We are futurists

Standard Life Aberdeen

Stewardship Report 2020

Contents

This symbol indicates a link to a web-page or on-line document where you can find more information.

KPI This symbol denotes a non-financial KPI assured by Bureau Veritas. Click here for the methodology and assurance statement:

www.aberdeenstandard.com/methodology-and-assurance-statement

We are futurists

*fju:tʃərɪst
Systematically explores possibilities about the future and how they can emerge from the present

enabling our clients to be better investors

We are futurists

We harness the power of time

We leverage technology to connect

The curiosity of our talent creates opportunity

enabling our clients to be better investors

Investments

We are focused on growth markets and on clients who are actively investing. We are prioritising growth in Asia.

We are building our capabilities in growing asset classes reflecting changing investment aspirations. This business is powered by data and technology and we will invest in our technology to enable our clients to be better investors now and in the future.

Our strategy is to deliver superior investment performance consistently through time, deepening our client relationships.

Adviser

Our platforms are designed to deliver a great service experience and we are investing to make it even easier.

We are growing in the UK by earning the right to be the primary platform for our clients. We will relentlessly improve our platform through time, consistently delivering great service.

Our strategy is to power our growth through excellent technology, lead the market and be a natural consolidator as the market changes.

Personal

Asset management is converging with wealth management and this trend, together with the empowerment that technology brings, is our opportunity.

We are growing in the UK, and through further acquisition and investment in technology, we will maximise synergies across our business model.

Our strategy is to connect these businesses in a model that is central to meeting the needs of the UK savings and wealth market.

Enablers

- **Technology**
- **Brand**
- **Research**
- **Partnerships**

Investing responsibly to build a better world

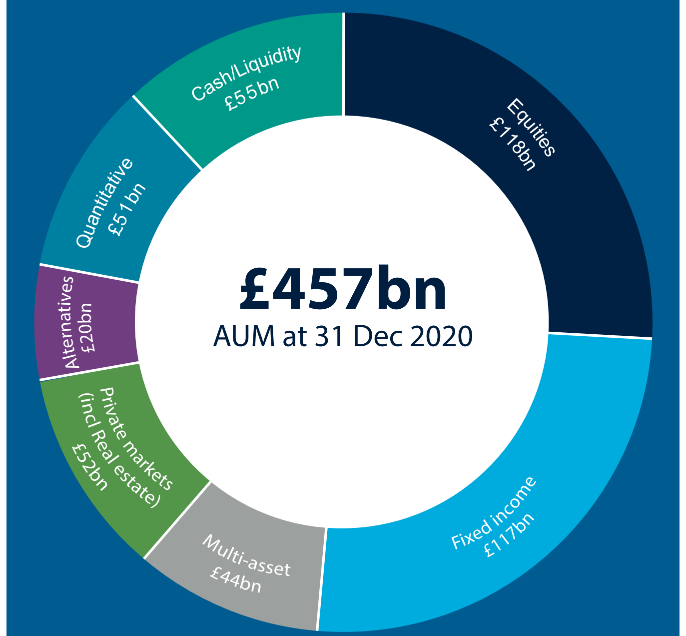
Investments

We are entrusted to manage assets on behalf of a broad client base of governments, pension funds, insurers, companies, charities, foundations and individuals across 80 countries

We combine our deep knowledge of local markets with the power of coordinated global oversight to drive better investment outcomes and deliver long term sustainable benefits for all stakeholders.

Top 3[1] position with China A, Euro Corp, Equities Small & Mid Cap and Global Corporate Bond

>40% of funds with > £100m AUM



AUM of largest client, Phoenix £171.5bn

>2,000 institutional Clients

1 Source: Broadridge, AUM as at 31 Dec 2020

1 year
71%
(2019: 74%)

3 years
66%
(2019: 60%)

5 years
68%
(2019: 67%)

Robust investment performance with 66% of AUM ahead of benchmark over 3 years

Through a culture of curiosity, innovation and ownership, we'll deliver outcomes that help us shape better futures.

Stephen Bird
Chief Executive Officer

We are futurists. We need to be curious about the changing world around us. Huge shifts are taking place – technological, environmental and social, disrupting companies and industries – and they're happening quickly.

All of these things impact our clients and their investment needs. We are actively and constantly evaluating these trends, what they mean for our clients, and how we can become better stewards of their capital.

