to prevent a recurrence. All reported data incidents are assessed either by local risk and compliance teams or with advice from the Data Privacy Office were considered high risk. The Data Privacy Office will assess materiality of risk to determine if reportable to regulator(s). This Office will also oversee business handling of any incidents to ensure appropriate actions were taken to prevent recurrence. No reportable breaches occurred during the financial year 2023.

Policy applicable to third party suppliers

- **Global Third-Party Code of Conduct:** Our public policy sets out the principles we expect all third parties to follow when providing goods or services to abrdn. This includes using information responsibly and with appropriate safeguards. The policy is in addition to any specific contractual terms agreed.



Case study

Active ownership and our focus as investors

In 2023 we announced our three-year active equity thematic engagement roadmap. One of our areas of focus is information security readiness, with the acknowledgement that companies increasingly depend on personal data and information. Customers place their trust in companies to safeguard their information, with secure protection systems increasingly a prerequisite for business. There can be materially significant impacts should systems and protections fail. Therefore, we will look to understand how boards and management have developed information security readiness strategies, and to encourage appropriate public disclosure to communicate to investors and broader stakeholders.

Looking ahead

Privacy and data protection remains a critical focus for us. We will continue to work to enhance privacy practices and to review external laws to understand any changes required to processes and controls.

Procurement



Why it matters

We procure goods and services to support delivery of our strategy to enable our clients to be better investors. Our third-party relationships are significant financially and have the potential to have impacts on people and the environment. Our objective is therefore to mitigate related risks, as we deliver our strategy, and to realise potential opportunities to benefit our wider stakeholders.

Governance

Third Party Risk Management is embedded within our Enterprise Risk Management Framework (ERMF) and noted as a key operational risk. Our Board acknowledges that accountabilities remain within the business, whilst recognising that third party relationships are essential to the delivery of our strategy. Third Parties are governed depending on the nature of the service they provide abrdn. More information is available in our Annual report and accounts.

Policy and standards

- **Procurement, Outsourcing and Third Party Management Policy:** This policy is applicable to all abrdn colleagues and subsidiaries and sets the standards for the business in relation to managing third party relationships and related risks. The policy aims to ensure that third-party relationships are consistent with strategy, undergo due diligence, generate acceptable value, and have clear individual accountabilities. The policy is subject to the Board approved risk appetite for the business.
- **Global Third-Party Code of Conduct:** Our public policy sets out the principles we expect all third parties to follow when providing goods or services to abrdn. Our minimum expected standard is that third parties comply with all applicable laws and regulations, protect human rights, provide a safe place of work and minimise direct and indirect environmental impact. The code is periodically reviewed and aligns with our sustainable procurement strategy.

Sustainable procurement strategy

Our sustainable procurement strategy is focused on three pillars, with an acknowledgment that we first need to develop a more complete picture of sustainability risks within our supply chain. We continue to develop this understanding through increasing our data capability, as the foundation for long-term actions, targets, and processes.

Addressing climate change and nature loss

We aim to understand climate and nature related impacts associated with our purchased goods and services, and ultimately to mitigate related risks.

Tackling human rights abuses and driving social value

We aim to increase our oversight of human rights risks and to support the eradication of modern slavery. We also hope to encourage greater social value over time.

Encouraging greater diversity, equity and inclusion (DEI)

We aim to develop an understanding of the existing diversity of our supply chain and to encourage workforce DEI within our third-party relationships.

Application of our strategy to our Third-Party Lifecycle

We continue to embed our sustainability priorities within our procurement framework, with the following actions in place:

1	Risk assessment: Sustainability themed questions are included within all risk assessment questionnaires. This is additionally supplemented with EcoVadis IQ insights.
2	Sourcing: Standard sustainability questions have been developed to include in our sourcing process, with a minimum 5% weighting.
3	Due diligence: We assess third parties against the expectations of our global third party code of conduct, which aligns to our sustainable procurement strategy.
4	Engagement: Our terms include the expectation that third parties align with our code of conduct, with specific clauses created to address identified sustainability risks.
5	Ongoing monitoring: Services with heightened sustainability risk will be subject to standardised monitoring questionnaires. This follows our existing monitoring cycle.
6	Renewals: Performance is subject to review at the point of renewal, and we will endeavour to implement action plans for improvement where appropriate.

Procurement



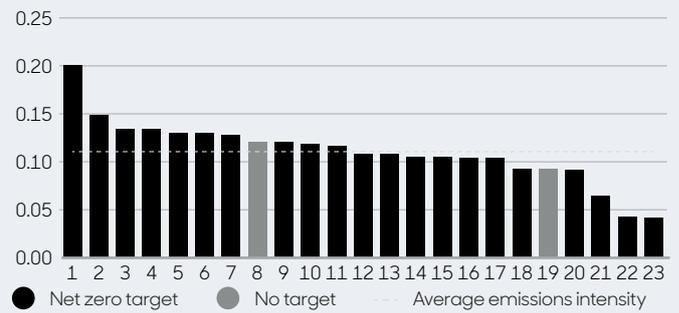
Focus on climate and supply chain

Progressing our data capability and insights

In 2020, we pledged to review our material third-party relationships and monitor alignment with our own operational net zero ambitions. We updated on our progress in our 2022 report, and in 2023 we completed the initial phase of work to map our estimated emissions impacts from our whole supply base. Our expectation is that 50% of our suppliers, by spend, will have a net zero, or equivalent target in place by 2025. As of 31 December 2023, we note that 91% of these suppliers have net zero targets, with the remaining 9% confirming their intention to develop an approach. We have also been working to estimate our absolute emissions associated with purchased goods and services, using the spend based method from the GHG Protocol, and have developed an initial understanding of our wider supply chain impacts (Chart 2). We have more to do before integrating this insight with our operational emissions strategy, with our immediate focus being to improve the quality of data and to accumulate actual emissions data from our suppliers.

Chart 1: Estimated emissions intensity of our top 50% suppliers by spend (kgCO₂e/£GBP spend)

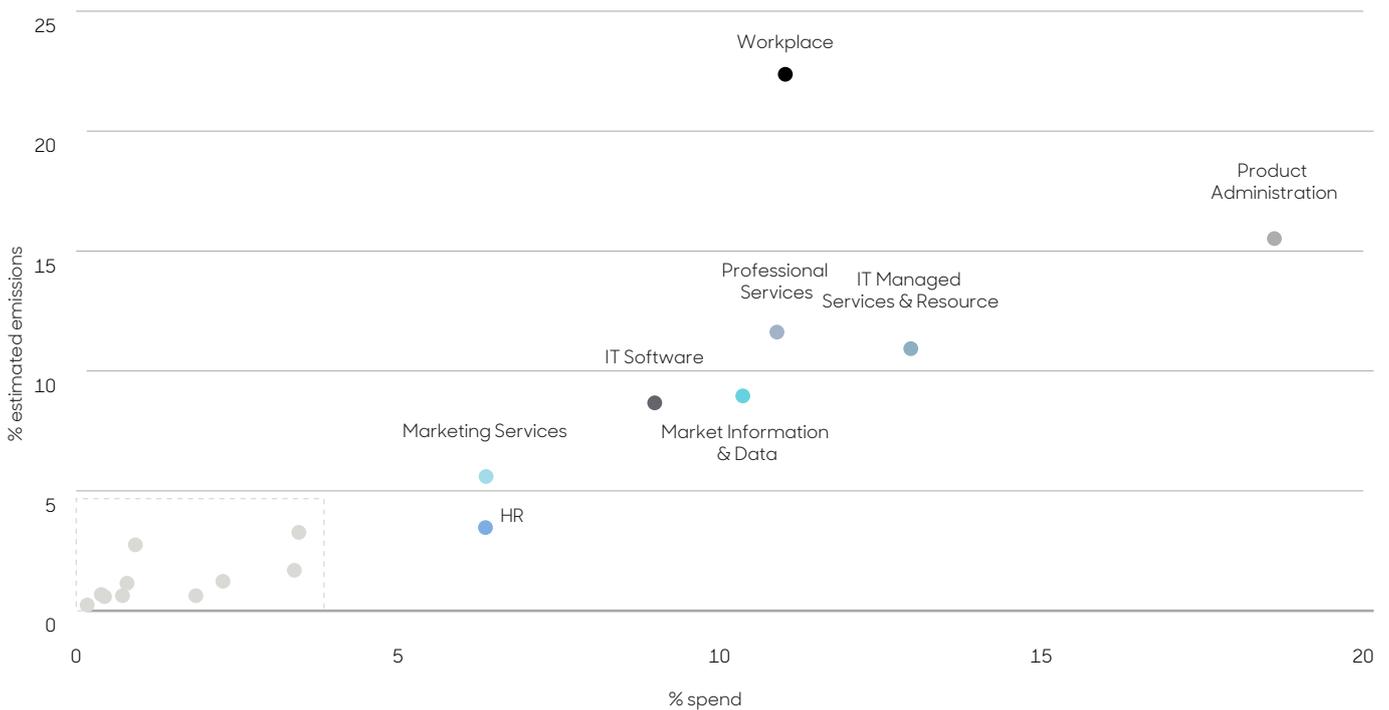
This chart illustrates the estimated emissions intensity of our top 20 suppliers, which equates to approximately 50% of our total spend. Our analysis indicates a relatively flat emissions intensity, with no single supplier noted as outliers. We therefore look to understand which suppliers have set long-term emissions targets, which will ultimately enable us to monitor progress and performance over time.



