



abrdn Position Statement – Diversity and Inclusion

September 2021

At abrdn, we know that making progress in diversity and inclusion is critical for the long-term sustainability of companies and economic growth. We are committed to pushing forward progress in our operations and to promoting diversity and inclusion through our investment activities.

As investors, we are aware of growing empirical evidence showing that, under the right conditions, diversity and inclusion can lead to positive business outcomes. These include attraction and retention of talent, higher productivity and better financial performance. We believe companies that embed diversity and inclusion standards are better placed to attract talent, get the most from their workforce and meet the needs of their customers.

An inclusive corporate culture with a diverse work force can increase innovation and better represent and serve different customer segments and reflect the diversity expected by customers.

Understanding diversity and inclusion and our expectations

Growing awareness of the gender pay gap, the Black Lives Matter movement, widening economic inequality, and the disproportionate impact of Covid-19: all of these factors have focused attention on the structural discrimination facing vulnerable or marginalised groups, including women, ethnic minorities, people with disabilities, and the LGBTQ+ community.

In the corporate context, "diversity" refers to the employment of people with different characteristics whereas "inclusion" denotes people's ability to contribute fully and effectively to the company that employs them.

This distinction has created multiple dimensions to diversity and inclusion and various ways of promoting them. But we know that progress comes from a relentless focus on both

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and believe in the fundamental principle that all people should have equal opportunity to develop, progress, be rewarded and be recognised at work.

Our investment approach

Our investment approach to diversity and inclusion focuses on four areas of activity: corporate engagement, proxy voting, capital allocation and advocacy.

We expect the companies we hold in our portfolios to demonstrate adherence to this fundamental principle. We have seven core expectations:

- Full compliance with relevant diversity and anti-discrimination legislation and reporting requirements;
- Publishing an equal-opportunity policy applicable to all aspects of the employee lifecycle, which explicitly prohibits discrimination against all protected characteristics;
- Devising a diversity and inclusion strategy, with attendant programmes and measures, to embed diversity and inclusion in employment policies and the design of products and services;
- Board-level responsibility for the implementation of the equal-opportunity policy and diversity and inclusion strategy;
- Setting specific representation targets at the board, management and workforce levels in respect of either gender or ethnicity and, if possible, other diversity characteristics (or a clear roadmap to enable target-setting);
- Formalising an employee code of conduct that sets out behavioural standards, grievance mechanisms and disciplinary and remedial actions following a violation of the code;
- Transparent reporting of progress on diversity and inclusion (qualitative and quantitative) and accompanying next actions.

We are aware that the way in which the issues of diversity and inclusion manifest varies by socioeconomic, cultural and regulatory contexts. Given this and the fact that we invest worldwide, we tailor our approach to each investment market's circumstance. Further detail on our approach as both an employer and investor can be found at abrdn.com.



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