To us, stewardship is about how we benefit all of our stakeholders, through how we operate and how we invest. This is powered by diligent research, a global perspective, sound judgement and a relentless drive to both understand and shape the future. Responsible investment has to be part of this. Our ESG framework and processes must have a real world impact and drive positive change – and with the impact of the pandemic and climate change, it makes achieving our ESG goals all the more urgent. As a signatory to the UN Global Compact we are committed to continue embedding its principles in all our activities.

In this report we seek to go beyond the expectations of the UK Stewardship Code, and provide insight not just into our investment approach but also our operational approach. We need to demonstrate that we practice what we preach. Every time we make a decision, we'll ask ourselves what we'd do if we had a personal stake in the outcome – because we do. Through a culture of curiosity, innovation and ownership, we'll deliver outcomes that help us shape better futures.

Summary of the code

The new UK Stewardship Code, published by the Financial Reporting Council (FRC), came into force on 1 January 2020. It is designed to fundamentally raise stewardship standards and introduces a new definition:

"Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

There is a key focus on the activities and outcomes of stewardship, not just policy statements, across all asset classes. There are 12 defined principles to be applied by asset owners and asset managers. This report is our response to the code and sets out how our approach to stewardship is aligned with its principles.

Because stewardship is not just about how we invest, we also set out how we apply these principles across other areas of influence and impact. Our appendix on page 53 shows where you can find the content for each principle.

Our stewardship aims and commitments

To meet the needs of our clients and key stakeholders, and create benefits for the economy, society and environment, we focus on these core areas:

1. Our investment process – we integrate and appraise ESG factors in our investment process, with the aim of generating the best long-term outcomes for our clients
2. Our investment activity – we actively take steps as stewards to deliver long-term, sustainable value consistent with our clients' objectives
3. Our client journey – we clearly define how we act in our clients' interests in delivering our stewardship and ESG principles and transparently report on our actions to meet those interests
4. Our corporate influence – we actively advance policy, regulation and industry standards to deliver a better future for our clients, the environment and society
5. Our corporate activity – we understand and manage the material ESG factors in our own operations to ensure positive outcomes for all stakeholders

part i

Our governance and stakeholders

We aim to build trust by forging strong relationships with our key stakeholders and acting on their needs.

Our 2020 stakeholder highlights

72%
Overall employee engagement score

£2m
charitable donations

16
public consultations responded to

100+
institutional holders of Standard Life Aberdeen shares engaged with at individual and group meetings

75
client events held and 9,676+ clients attended
(between June and December)

95
supplier engagements to address COVID-19

Board committees:

Standard Life Aberdeen plc Board

- Audit Committee
- Remuneration Committee
- Nomination & Governance Committee
- Risk & Capital Committee

Our corporate and internal governance

Our Board's role is to organise and direct the company in line with our constitution, and all relevant laws, regulations, corporate governance and stewardship standards. Its full role and responsibilities are set out in the Board Charter. These include aspects such as development of strategy, oversight of culture and ethics, succession planning, risk management, and the oversight of our environmental and social impact. The Chairman leads the Board, ensuring that its high standards of corporate governance are maintained. Our Chief Executive Officer (CEO) develops strategic plans and, along with the directors of our internal entities and subsidiaries, makes and implements operational decisions. Together with the Chairman, the CEO represents the company to external stakeholders, including clients, shareholders, and the local and wider communities. The Board has established Committees that oversee, consider and make recommendations to the Board on important issues of policy and governance.

In 2020, we reviewed our internal executive governance structure to determine where we could make enhancements. We removed unnecessary layers of governance, supported considered and simplified decision making, and aligned to the individual accountabilities as designated under the Senior Managers and Certification Regime (SMCR). Our CEO leads our Executive Leadership Team (ELT). The ELT consists of the most senior executives of the group, with relevant domain expertise. The ELT's meetings and agendas are focused on four quadrants of the business operating system:

- ELT Growth. This is split into three vectors of our group's activity: Investments, Advisor, and Personal
- ELT World Class Operations
- ELT Control
- ELT Talent

Across the company, there is a connected framework that ensures we meet our stewardship objectives and goals. Much of this activity sits within the Investments business. There are three areas of particular focus:

- Global Investment Management Committee (IMC): The IMC consists of our asset class heads and other senior investments leaders. Its role is to run the global Investments function and advise the Chief Investment Officer (CIO) and CEO on investment management issues and capabilities. It is the 'conscience' of investments and will consider and decide upon our approach to investment philosophy, investment beliefs and the capabilities and resources required to deliver outcomes for our clients.
- Risk and Exposures Committee (REC): This forum is chaired by the Global Head of Investment Governance and Oversight (an IMC member) on behalf of the CIO, and provides the challenge and oversight of investment risks and exposures globally. Other committees cover the management of investment restrictions, credit risk, liquidity management, derivative usage, counterparty management and dealing. This framework supports the CIO's fiduciary obligations, providing assurance that client assets are being managed in line with expectations and that our processes have identified and responded to market-wide systemic risks. Relevant issues are escalated to the ELT Control group.
- Global Product & Services Forum: This forum has a product and fund focus, ensuring we release the right products to the right clients for the right reasons, and that existing products operate in line with mandate and client expectation. This forum is chaired by the Global Head of Product & Client Solutions (an ELT and IMC member). Relevant issues are escalated to the ELT Control group.

Assurance

Our internal governance structure provides assurance over our stewardship activities - both reviewing our policies and approach, and providing a check and challenge over our processes. Our BooHoo case study demonstrates our governance structure in action, and how we took into account all our stakeholder needs. Page 21 provides details of developments to our stewardship and ESG programme - known as our Enabling ESG project - which has been put in place after review by our internal governance structure.

As a signatory to the Principles for Responsible Investment (PRI), we have submitted to their independent assessment for a number of years. This review of our stewardship and responsible investment activities acts as an accountability mechanism and allows us to continually improve our processes using feedback from the PRI. In our most recent assessment we were rated A+ in the 'Strategy and Governance' module.

The directors of the legal entities that make up our investment business, branded as Aberdeen Standard Investments, prepare an annual Internal Controls report. This report is prepared specifically for use by our institutional clients and their auditors to help them understand our investment activities and control procedures. It covers all of the activities we undertake as stewards of our clients' assets and the control environment through which they are delivered. The report contains an assurance assessment provided to the directors from their service auditors.

Case study - BooHoo.com

In July 2020, The Times newspaper in the UK exposed evidence of illegal and abusive labour practices in the supply chain of Boohoo.com, a fast fashion retailer. Our investment subsidiaries had owned shares in BooHoo.com on behalf of clients since the company issued shares publically in 2014. During that long ownership period, our investment teams had engaged frequently with various members of the management team of BooHoo.com with several different objectives in mind.

Firstly, this was an active investment decision designed to generate long-term returns for our clients, so a deep understanding of the strengths and weaknesses of the business was essential.

Secondly, as our engagement with the company identified concerns relating to risks within the complex supply-chain, our attention was focussed there in order to fully assess the company's management of these risks.

Finally, having completed this assessment, we set out a plan with specific demands for the company to take further action to improve their management of the identified risks.

The newspaper assertions in July brought to a head our increasing discomfort with delays in the company meeting the milestones for action that we had set. This caused us to substantially re-assess the assurances and evidence that we had been given by the company. This re-assessment was considered through our investment governance framework, which helps to consider risks to our clients and our company, both in terms of short-term financial implications and longer-term reputational costs. Integral to this is the consideration of the interests of other stakeholders, such as the workers in the UK garment industry.

An initial report to our Risk and Exposures Committee was quickly escalated to the Risk and Capital Committee of the Board. Such swift and decisive escalation prompted a complete disposal in our actively managed funds. Subsequently, our Board Chair was contacted by Leicester West MP, Liz Kendall, about our responsibilities as investors. This resulted in Standard Life Aberdeen being singled out for praise for taking quick action to divest from our actively held positions in the company as a result of our long held concerns and the additional evidence that came to light in the press.

ESG and stewardship expertise

Our teams are organised to integrate the consideration of ESG risks and opportunities into decision-making. Day to day management and ESG expertise is provided by our ESG Investment team, our Corporate Sustainability team, and the experts embedded across the business in specific functions. Our ESG experts help to provide detailed global thematic research and insight on stewardship and ESG issues that can be applied across all asset classes and in our Research Institute.