Companies anonymised for disclosure purposes. Underlying data snapshot as of 31 December 2023.

Chart 2: Proportion of estimated absolute emissions versus procurement spend per purchase category.

This chart illustrates how different types of goods and services may translate to emissions impacts from our supply chain. We note 10 categories represent less than 5% of both spend and estimated emissions, which provides important insight as we look to prioritise activities such as internal education, and supplier engagement in future.



Procurement



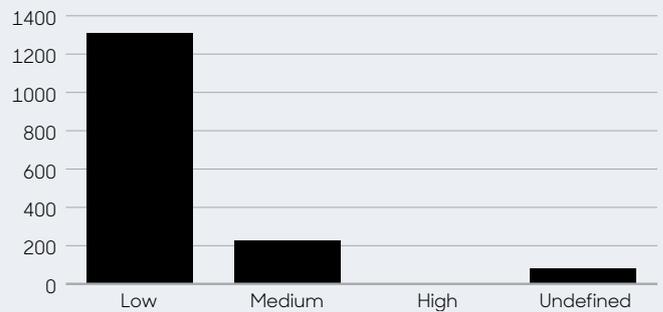
Focus on human rights

Using data to understand potential risks

We want to work with our partners to increase oversight of labour and human rights risks associated with the goods and services they provide and mitigate these should any be identified. Using our partnership with EcoVadis we have enhanced our ability to assess labour and human rights risk associated with our direct suppliers. This approach means that we can cross-reference our supplier locations against assessments of the risk of individual countries of modern slavery and forced labour. Our evaluation reporting from EcoVadis provides further risk analysis of modern slavery and forced labour based on specific industry and employment types. Bringing together these data sources means, in future, we will be able to prioritise third parties which represent the highest relative risk. This independent assessment of our third parties through EcoVadis also complements direct communications with supplier relationship managers across our business.

Chart 1: Labour and human rights risks

This chart provides a high-level view of potential child labour, forced labour, and human trafficking risks in our supply chain. It is important to note that this is a high-level view intended to illustrate the output of our initial assessments and does not reflect a detailed analysis of human rights performance of the underlying businesses. We can use this insight to begin to prioritise further research, education, and engagement to collate a more definitive picture of potential risks over time.



EcoVadis assessment of importance of human rights issues to third-party suppliers on the platform. Figures reflect total number of companies in absolute terms.

Focus on diversity, equity, and inclusion

Steps toward more inclusive procurement

As signatories of the Corporate Call to Action in the US we are committed to expanding opportunities to minority-owned businesses within our supply base. In 2023 we partnered with Supplier IO to help us to develop an understanding of our current supplier diversity performance and enhance our supplier diversity programme. Initial results of this assessment have shown that work is required to increase opportunities for minority owned business. We believe a regional level approach is the correct way to advance this and we therefore plan to work with our US based colleagues throughout 2024 to increase awareness and support.

Treating third parties fairly

We ask our third parties to inform us if they have any issues or concerns and our anonymous grievance mechanisms are available for all those working with us, as outlined in our Global Third Party Code of Conduct. We also expect our own commitments to UK Living Wage and Hours are reflected through employment contracts. Our objective is to support an equitable and inclusive working environment for our people and third parties.

Looking ahead

In 2023 our sustainable procurement framework was enhanced through our partnership with EcoVadis, which we intend to leverage further in 2024. Our focus will be to continue to develop our understanding of emissions associated with the goods and services we receive; alongside the development of a targeted approach to understanding potential areas of high risk for labour and human rights in our supply chain.

Public affairs



Why it matters

Our operating environment is directly impacted by changes to public policy, opinion, and regulation, leading to both challenges and opportunities for our business. As a global investment business, we want to share our knowledge, insights, and ideas to help shape policy and contribute to better outcomes for our clients, shareholders, people, and society.

Governance

Our Public Affairs team supports the implementation of our strategy through engagement with policymakers, regulators, and trade associations. The team work closely with the Executive Leadership Team and subject matter experts on public policy issues which affect our stakeholders. This may take the form of responding to public policy consultations, as well as managing relationships with connected industry bodies. The Public Affairs team are embedded within our Legal function, with oversight from our Group General Counsel.

Policy and standards

- **abrdn is an apolitical organisation.** As an investment company, we engage regularly with policymakers on issues relevant to our business, our stakeholders and wider society. However, this engagement takes place within strong parameters to ensure our apolitical status is not compromised.

Our guiding parameters:

The following principles summarise the parameters we adhere to in order to ensure our apolitical status.

1	Political donations: We do not make political donations to parties, campaigns, any candidates, or their agents.
2	Non-financial support: We do not provide non-financial support that could compromise our apolitical status.
3	Public statements: We do not make public statements that could be seen to endorse an individual, party, or organisation.
4	Political consultants: We do not permit any external consultants to engage with policymakers on our behalf.
5	Industry bodies: We work with industry bodies who engage with policymakers, but such bodies are non-partisan.

Engaging with trade associations

We work closely with industry bodies, as valuable mechanisms to connect with peers and to put forward perspectives on issues of importance to our stakeholders. For example, our Chief Executive Officer is a Director of the UK Investment Association’s board, and our Chief Sustainability Officer for our Investments business chairs its Sustainable and Responsible Investment Committee. This enables us to engage on positions such as the future of sustainable finance and responsible investment in the UK. We also play an active role in other trade bodies and initiatives, with further examples on page 106.

Responding to public consultations

It is often the case that regulators will seek views from stakeholders, including companies like abrdn, on important developments. Sustainability reporting continues to be a significant focus for many governments, regulators, and other industry groups, and we are strong supporters of efforts to establish global standards. This supports our work as investors and represents long-term transformation for corporate disclosure. We monitor opportunities to provide our perspective, and contribute both directly as abrdn, as well as through our trade associations.



Case study

Supporting climate transition disclosure

In early 2023 the UK Transition Plan Taskforce invited feedback on its draft Disclosure Framework and Implementation Guidance. Credible and comparable transition plans are valuable for us as active investors as we look to understand sustainability-related risks and opportunities in our portfolios. We were supportive of most of the draft framework and further encouraged increased specificity for some areas. We are also developing our own Climate Transition Plan following the release of the framework, and sector specific guidance.

Looking ahead

2024 will be an election year in many major jurisdictions. These events will shape public policy for the foreseeable future and will be important to monitor. We will continue to monitor and engage on a variety of topics, especially as policy frameworks for sustainable and responsible investment emerge.

Responsible communication



Why it matters

We communicate as abrdn to meet regulatory obligations, market our services, inform clients, and elevate our brand. We do this across diverse channels and languages, reaching global audiences, but also individual people from different backgrounds and geographies.

Governance

Our Enterprise Risk Management Framework (ERMF), which is subject to Board oversight, maps potential communication risks amongst our principal risks and uncertainties. We communicate for many different purposes and specific roles and accountabilities vary based upon the nature of communication. Our Marketing Risk team, with oversight from our Chief Corporate Affairs and Investor Relations Officer, play a central role in monitoring communications across critical channels, including social media. Other communications, such as corporate reporting, follow governance processes, which include oversight from our Board and Committees.

Policy and standards

- **Social Media Policy:** Our social media policy is applicable to all abrdn colleagues. The policy describes the principles we follow to ensure that risks associated with the use of social media for communication are mitigated.

Our guiding principles

Our objective is to ensure that everything we communicate is clear, fair and not misleading. All communication carries a level of risk that we misrepresent our actions, or intention, in a way that could adversely impact our reputation, clients, investors, and connected stakeholders. Taking this risk seriously means acknowledging that we will not always deliver the perfect message, and that our positive intentions could lead to potential misrepresentation in the context of our diverse and global business. We have processes in place to mitigate this risk but are alert to the ongoing need to continuously review and develop our approach.

Our marketing communications

We produce and distribute marketing communications using a content management system, to ensure a consistent and auditable process, and that content is maintained and remains relevant and accurate. Marketing materials follow a four-step process, which involves initial drafting, review and approval from subject matter experts, evidence and documentation, and a compliance review prior to publication.

Social media

The open-forum nature of social media brings heightened risk for all communications. Guidelines for colleagues outline how social media can be used responsibly in the context of their role and our business. Colleagues must go through training before being authorised to post, with their posts monitored by our central Marketing Risk team. The team provide regular feedback to those authorised users and are positioned to intervene should an issue arise.

Communicating sustainability

We are particularly alert to the risks associated with communicating sustainability. The expectations of our stakeholders continue to evolve at pace and there is significant nuance regarding underlying environmental, social, and governance topics. The common view of what sustainability means for investors is increasingly fragmented, with a regulatory landscape which is changing rapidly. We seek to demonstrate to our regulators, clients, and other stakeholders that we keep pace with evolving expectations and best practice. However, we acknowledge the complexity of the subject, and associated pace of change, which we manage through our related processes and teams.



Case study

Training on sustainability risk in communications

Our Marketing Risk team have developed and delivered 'greenwashing awareness' training sessions to over 500 colleagues globally who create and review external communications. The training highlights common challenges around greenwashing, and ways we can better avoid risks of misrepresentation of actions, or statements, linked to sustainability. The practical sessions work through common clichés, challenging colleagues to think critically about potential risks.

Looking ahead

Responsible communication will always be an area of focus, and we will continue to adapt and enhance our related processes. In 2023, we note significant advancement in the capabilities of artificial intelligence technologies, which are likely to affect how businesses communicate in future, alongside continued focus on topics such as sustainability.

Delivering good outcomes



Why it matters

Our purpose is to enable our clients and customers to be better investors; we do this through products and services that meet their needs and provide the outcomes they might reasonably expect. Core to this is the recognition that we must treat clients and customers fairly and ensure that the voice of the customer is brought into every conversation.

Governance

Treating clients and customers fairly is embedded in our Enterprise Risk Management Framework (ERMF), which is subject to Board oversight. Our Chief Executive Officer has delegated authority for the development, delivery and management of Conduct Risk, including in relation to clients and customers. Our Executive Leadership Team implement our framework, which ensures our client first culture, and that appropriate processes and procedures are in place to deliver our strategy. We have no appetite for unfair or poor customer outcomes and seek to offer fair value and to provide appropriate service and support across the firm. In cases where a proposition, procedure or process has been identified as not performing as intended, we commit to do the right thing for our customers and clients and rectify in a prompt manner. More information on the application of our ERMF is available in our Annual report and accounts.

Policy and standards

- **Client and Customer Policy:** This policy sets the minimum standards that we adhere to in relation to clients and customers and aims to ensure that the governance and oversight arrangements for products and services across abrdn are consistent with regulatory standards. The policy is applicable to all products and services offered by all regulated legal entities within the abrdn group of companies.
- **Global Code of Conduct:** Our publicly available code of conduct describes the standards of behaviour expected from all abrdn colleagues. It provides guidance for colleagues about doing the right thing for our clients and customers.
- **Conflicts of Interest Policy:** This policy sets the standards that the business must adhere to in relation to conflicts of interest. The policy recognises that the effective management of conflicts of interest is at the core of good customer and client outcomes.

Vulnerable customers

A vulnerable customer or client is someone who, due to their personal circumstances, is especially susceptible to detriment, particularly should a firm not be acting with appropriate levels of care. Vulnerability can be temporary, sporadic or permanent in nature. These can also be thought of as physical, non-physical and circumstantial vulnerabilities. Customers may also have combinations of vulnerabilities. All retail customers and clients of abrdn plc could fall within the definition of vulnerable. This is with the exception of Institutional clients, such as other financial institutions, which cannot be categorised a natural person. We put in place processes, training and policies to deliver the right outcomes for all clients and customers, including those with vulnerabilities. Learn more about our approach in practice on page 69, and through the case study below.



Case study

Supporting vulnerable customers

During 2023 an ii customer was referred to our specialist vulnerable customer team, due to a high volume of repeat contact. The team worked closely with the customer to implement a process to enable account access, following a disclosure of a cognitive decline diagnosis. The team then contacted the customer's bank and adult social services to ensure that appropriate support was in place beyond the ii platform. In addition, our team made contact with the customers' existing Power of Attorney to discuss next steps in relation to the customer's ii accounts. This case is one example of how our team at ii can provide suitable adjustments for customers with vulnerabilities, in line with FCA Consumer Duty requirements, and reflects our commitment to supporting all our customers on the platform.

Looking ahead

Our business is client first and we are continually looking to enable better investment. Our Annual report and accounts provides detail on how we are evolving our business with this objective at the core.

Compliance training

Why it matters

In addition to our learning and development strategy, we provide colleagues with mandatory training to ensure clear understanding of critical regulatory and legal obligations. Our objective is to ensure our colleagues are supported to deliver the obligations we have as abrdn.

Governance

Mandatory training completion rates are monitored as part of our assessment of Conduct Risk, which is subject to Board oversight and embedded in our Enterprise Risk Management Framework (ERMF). Information to enable oversight is provided on a recurring basis to the Risk and Capital Committee by the Chief Risk Officer in a 'Views on Risk' report, which covers the principal risks and uncertainties faced by abrdn. More information is available in our Annual report and accounts.

Policy and standards

- **Global Code of Conduct:** Our publicly available code of conduct describes the standards of behaviour expected from all abrdn colleagues and includes the expectation that mandatory training is completed upon joining the business, and then periodically as required.

Monitoring compliance and completion

Colleagues are expected to complete mandatory training in a timely manner, with some exceptions for cases where individuals may be out of the business for extended periods. Actions linked to non-compliance may lead to disciplinary action, with potential consequences up to and including dismissal.

Ensuring training remains relevant

Our suite of mandatory compliance training remains under review to ensure changes to regulations and business requirements are reflected. We have training relevant for specific regions and teams, and endeavour to ensure that colleagues benefit from the learning provided and that time is spent effectively.

Looking ahead

Ensuring our colleagues are equipped to deliver our obligations and regulatory requirements will continue to be a critical focus, with training updated to reflect this.

Topics covered by mandatory training

- 01 Anti-financial crime
- 02 Client Assets
- 03 Competition Law
- 04 Conduct
- 05 Conflicts of interest
- 06 Health and safety
- 07 Information Security and Cyber Risk Awareness
- 08 Operational Resilience
- 09 Preventing Discrimination and Harassment
- 10 Privacy and Data Protection

99%
2022: 99%

Mandatory training completion
Percentage of mandatory training completed. This is reported in aggregate and includes colleagues on extended leave who are exempt from training.

Bespoke training

In addition to mandatory training for all colleagues, some roles are required to complete training to develop competencies to specific aspects of their responsibilities. This list should not be considered exhaustive as intended for illustration purposes only.

Ethical conduct



Why it matters

We all have personal responsibility to follow the principles of ethical conduct and to take accountability for our own actions. We follow the basic principle of doing the right thing by customers, clients, colleagues, shareholders or communities, with the goal to make a positive difference.

Governance

Ethical conduct is everyone’s responsibility, with our Board maintaining oversight through our Enterprise Risk Management Framework (ERMF). Our Chief Executive Officer has delegated authority for the development, delivery and management of Conduct Risk, with all colleagues required to attest to adherence with the principles of our Global Code of Conduct annually.

Policy and standards

- **Global Code of Conduct:** Our publicly available code of conduct describes the standards of behaviour expected from all abrdn colleagues.

Core principles for ethical conduct

Acknowledging that laws, regulations, policies, and procedures may vary by country, we expect that all colleagues should always:

1	Act with integrity.
2	Act with due skill, care and diligence.
3	Be open and cooperative with our regulators.
4	Pay due regard to the interests of customers and clients and treat them fairly.
5	Observe proper standards of market conduct.
6	Act to deliver good outcomes for retail customers.

We also have additional responsibilities and expectations for managers, with the objective being to set standards, develop teams, and lead our business. Our Global Code of Conduct is a public document available on our website.

Speaking up

Importance of speaking up

We are committed to operating in an honest and transparent way across abrdn, and this extends to speaking up should there be an issue relating to any aspect of our conduct. We have a duty to raise any concerns related to our regulatory responsibilities and conduct. This principle helps to protect our clients, customers, colleagues, and our business, as we act with integrity and take accountability for our actions.

Reporting channels

If colleagues have a concern, we encourage them to report this to their manager. This is our suggested first point of contact, and is often the best way to resolve any challenges. Our latest annual engagement survey finds that 61% of respondents agree their leaders role model open and honest two-way communication, which is an increase of 19 percentage points versus the previous survey. This is important as our objective is to create a safe environment where all colleagues feel empowered to express concerns. We also have formal grievance procedures in place should there be a need to follow a different process. All concerns raised are taken seriously and any victimisation, harassment, discrimination or bullying of anyone is not tolerated and may be considered a disciplinary matter.

Confidential Speak Up service

Recognising the importance of multiple reporting channels and the ability to raise concerns anonymously, an independent Speak Up service is available globally to clients, colleagues, third parties and anyone who may wish to raise a concern. The service is managed independently by Safecall and is available 24 hours a day, seven days a week, in multiple languages, with a dedicated website www.safecall.co.uk/report. All reports are monitored, and we carry out investigations based on the nature of report. Any concern raised is taken seriously and investigated. The anonymous nature of the service is important, but it can limit our ability to provide feedback to any concerned parties. Our Audit Committee maintains oversight over the Speak Up arrangement, with a specific report on related matters provided annually.

8

2022: 11

Speak Up reports

In 2023 we received 8 reports via the service, versus 11 reports in 2022.



Community impact: Tomorrow's generation



Disclosure approach

The information in this section is intended to summarise our approach to community impact as abrdrn plc, primarily through the activities of our abrdrn Charitable Foundation. Our giving strategy is embedded within our Corporate Sustainability function, as an important component of how we support local communities and aim to create positive impacts beyond our direct operations. This should not be interpreted as being applicable to our actions as investors, or to any product or solution that we may offer in our businesses. The information reflects the latest available as of 31 December 2023 though may refer to previous periods in cases such as referencing multi-year partnerships.

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Contribution

Why it matters

One of the most tangible ways we support our communities and provide our people with the opportunity to make a wider difference is through our charitable giving strategy and related partnerships. We are committed to supporting our powerful partnerships strategy through significant contributions and continue to enhance the support our colleagues provide independently.