ESG Investment central resource

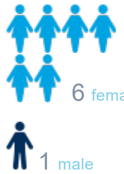
10 female

11 male

Location:
20 UK | 1 Asia Pacific

15 years average financial services experience

Corporate Sustainability central resource



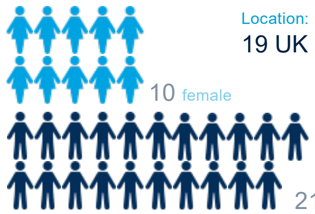
6 female

1 male

Location:
6 UK | 1 Asia Pacific

11 years average financial services experience

Asset class ESG experts



10 female

21 male

Location:
19 UK | 8 Asia Pacific | 4 US

12 years average financial services experience

We bring our subject matter experts together within various working groups and forums to identify issues and drive change in the areas of climate change, human rights, modern slavery, and diversity and inclusion. This structure connects our corporate and investment experts and infrastructure to ensure alignment and oversight of the handling of these key issues.

We also work with a number of external partners providing us with additional stewardship and ESG insight and expertise. For example:

- Principles for Responsible Investment (PRI): we are a member of the UN-backed network of investors focused on promoting stewardship and responsible investment
- Institute for Corporate Responsibility and Sustainability (ICRS): we are a member of the UK's professional body for corporate responsibility and sustainability
- UN Global Compact: we are a signatory and commit to embedding the principles in our activities and we use the principles as a framework for assessing our investments.
- External auditors: working with them to provide external assurance of our key operational metrics – our operational greenhouse gas emissions and gender split at Board, Executive, and global workforce levels
- Transition Pathway Initiative: we are a funding partner of this investor initiative which analyses companies' preparedness for the transition to a low-carbon economy

Case study - Global Inclusion Forum

The Global Inclusion Forum's role is to drive progress in diversity and inclusion across the company. The Forum meets every month to share what is and isn't working in their local areas. They also discuss diversity and inclusion progress more broadly, offer suggestions and challenge for improvement, and drive local and group wide actions. The Forum meets with the CEO and Chief HR Officer bi-annually to set and evolve priority actions. In 2020, the Forum members have driven the refresh of leadership commitments, which each Executive Leadership Team member takes forward in their function or region. They have also led an 'Illuminating Inclusivity' communication series to help share the ways we are staying connected while physically remote through the pandemic. This has focussed on the practical actions they've been taking to make sure everyone, regardless of circumstances at home or role in the business, continues to feel connected and included, as well as sharing what they've personally learned individually and as leaders.

Incentivising

The consideration of client outcomes and the integration of broader ESG risks into each individual's performance measures are a key part of our incentive framework. By linking the corporate purpose through functional and individual objectives we can ensure alignment and consistency with the strategic direction and expected behaviours too.

An example below shows how the equities team has created objectives that are aligned with our investment objectives, our company strategic drivers and behaviours, and our more focused investment behaviours. These equities objectives are used to create the goals for individuals against which their performance and incentivisation is assessed.

Equities: Aligning our objectives

ASI Equities Objectives	Scorecard	Drivers	Behaviours	ASI Investments Objectives
Deliver superior investment outcomes and alpha to our clients.	Investment Excellence	High impact intelligence	Think return	Continually improve investment processes to sustain outperformance
Continuous improvement in our equity research-driven investment processes.	Investment Excellence	Future fit	Build the future now	
A team based culture working in partnership with teams across SLA and our clients.	Collaboration	Future fit	Build the future now	Drive Collaboration within investments & across functions to deliver better insights & meet client needs
Improve how we engage with our clients and understand their changing needs	Client focus	Future fit	Build the future now	
A commercial strategy focused on offering differentiated outcomes and driving efficiencies.	Commerciality	Enduring relationships	Get it done together	Shape & focus the function & capabilities to be relevant for tomorrow
Develop our people to build highly effective teams & individuals' career development.	Collaboration	Connections without borders	Bring clients & customers to every conversation	
Enhance ESG integration through research, portfolio construction and reporting.	Investment Excellence	High impact intelligence	Build the future now	Embed ESG to deliver client outcomes aligned with SLA purpose
Become recognised as an ESG leader and launch responsible investment funds	Commerciality	Future fit	Bring client & customer to every conversation	

Our stakeholders

The long-term success of a business is dependent on the way it works with a large number of stakeholders: shareholders, clients, employees, suppliers, communities, regulators and policymakers. The 2018 UK Corporate Governance Code rightly places emphasis on businesses building trust by forging strong relationships with their key stakeholders and acting on their needs. We have processes in place to ensure that the Board engages with key stakeholder groups and that this engagement can support decision making. Details of our interaction with stakeholders are provided in our annual report and accounts.