Governance

Our giving strategy is governed through the abrdn Charitable Foundation (aCF) SC042597, with our Board of Directors meeting quarterly to consider new partnerships and discuss strategy and progress. The Board of Directors for the aCF has six members, including two independent Directors and provides oversight and guidance for our charitable giving activity globally. Though it is important to note that some community support or sponsorship activity is governed directly by abrdn plc. ii also retains discretion over specific community partnerships. The aCF Board also provide some autonomy to regional colleague forums, with the objective to enable colleagues to engage directly with chosen partners and projects.

Charitable contribution

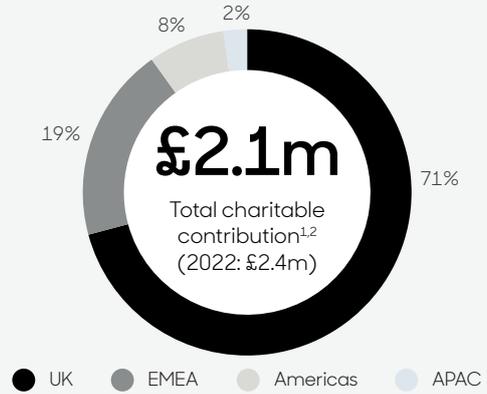
In 2023, abrdn directly supported charities through three streams of funding aligned to our giving strategy (page 93). Our powerful partnerships are intended to be transformative, enabling partner charities to deliver meaningful projects beyond their existing capabilities, with additional localised giving through our colleague forums, and donations in support of specific thematic causes. We note our total contribution in 2023 remained relatively consistent with the previous year, with plans in place for 2024 to consider new powerful partnerships.

Enhancing colleague giving

Many of our colleagues are passionate supporters of specific causes, or organisations, and we enable this through company matching initiatives. abrdn supports regular contributions via payroll giving, or enhance one-time fundraising with our matching initiative. We also want to encourage our colleagues to use their time to volunteer in their communities, with more detail on page 97.

Our strategy and impact

Learn more about our strategy, impacts and partnerships on pages 93–96.



Donations

£1.4m

Strategic partners

Donations direct to powerful partnerships (2022: £1.7m).

£211k

Colleague forums

Donations direct to charities selected by our regional colleagues (2022: £96k).

£180k

Thematic giving

Donations in support of specific causes linked to global events, or select localised grants (2022: £377k).

Fundraising

£53k

Matched contribution

abrdn matching of colleague fundraising through our Fundraise Plus scheme (2022: £34k). Colleagues fundraised and donated £194k voluntarily.

Payroll giving

£103k

Matched contribution

abrdn matching of colleague giving through our Give As You Earn scheme (2022: £105k).³ Colleagues donated £190k voluntarily via payroll giving.

In-kind giving

£134k

Volunteering time

The value of colleague volunteering time based on number of hours volunteered divisible by average UK hourly rate (2022: £112k).

1. Figures as of 31 December 2023 relating to donations to charitable organisations and in-kind giving from volunteering time.
 2. The chart on this page does not capture the regional split of matched contributions and volunteering time but is inclusive of other noted figures.
 3. Note a correction on 06 March 2024 with the figure for 2023 payroll giving now reading £103k versus £105k in the original publication on 27 February 2024.

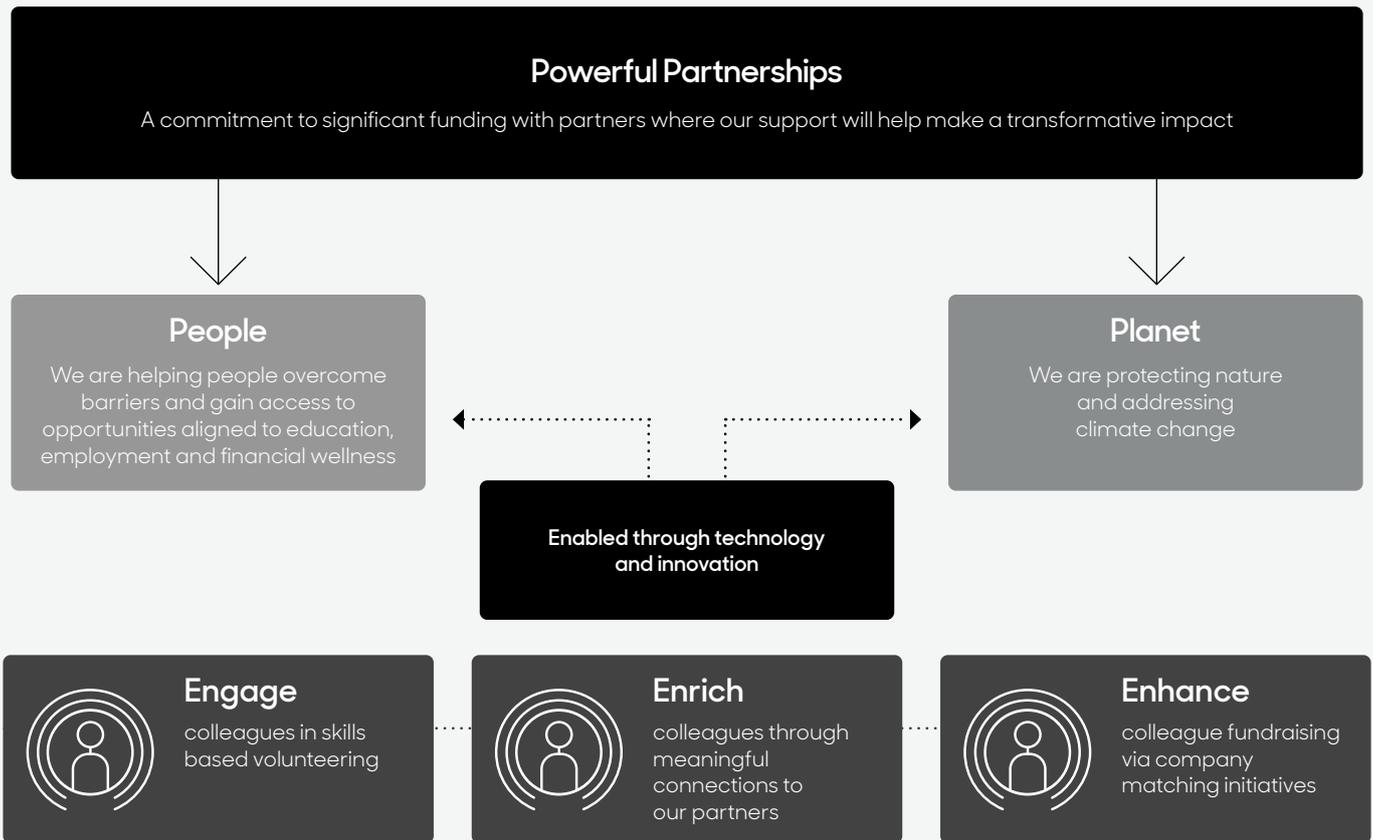
Strategy



Supporting tomorrow's generation

The focus of our charitable giving strategy is tomorrow's generation. We aim to create fair and impactful charity partnerships to align with one of two main categories – People and Planet – to help us create a positive social and environmental impact for future generations, within local communities and across the globe.

Tomorrow's generation



Impact



We monitor estimated aggregate impacts from our partnerships, with the goal to understand how our contribution translates to support for sustainable outcomes for people and planet, as our areas of strategic focus.

Impact measurement

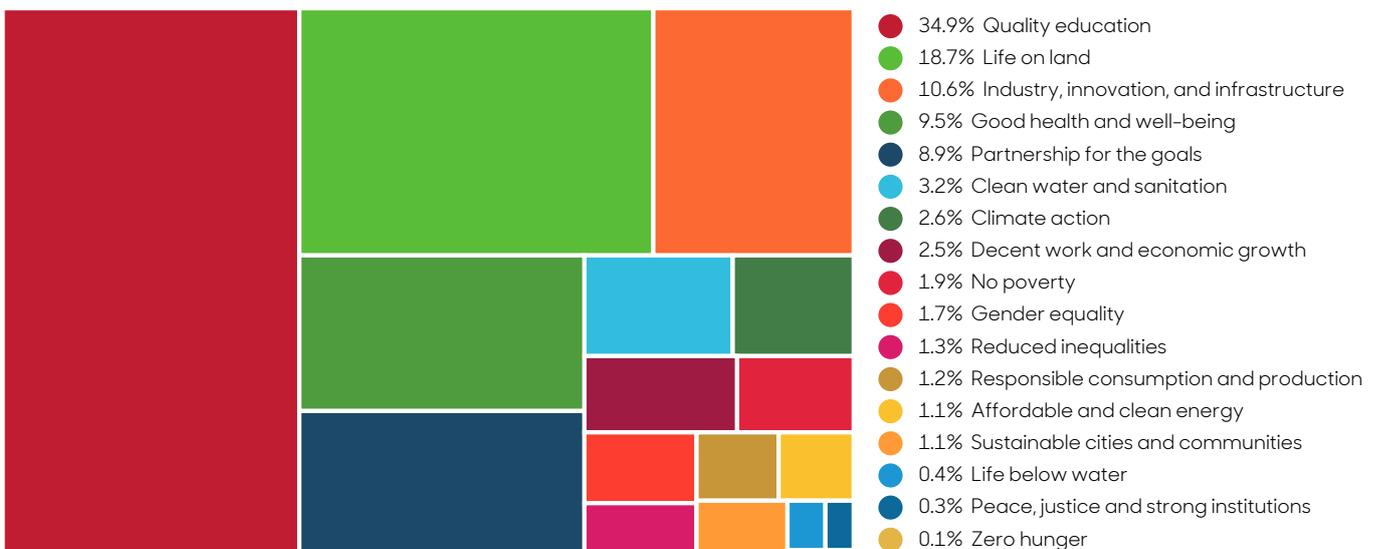
Measuring charitable impact has limitations. The partnerships we have are focused through our strategy, but specific projects and charities have different scales, focus areas, and capabilities. We work with our partners to enable impact reporting but are reliant on the information we receive, which is further simplified to enable aggregate illustrations such as this. This information should be read in conjunction with project case studies on pages 95–96, which provide specific detail on how our support is utilised.

Projects we have supported to deliver impact in 2023:

1	Financial education for young people Through partnerships with MyBnk (learn more on page 95), and Invest in Girls
2	School programmes with social impact Through partnerships with The Wood Foundation and First Give
3	Technology solutions for communities Through partnerships with Hello World (learn more on page 95) and Henry Street Settlement
4	Environmental sustainability Through partnerships with UNESCO, The Alan Turing Institute (learn more on page 96), and WWF

Chart 1: Impact supporting the UN Sustainable Development Goals (SDGs)

We require our strategic partners to outline project-specific objectives and to estimate the contribution of the project towards the SDGs. The illustration in Chart 1 relates to estimated SDG impacts relating to the 2023 financial year, applicable to around £1.5m of funding. Quality education (SDG 4) continues to be a common focus for our partners, with our partnerships with The Alan Turing Institute and UNESCO also contributing toward supporting Life on land (SDG 15).



This information is estimated by our charitable partners based on the type of funded projects. Our partners self-report using a standardised template and we aggregate these inputs to give an illustrative view of the SDG alignment of our contributions. To avoid double counting, we apportion aggregate information to the financial year of our disclosure. The figures are representative of focus areas for funded projects only and should not be interpreted as absolute impacts.

Powerful partnerships



MyBnk

Supporting financial education with MyBnk

In 2022 we launched a three-year partnership with MyBnk, whose mission is to empower young people to take charge of their future by bringing money to life. Through the abrdn Charitable Foundation, we expanded this partnership in 2023, with our total commitment now over £1,300,000.

Our support is enabling MyBnk to deliver financial education programmes to young adults via a number of flagship programmes, including 'The Money House', which helps young people living independently to manage their money and maintain their tenancy.

In year one of our partnership, we have supported the delivery of 72 financial education programmes to over 500 participants. Participants in the programmes reported up to a 20% improvement in financial knowledge and ability, and up to a 15% improvement in financial mindsets and attitudes.

Our partnership with MyBnk remains a natural reflection of our strategy, as we support tomorrow's generation to manage their financial future and reflects abrdn's commitment to support financial inclusion.

"We are excited to be supporting MyBnk, by working together we can make a difference to the financial confidence of young people across the UK"

Kirsty Brownlie

Sustainability Manager, Social Impact



500+
participants and
72 programmes
delivered

Bridging the digital divide with Hello World

In 2021, we announced our £1,000,000 partnership with Hello World, whose mission is to bridge the digital divide by improving connectivity for disconnected communities. Hello World partners with communities to build 'Hello Hubs' – solar powered internet kiosks, fitted with eight screens loaded with leading educational software, so that children can learn, access digital educational resources and improve their future by connecting globally.

We are nearing the completion of the build of 64 abrdn 'Hello Hubs' across Uganda, with 49 hubs now complete. The hubs are built by the community with the support of a locally employed team in Uganda to provide the infrastructure necessary to enable each community build. The project experienced delays in 2022 and 2023 due to an outbreak of Ebola in Uganda, with restrictions in place to protect affected communities. We now hope to see the completion of all 64 hubs in early 2024, as the team are now able to progress with their build schedule.



49
abrdn Hello
Hubs built

Approximately
60,000
users of abrdn
Hello Hubs

"As we near the completion of our partnership, it is great to see how this has enabled connectivity for so many communities through access to technology and education"

Kirsty Brownlie

Sustainability Manager, Social Impact

Powerful partnerships

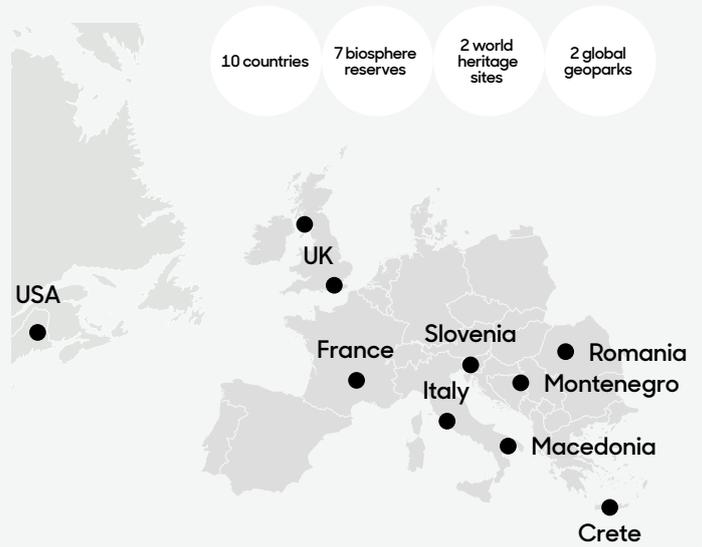


Environmental sustainability with UNESCO

In March 2022 we announced a three-year partnership between the abrdn Charitable Foundation and UNESCO to promote environmental sustainability through research and education with the goal of developing innovative solutions to environmental problems. Our commitment of €750,000 is supporting UNESCO to implement pilot programmes in 9 different countries, with thematic a focus on biodiversity, water, oceans earth science, and climate change.

Year one of the partnership is now complete, with the first five pilot sites reporting outcomes including 440 species monitored and recorded at the sites, 1,309 students involved in educational activities, and the publication of 4 scientific research papers.

Looking ahead, year two of the partnership will support five new pilot sites to deliver projects in the UK, Europe, and North America, and is targeting outcomes including using drone technology to reduce the risk of forest fires, increased resilience of natural capital tied to farming, and studies on water quality and aquifers. Our advisory board will also meet to review the progress of the 5 projects and to select the sites for the third year of our partnership.



Locations of 10 pilot UNESCO sites supported to date.

"Our partnership with UNESCO and the abrdn Charitable Foundation is contributing to sustainable development research and education, and we are delighted with the progress being made".

Holly ODonnell
Interim Head of Corporate Sustainability



"In Singapore, our colleagues are looking forward to engaging with partners on the ground at the Project AMBER sites, and learning more about how artificial intelligence can be used to monitor the biodiversity around us".

Ian Macdonald
Head of Singapore, Deputy CEO and Chief of Staff Asia Pacific

Biodiversity with The Alan Turing Institute

In 2022 we committed £1,000,000 to support The Alan Turing Institute in its mission to change the world for the better using data science and artificial intelligence research. We are enabling a global research programme to monitor and collect biodiversity data, with the goal of bridging the knowledge gap between insect populations and ecosystem impacts.

The partnership brings together the experts from the UK Centre for Ecology & Hydrology (UKCEH) and The Alan Turing Institute who are developing the use of automated sensors, bioacoustics, and computer vision to monitor insects, bats, and birds. Our support is enabling the technology to be deployed in countries including Costa Rica, Panama, and Singapore, with work to deliver this ongoing throughout 2023.

The project will result in open access biodiversity data for communities and provide opportunities for citizen science.

Volunteering



Community impact with Kids Love Clothes

Over the last two years, abrdn colleagues have spent over 100 hours volunteering with Kids Love Clothes, a small Scottish charity generating a big impact for our local communities. The charity is run entirely by volunteers with a mission to give quality donated children's clothes to those in need across Edinburgh and the Lothians. In August 2023, six of our Secretariat Team, including our Group General Counsel spent the day helping to sort and organise donated clothes so they can be sent on to families and children. This is just one example of how our colleagues are choosing to support our communities. In 2023 our colleagues supported over 180 charitable organisations. We encourage colleagues to share their experiences and actively promote opportunities on our related 'Get Involved' intranet pages.