Clients

We seek opportunities to fully understand our clients' investment and stewardship needs so that we can deliver investment and wider outcomes that meet their expectations. Our services and products are made available to many different types and sizes of clients. These range from the largest strategic partners for whom we create specific products for their clients, through large corporate pension funds whose assets we will manage on a bespoke basis to smaller pension funds for retail savers who invest in our pooled investment vehicles (mutual funds) alongside many other similar clients requiring consistent outcomes.

Our engagement mechanisms are aligned with each of our client types. We liaise directly and regularly with our strategic and large institutional clients through our distribution and client servicing specialists. We organise seminars for these clients so that we can inform them of our thinking and listen to their views on themes and likely future developments.

Smaller pension funds and retail clients normally use their own appointed intermediaries to connect with our products and solutions. Our interaction with these clients is less direct and so alternative methods must be used to meet their expectations. We use surveys and providers such as the Wisdom Council to gather input so that the products and solutions we offer are best aligned to meet client expectations.

An example of how we interact with and gain input from clients was the development of new client reporting templates with one of our strategic clients. Through ongoing engagement we created a suite of reporting templates that we will introduce, from the first quarter of 2021, additional disclosure of data relating to our stewardship activities. More details of these reports are provided in the transparency and reporting section of this report. Having developed these templates with one strategic client we will be making them available across all client and fund types, safe in the knowledge that they have been developed using the input of client views.

In recognition of the increasing demand from clients we have also taken on the co-chair role of the joint IA and Pensions and Lifetime Savings Association (PLSA) steering group that is seeking to find solutions to better embed stewardship into the investment process.

Employees

We have a particular focus on bringing the voice of our colleagues to the Board and Melanie Gee is the designated non-executive Director who heads up our Board employee engagement programme. This is a structured programme incorporating both formal and informal channels to enable this to work effectively. Colleagues are encouraged to share their views openly and honestly at our 'Meet the Non-executive Directors (NEDs)' sessions, and regular Board Employee Engagement (BEE) Group meetings – both held virtually over 2020. The views that are collected are taken to the Board for discussion and action plans developed to address issues that are identified. This programme of dialogue, reporting and action is fed back to employees through regular ongoing communications from Melanie. During 2020, Melanie met with the chairs of our employee networks who each responded to Melanie's ask for 'one request' that they wanted to make of the Board. This resulted in actions including the NEDs giving masterclasses on their careers and each network being able to present directly to the Board.

To deliver better futures, we need to nurture talent, giving our colleagues every opportunity to grow, perform and be heard. Our 2020 employee engagement survey asked for views about our business as an employer, ways of working, strategy and direction, senior leadership and management. Our overall engagement score was 72%. We saw very positive findings in several areas, however the results also highlighted particular areas for us to improve. These included defining a clear strategic vision, as well as making it easier to get things done and get decisions made. The engagement of our leaders with their own teams, supplemented by the work on our strategy led by our executive leadership team, is helping us address the points raised.

Regulators and policymakers

We operate in a highly regulated environment and staying abreast of regulatory change that affects the business, services and operations of our regulated entities is crucial.

We closely monitor regulatory developments in the UK, the EU and all jurisdictions we operate in. Horizon scanning is primarily done through an automated tool which allows effective recording, monitoring and management of regulatory change.

We are members of national and international industry associations where we actively and constructively engage with the wider industry on upcoming regulatory change. Through these trade bodies we feed into consultation responses, issued by regulatory authorities, and where the opportunity arises engage with regulators. Where applicable, we contribute to the development of Industry Codes, Guidelines, Good Practices or similar voluntary standards.

We also participate directly in public consultations and have delivered stand-alone responses to many consultations and calls for evidence. Through our public affairs department, we actively seek opportunities to engage with our regulators on policy matters to better understand their concerns and discuss our points of view and approaches.

The issues we monitor and engage on are wide ranging and include ESG/sustainability, investor protection, shareholder rights and engagement, operational resilience, IT/Cyber, fund regulation, trading of financial instruments, access to markets, and prudential regulation, amongst others.

Shareholders

We engage with institutional investors and analysts through a comprehensive investor relations programme that aims to ensure that the financial market audiences have a balanced understanding of the company's business, strategy, markets and prospects. The programme is developed and implemented by the investor relations team in line with the company's strategic priorities.