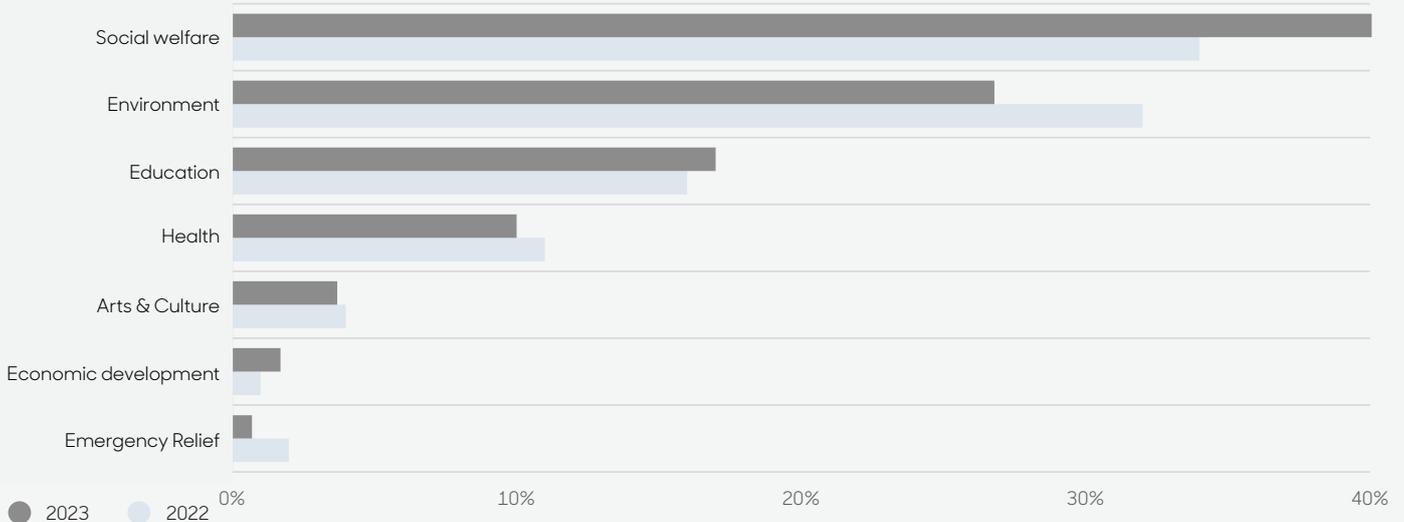


Chart 2: How we spent our time^{1, 2, 3}

In 2023 our colleagues recorded 3,248 hours of volunteering time, which is a 14% increase versus 2022. We observe consistent areas of focus for how colleagues choose to spend their time and we aim to enrich this through providing opportunities and connections with our regional and powerful partners.

Volunteering policy

We want to encourage our people to be part of our local communities and abrdn colleagues are entitled to up to three days paid leave a year for volunteering.⁴ This policy also extends to time spent outside of regular working hours.



1. We ask colleagues to disclose the nature of volunteering time taken using our special leave policy; this is a voluntary disclosure and will not be complete.
 2. Percentage figures reflect aggregate information available to us as of 31 December 2023.
 3. Note a correction on 06 March 2024 versus the original publication on 27 February 2024 to address a visual error relating to the presentation of prior year data.
 4. ii did not have a volunteering policy as of 31 December 2023.



Appendix:

Data and disclosure:



Disclosure approach

The information in this section is intended as a repository for common industry data points and disclosures. Information is presented in tabular formats to support navigability and accessibility of specific data points. The scope of disclosure relates to abrdrn plc and reflects the latest information available as of 31 December 2023. It is important to note that information presented in this format is often removed from full context, so users may need to refer to back to strategies, policies, and targets in other sections of this report for applicable narrative detail. This section also includes an independent assurance statement provided by KPMG over selected information, and important disclosures regarding forward-looking statements made in the wider report.

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Environment: metrics



Greenhouse Gas Protocol

Category	Category meaning	Unit	2023	2022	2018 (baseline)	Notes
Scope 1						
Direct emissions from company-owned/controlled facilities and vehicles	Emissions associated with direct fuel combustion and refrigerant gases used in cooling	tCO _{2e}	739 ^Δ	817	2,667	
Scope 2						
Electricity, steam, heating & cooling for own use	Indirect emissions released into the atmosphere from the electricity and district heat we purchase for our buildings	tCO _{2e}	1,821	2,031	7,069	
Scope 2 location-based	A calculation of electricity use which considers the average emissions intensity of the local power grids where we operate	tCO _{2e}	1,821 ^Δ	2,031	7,069	
Scope 2 market-based	A calculation of electricity use based on specific purchase contracts we have made with our energy suppliers	tCO _{2e}	558	687	4,376	
Scope 3						
Purchased goods & services	Emissions associated with purchased supplier goods and services	tCO _{2e}	-	-	-	Not currently reported
Capital goods	Emissions associated with capital goods purchased or acquired by abrdn in the reporting year	tCO _{2e}	-	-	-	Not currently reported
Fuel and energy related activities (not included in scope 1 or 2)	Emissions from transmission and distribution losses associated with supply of electricity	tCO _{2e}	135	150	451	
Upstream transportation and distribution	Emissions associated with tier 1 third-party transportation and distribution of purchased products and services	tCO _{2e}	-	-	-	Not currently reported
Waste from operations	Disposal and treatment of waste generated in abrdn's operations (in facilities we own or control)	tCO _{2e}	7	5	-	
Business travel	Transportation of employees for business-related activities (in vehicles we do not own or operate)	tCO _{2e}	6,012	4,175	22,031	
Employee commuting	Emissions generated by colleagues travelling between their homes and our offices	tCO _{2e}	-	-	-	Not currently reported
Upstream leased assets	Operation of assets leased and reported by abrdn, not captured as scope 1 & 2	tCO _{2e}	-	-	-	Not currently reported
Downstream transportation and distribution	Emissions associated with transportation and distribution of sold products	tCO _{2e}	-	-	-	Not deemed to be applicable
Processing of sold products	Emissions associated with the processing of sold intermediate products by third parties	tCO _{2e}	-	-	-	Not deemed to be applicable
Use of sold products	Emissions generated from the use of goods and services sold by abrdn in the reporting year	tCO _{2e}	-	-	-	Not deemed to be applicable
End-of-life treatment of sold products	Waste disposal and treatment of products sold by abrdn at the end of their life	tCO _{2e}	-	-	-	Not deemed to be applicable
Downstream leased assets	Operation of assets owned by abrdn (lessor) and leased to other entities	tCO _{2e}	-	-	-	Not currently reported
Franchises	Operation of franchises	tCO _{2e}	-	-	-	Not deemed to be applicable
Investments (as asset owner)	Emissions related to investments made as an asset owner. Portfolio carbon intensity metrics disclosed on page 36.	tCO _{2e}	-	-	-	Not currently reported
Employees working from home	Emissions generated by employee remote working	tCO _{2e}	1,205	2,372	-	
Total Scope 3	Absolute total of reported Scope 3 categories applicable to operational emissions.	tCO_{2e}	7,359 ^Δ	6,702	22,482	

Environment: metrics



Environment

Measure	Unit	2023	2022	2018 (baseline)	Definition
Energy consumption					
Total energy consumption	kWh ('000s)	12,558 ^Δ	13,027	35,109	Total energy consumption (electricity, natural gas, stationary diesel, employee mileage & district heating)
Electricity used	kWh ('000s)	7,751	8,759	23,440	Total electricity consumption
Natural gas used	kWh ('000s)	3,840	3,348	10,109	Total natural gas consumption
District heating	kWh ('000s)	83	168	1,468	Total energy consumed through district heating
Stationary diesel	kWh ('000s)	37	3	92	Total energy consumed through stationary diesel
Energy consumption UK	kWh ('000s)	10,746	10,639	26,658	Total energy consumption in the UK (electricity, natural gas & stationary diesel, and employee mileage)
Electricity used under a green/ renewable tariff	kWh ('000s)	6,201	6,911	15,856	Total electricity used under a green/renewable tariff
Procured electricity used under a green tariff	%	99.7	99.6	98	Total kWh procured under a green/renewable tariff where we procure the energy directly (UK offices only)
Emissions intensity					
Total GHG emissions per FTE (location based)	tCO _{2e} /FTE	2	3	5	Total GHG emissions per full-time employee equivalent, including reported Scope 1, 2 and 3 emissions
Total GHG emissions (Scope 1 and 2 only) per £m of total income	tCO _{2e} /£m	2	2	5	Gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO _{2e} per unit currency total revenue
Total GHG emissions intensity by AUMA	tCO _{2e} /£bn	20	19	58	Scope 1, 2 and 3 (location-based) for the reporting year per £bn AUMA

Social: metrics



Employees	Unit	2023	2022	Definition
Number of employees	#	4,805	5,225	Total number of employees
Personnel by region:				
UK	#	3,914	4,215	
EMEA (non UK)	#	268	266	
Asia Pacific	#	394	462	
Americas	#	229	282	

Overall data	Global	Board	CEO-1/2	People managers
Female representation	43% ^Δ (Target: 50% +/- 3%)	40% ^Δ (Target: 40%)	34% ^Δ (Target: 40%)	36% (2022: 36%)
Minority ethnic representation	(see regional data)	10% ^Δ (Ambition: 20%)		
Disability	2% (13% disclosure rate)			
Non-heterosexual colleagues	2% (40% disclosure rate)			
Non-Cisgender colleagues	<1% (41% disclosure rate)			

Regional data - UK	Unit	2023	2022
Female representation	%	42	42
Ethnicity - Asian	%	4	4
Ethnicity - Black	%	1	1
Ethnicity - Mixed Ethnicity	%	1	1
Ethnicity - Other	%	<1	<1
Ethnicity - White	%	48	49
Ethnicity - Prefer not to say	%	1	1
Ethnicity - Not disclosed	%	45	44
Ethnicity - Minority ethnic representation	%	6	6

Regional data - US	Unit	2023	2022
Female representation	%	41	37
Ethnicity - Asian	%	5	6
Ethnicity - Black	%	4	5
Ethnicity - Mixed Ethnicity	%	1	1
Ethnicity - Other	%	1	1
Ethnicity - White	%	71	73
Ethnicity - Hispanic or Latino	%	6	6
Ethnicity - Prefer not to say	%	<1	<1
Ethnicity - Not disclosed	%	10	7
Ethnicity - Minority ethnic representation	%	18	19

Regional Data - APAC	Unit	2023	2022
Female representation	%	55	53
Ethnicity - Asian	%	65	59
Ethnicity - Black	%	0	0
Ethnicity - Mixed Ethnicity	%	1	1
Ethnicity - Oceania	%	0	<1
Ethnicity - Other	%	1	1
Ethnicity - White	%	4	6
Ethnicity - Prefer not to say	%	<1	1
Ethnicity - Not disclosed	%	29	32

Global Data - Age	Unit	2023	2022
22 and under	%	3	3
23-35	%	33	31
36-50	%	45	47
51-60	%	17	17
61 and over	%	2	2

Social: metrics



Employee data	Unit	2023	2022	Definition
CEO to media worker pay UK	Ratio	27:1	25:1	Ratio of CEO to median worker pay (50th percentile) for total remuneration of FTE UK employees
Women executives	#	2	2	Women employed by the company who are in the Executive Leadership Team
Women in management positions in revenue generating functions	%	35	32	Women in management positions in the following areas of the company: Investments, Adviser, and ii
Employees in pension schemes	%	96	97	Percentage of employees in the company pension scheme (data covers abrdn FTE in the UK and excludes ii colleagues, contractors, and joint ventures)
Employee turnover	%	22	23	Number of employees that left the company within the past year as a percentage of the total number of employees. This excludes acquisitions and divestments
Voluntary turnover	%	11	16	Number of employees that left the company voluntarily within the past year as a percentage of the total number of employees. This excludes acquisitions and divestments
Involuntary turnover	%	11	7	Number of employees who left the company involuntarily within the past year as a percentage of the total number of employees. This excludes acquisitions and divestments
Women in part time roles	%	83	84	Percentage of part time workforce that is female
Full time to part time FTE	%	93	94	Percentage of employees who are full time
Contractor versus employee FTE	%	2	<1	Number of contractors as a percentage of the total number of employees

Female representation: Departmental data	Unit	2023	2022
Investments	%	42	40
Investments - CIO	%	33	-
Investments - Client Group	%	49	-
Investments - COO	%	50	-
Investments - Product	%	46	-
Investments - Regional Management	%	48	-
Asset Class - Equities	%	40	38
Asset Class - Alternative Investment Strategies	%	25	32
Asset Class - Fixed Income	%	25	27
Asset Class - Multi Asset Solutions	%	29	28
Asset Class - Quantitative Investments	%	20	17
Asset Class - Real Assets	%	31	30
Asset Class - Private Equity	%	46	45

Early Careers	Unit	2023	2022
Graduates - Female Representation	%	44	61
Graduates - Minority ethnic Representation	%	19	26
Graduates - Went to a state school	%	56	58
Graduates - Attended a non-Russell Group University	%	50	48
Graduates - came through a diversity partnership	%	25	52
Interns - Female representation (UK)	%	35	45
Interns - Female representation (US)	%	33	86
Interns - Female representation (APAC) ¹	%	0	50
Interns - Minority ethnic representation (UK)	%	24	45
Interns - came through a diversity partnership	%	46	49
Interns - went to a state school	%	51	-
Trainees/School Leavers - Female representation	%	33	17
Trainees/School Leavers - Minority ethnic representation	%	0	17
Trainees/School Leavers - Attended a state school	%	78	72
Trainees/School Leavers - came through a diversity partnership	%	22	28

1. In 2023 there was no intake of interns in our APAC offices.

Social: metrics



Learning and development	Unit	2023	2022	Definition
Employee training spend	£m	2.8	4	External spend on employee training, including support through degrees and qualifications, and job specific training programmes
Employee training hours	hours	18.3	23.5	Average number of hours employees participated in training
Employee training hours (male)	hours	17.9	24.3	Average number of hours of training provided to male employees (on an FTE basis)
Employee training hours (female)	hours	18.8	22.5	Average number of hours of training provided to female employees (on an FTE basis)

Health and safety	Unit	2023	2022	Definition
Absentee rate	%	1.7	1.5	Average number of sick days per FTE as a percentage of total days scheduled
Absentee rate – data coverage	%	83	97	% of employees in workforce used to measure absentee rate
Workforce accidents – employees	#	8	7	Number of accidents at the company resulting in harm to employees
Fatalities	#	0	0	Number of contractor and employee fatalities

Measure	Unit	2023	2022	Definition
Community spending	£m	2.1	2.4	Total contribution including cash and in-kind giving
Total volunteer time	hours	3,248	2,842	Total number of hours employees have logged as volunteering time

EEO-1 (US-only data)

Job categories	Hispanic or Latino		Not Hispanic or Latino Male						Not Hispanic or Latino Female					Overall totals	
	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native		Two or more races
Executive/ Sr. Officials & Mgrs	0	0	9	0	0	0	0	0	4	0	0	0	0	0	13
First/Mid Officials & Mgrs	2	0	21	0	0	0	0	0	10	0	0	2	0	0	35
Professionals	5	4	67	2	0	4	0	1	33	3	0	7	0	1	127
Technicians	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1
Sales workers	1	1	11	0	0	0	0	1	1	1	0	0	0	1	17
Administrative support	0	1	2	1	0	0	0	1	14	4	0	0	0	0	23
Total	8	6	111	3	0	4	0	3	62	8	0	9	0	2	216

Sustainability Accounting Standards Board (SASB)



Sustainability Disclosure Topics & Metrics

The table below provides summary disclosure against the Asset Management & Custody Activities standard.¹

Topic	Accounting metric	Disclosure against the framework	
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated, private civil litigations, or other regulatory proceedings.	abrln is aware of no employees subject to the proceedings described.	
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers.	abrln sustained no monetary losses of this nature in the reporting period.	
	Description of approach to informing customers about products and services.	abrln provides comprehensive product literature, with our website providing further detail for specific products.	
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Refer to pages 101-102 for percentage disclosure, with further information also provided on pages 55-57.	
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening.	Disclosure in the table below relates to assets under management categorised using our sustainable product framework, capturing (2) sustainability themed investing and (3) screening. These figures do not include (1) integration, which is standard practice within our Investments business. Note that the 2022 figures have also been restated, following updates to our framework, to enable comparison.	
	Asset Class	2023 (£bn)	2022 (£bn)²
	Active Equities	13.7	15.3
	Fixed Income	13.8	14.2
	Multi Asset	19.5	13.5
	Private Equity	0.6	0.6
	Real Assets	4.4	4.8
	Quantitative	2.0	1.7
	Total	54.0	50.0
	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies	Descriptions of specific investment strategies and integration approaches are available on our website.	
Description of proxy voting and investee engagement policies and procedures.	Detailed descriptions of our approach can be found in our Stewardship report and public voting policy.		
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3.	Our portfolio decarbonisation target is monitored using carbon intensity metrics (page 36).	
	Total amount of assets under management (AUM) included in the financed emissions disclosure.	Disclosure of aggregate financed emissions is made in the context of our active engagement strategy with our top 20 highest financed emitters for our public market investments, (pages 31-32).	
	Percentage of total assets under management (AUM) included in the financed emissions calculation.	Our carbon footprinting tool also enables our investment teams to explore carbon metrics within a portfolio. This includes financed emissions but this information is not presently aggregated for disclosure to the SASB framework.	
	Description of the methodology used to calculate financed emissions.		
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.	abrln sustained no monetary losses in the reporting period as a result of legal proceedings associated with financial industry laws or regulations.	
	Description of whistleblower policies and procedures.	Refer to page 90 for description of our Speak Up service.	
Activity metrics	Total assets under management (AUM).	Refer to our Annual report and accounts for latest comprehensive disclosure.	
	Total assets under custody and supervision.		

1. Note that the information in this table is intended to provide summary disclosure against the SASB framework and to signpost to relevant information where applicable. The table is intended as a summary and should not be interpreted as full adherence to the framework in isolation. Refer to our complete reporting suite for further information.

2. Reclassification occurred over the last 12 months. Fund mapping challenges meant we did not disclose previous years' figures in this same format or using the same framework. Therefore the 2022 figures have been restated, aligning to the 'Sustainable Product Framework' available on our website.

External ratings



Organisation	Unit	Metric	Last updated	Previous metric
MSCI: ESG Rating	Rating	AA	Jun-23	AAA
S&P Corporate Sustainability Assessment (CSA)	Score (up to 100)	67	2023 Assessment Year	72
	Peer Group Percentile	Top Decile		Top Decile
CDP: Climate Change	Rating	B	2023 Assessment Year	B
Sustainalytics: ESG Risk Rating	Rating	Low Risk	Oct-23	Low Risk
World Benchmarking Alliance (WBA)	Score (up to 100)	37.6	The World Benchmarking Alliance have not produced an update since the 2022 Assessment Year	
	Ranking: Financial System	#15		
	Ranking: Asset Managers	#1		
Bloomberg Gender-Equality Index	Score (up to 100%)	77%	2023 Assessment Year	73%

Sustainability commitments



Sustainability memberships and affiliations

We are members of and affiliated to a wide range of industry bodies, trade associations, and sustainability initiatives. This enables us to share knowledge, insights, ideas and perspectives. Selected examples of sustainability-related initiatives are outlined in the table below, with the list intended to be representative but not exhaustive.

Region	Name	Description
UK	10000 Interns Foundation	Providing support for more Black and disabled candidates into our industry at intern level via #10000BlackInterns & #10000AbleInterns.
Asia Pacific	Asia Investor Group on Climate Change (AIGCC)	The AIGCC is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about climate-related risks and opportunities and low carbon investing.
UK	Black Women in Asset Management	We joined BWAM to help connect and empower Black Women Leaders in Asset management, providing cross-industry ethnicity mentoring, insights, job board, and events.
Global	Bloomberg	This global benchmark on gender equality was created to drive transparency and provide investors with standardised information on how companies are advancing women in the workplace.
Global	Climate Action 100+	A collaborative initiative between asset owners and managers to engage with high-carbon emitters, influence increased disclosure, and encourage positive behaviour in relation to climate risk management.
US	Corporate Call to Action	By joining the Corporate Call to Action, we are part of a CEO coalition aiming to establish measurable commitments to address racial justice and social change. We publish our EEO-1 data voluntarily.
UK	Diversity Project	We are members of the Diversity Project, which is an initiative to champion a diverse and inclusive UK investment and savings industry.
UK	Girls are Investors	GAIN aims to inform young women about our industry and helps build their professional networks.
Global	Global Investor Governance Network (GIGN)	We were a founding member of the GIGN, an initiative which brings together governance representatives global investors in an informal network to consider governance issues and developments.
UK	Gold Defence Employer Recognition scheme	We have signed the Armed Forces Covenant and are committed to supporting veterans, reservists, and their families through quality employment and forces-friendly policies and community partnerships.
UK	Impact Investing Institute (III)	III encourages investment with the intention of generating positive, measurable social and environmental impacts alongside financial returns. We are a founding supporter.
UK/EU	Institutional Investors' Group on Climate Change (IIGCC)	The IIGCC is a European membership body for investor collaboration on climate change, with a mission to work towards a net zero and a climate resilient future.
UK	Investment 20/20	We have provided employment opportunities to young people through I2020 for a number of years.
UK	Investment Association	Investment Association is a UK representative body for asset owners and asset managers. We have representation on a number of sustainability-related committees.
Global	Investor Alliance for Human Rights (IAHR)	We are a member of the Investor Alliance for Human Rights, which gives us access to research and collaboration tools on the investor responsibility to respect human rights.
UK	Investor Forum	We are members of the Investor Forum, which states a purpose to position stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value.
UK	Living Wage Foundation.	We have been an accredited UK Living Wage employer since 2014 and in 2020 were one of the first companies to be accredited as a Living Hours employer.
Global	Nature Action 100	Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.
Global	Net Zero Asset Managers (NZAM) Initiative	We are a member of the Net Zero Asset Managers initiative, which is an initiative for asset managers to work in collaboration with clients to achieve net zero by 2050 or sooner.
Global	Principles for Responsible Investment (PRI)	We are signatories to PRI, which is a UN supported network of investors that works to promote sustainable investment through the incorporation of environmental, social and governance factors.
Asia Pacific	Responsible Investment Association of Australasia (RIAA)	The RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand. We are one of over 500 members representing US\$29 trillion in assets under management.
UK	UK Sustainable Investment & Financial Association (UKSIF)	UKSIF brings together the UK's sustainable finance and investment community and supports its members to expand, enhance and promote the sector.
Global	UN Global Compact	We are a signatory to the Global Compact which is a pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Assurance statement



Independent Limited Assurance Report of KPMG LLP to abrdn plc

KPMG LLP ("KPMG" or "we") were engaged by abrdn plc ("abrdn") to provide limited assurance over the Selected Information described below for the year ended 31 December 2023.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within the sustainability section of abrdn's Annual Report and Accounts and abrdn's Sustainability and TCFD report 2023 ("the Report") for the year ended 31 December 2023 marked with the symbol Δ ("the Selected Information") and also listed in Appendix A.

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed elsewhere on abrdn's website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria we used to form our judgements are abrdn's Reporting Criteria as set out on pages 46, 47 and 51 of abrdn's Annual Report and Accounts and pages 42, 43, 44 and 59 of abrdn's Sustainability and TCFD Report ("the Reporting Criteria"). The Selected Information needs to be read together with the Reporting Criteria.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time. The Reporting Criteria has been developed to assist abrdn in providing the Selected Information only. As a result, the Selected Information may not be suitable for another purpose.

Directors' responsibilities

The Directors of abrdn are responsible for:

- designing, operating and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria and to report to abrdn in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance statement



Assurance standards applied

We conducted our work in accordance with International Standard on Assurance Engagements (UK) 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* ("ISAE (UK) 3000") issued by the Financial Reporting Council and, in respect of the greenhouse gas emissions information included within the Selected Information, in accordance with International Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board. Those standards require that we obtain sufficient, appropriate evidence on which to base our conclusion.

Independence, professional standards and quality

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics. The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Selected Information as a basis for our limited assurance conclusion. Planning the engagement involves assessing whether the Reporting Criteria are suitable for the purposes of our limited assurance engagement. The procedures selected depend on our judgement, on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed included:

- Assessing whether the Reporting Criteria are suitable for the purposes of our limited assurance engagement;
- Assessing the implementation of methodology specified by the Reporting Criteria.
- Conducting interviews with Company management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- Performing analytical procedures over the aggregated Selected Information, including a comparison to the prior year amounts having due regard to changes in business volume and the business portfolio;
- Selected limited substantive testing, including agreeing a selection of the Selected Information to the corresponding supporting information
- Considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- Re-performing the mathematical calculation of the Selected Information in accordance with the Reporting Criteria;
- Reading the narrative within the Annual report and Accounts and Sustainability and TCFD Report with regard to the Reporting Criteria, and for consistency with our findings;

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this had been a reasonable assurance engagement.

Assurance statement



This report's intended use

Our report has been prepared for abrdn solely in accordance with the terms of our engagement. We have consented to the publication of our report on abrdn.com for the purpose of abrdn showing that it has obtained an independent assurance report in connection with the Selected Information.

Our report was designed to meet the agreed requirements of abrdn determined by abrdn's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than abrdn for any purpose or in any context. Any party other than abrdn who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Rachel Poole
for and on behalf of KPMG LLP
15 Canada Square
London E14 5GL
26 February 2024

The maintenance and integrity of abrdn's website is the responsibility of the Directors of abrdn; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report presented on abrdn's website since the date of our report.

Appendix A – Selected Information

no.	KPI	Scope	Unit
1	Percentage of women at Board level	Plc Board	%
2	Percentage of women in Senior Leadership	CEO-1 & CEO-2	%
3	Percentage of women in global workforce	Global	%
4	Percentage of Board identifying as minority ethnic	Plc Board	%
5	Scope 1 operational emissions	Fluorinated gas, stationary fuel, company cars, natural gas	tCO _{2e}
6	Scope 2 operational emissions (location based)	Electricity, district heating	tCO _{2e}
7	Scope 3 operational emissions	Transmission & distribution losses, business travel, waste generated in operations, and homeworking emissions	tCO _{2e}
8	Annual operational energy use (kWh)	Global	kWh

Forward-looking statements



This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, results, strategies, targets (including ESG targets), objectives, plans, goals and expectations of the Company and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements are prospective in nature and are not based on historical or current facts, but rather on current expectations, assumptions and projections of management of the abrdn Group about future events, and are therefore subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

For example but without limitation, statements containing words such as 'may', 'will', 'should', 'could', 'continues', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'hopes', 'plans', 'pursues', 'ensure', 'seeks', 'targets' and 'anticipates', and words of similar meaning (including the negative of these terms), may be forward-looking. These statements are based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the Group's control, including, among other things: UK domestic and global political, economic and business conditions (such as the UK's exit from the EU, the ongoing conflict between Russia and Ukraine and the ongoing conflicts in the Middle East); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by the Company or its affiliates and/or within relevant industries; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the value of and earnings from the Group's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the Group being subject to cyberattacks); operational information technology risks, including the Group's operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events; the impact of pandemics; climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its relevant ESG targets); exposure to third-party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities and the impact of changes in capital, solvency or accounting standards, ESG disclosure and reporting requirements, and tax and other legislation and regulations (including changes to the regulatory capital requirements) that the Group is subject to in the jurisdictions in which the Company and its affiliates operate. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

Neither the Company, nor any of its associates, directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Persons receiving this document should not place reliance on forward-looking statements. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Each forward-looking statement speaks only as at the date of the particular statement. Neither the Company nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of the Company and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, the Company's or its affiliates' future results.



For more information visit abrdn.com

abrdn Group comprises abrdn plc and its subsidiaries. abrdn plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh EH2 2LL.
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