Key elements of the programme are the full year and half year results analyst and investor presentations which are given by the CEO and CFO followed by question and answer sessions. In addition, the Chairman, Senior Independent Director, Chair of the Remuneration Committee, CEO and CFO attend meetings and maintain communication with institutional investors throughout the year through one to one meetings, attendance at conferences, overseas and UK roadshows and other company and brokers hosted events. These interactions inform our strategic development and our understanding of market expectations. We also receive feedback directly from investors and analysts and through our corporate brokers.

We engage with our retail shareholders through a variety of channels including regular direct communications, the information that we publish on our website and a dedicated shareholder mailbox and phone line. As long as circumstances permit we hold an Annual General Meeting every year, attended by the full Board of Directors where shareholders are able to ask questions directly to the Board.

We have a comprehensive Investors page on our corporate website where investors and shareholders can access share price information, financial news and results, AGM voting results, and a range of other resources.

Suppliers

We assess specific risks, including those relating to ESG factors, at the start of engaging with our Third Parties, based on materiality of the Third Party and Service type. We address any risks or concerns raised through our due diligence, assurance and contract negotiation processes.

We expect our Third Parties to adhere to high standards in the way that they operate and we require them to sign up to our Global Third Party Code of Conduct (available on our external website). This includes complying with all applicable laws and regulations, protecting human rights, providing a safe place of work and minimising environmental impact.

On a regular, and risk proportionate, basis we carry out due diligence of our Third Parties, covering key social issues such as modern slavery and equality, as well as environmental aspects. The outcomes of which are reviewed and any issues raised escalated through supplier relationship managers and service owners. More details of how we manage issues relating to modern slavery are provided in our Modern Slavery Statement which is published on our website.

We also have specific ESG requirements of our Third Parties, for example, we ensure all staff working on our premises are paid at least a UK Living Wage and we've recently introduced Living Hours too. This mainly applies to staff working within the Facilities area where low pay can sometimes be an issue. A further example is for our energy contracts where we have a policy that we only procure renewable electricity.

We may from time to time identify a need to react to events, such as COVID-19, to ensure that our responsibilities and commitments (both to and via our Third Parties) continue to be met under such strained conditions.

We understand the importance of treating our Third Parties fairly and are committed to paying them on time.

We have some key suppliers who provide data and services closely related to our stewardship activities. These include Institutional Shareholder Services (ISS), Institutional Voting Information Services (IVIS), MSCI, Trucost and Planetrics. We do not rely blindly on any of these services and we have described in the Influence and Collaborations section our own analysis, which is used in conjunction with external services and data to make most effective use of these major suppliers while also undertaking our own assessments.

Charities

We believe it is important we work with charities in partnership for a shared, strategic goal with positive impacts for both our business and charity beneficiaries.

Partnerships enable us to:

- Reach more diverse pools of talent and provide supported, inclusive recruitment pathways
- Gain policy insight – we deliver better outcomes for all of our stakeholders because of insight and research undertaken by charities and other organisations on issues such as fair work and climate change
- Engage our employees through involving them in supporting their communities

The current pandemic and economic context has resulted in decreasing levels of funding for charities, at the same time as a rising demand for their services supporting those most hard hit. We've worked closely with partners to understand their needs and direct funding in the most impactful way, responding to those in immediate need and directing to programmes with a longer term impact in enabling the fair and green recovery.

Conflicts of interest

Effective management of conflicts of interest is at the core of good client outcomes, and a key aspect of the global regulatory and legislative conduct risk agenda. We provide a wide range of products and solutions to a variety of clients; and we may from time to time have interests that conflict with these clients. There may also be conflicts that arise from the personal activities of our employees (e.g. second jobs, business ventures, outside appointments).

We ensure that all appropriate steps are taken to identify and prevent any conflicts of interest. However, if a conflict cannot be prevented then we take appropriate steps to mitigate and manage it.

We have policies and procedures to address conflicts of interest that may arise from:

- Personal account dealing / Outside appointments – ensuring, where required, these are recorded and approved
- Providing or receiving gifts and hospitality – strict limits on what is acceptable with all gifts above a defined value approved and registered
- Information exchange - putting in place adequate procedures to prevent or control the exchange of information between relevant persons engaged in portfolio management activities, where the exchange of information between these persons may negatively impact the interests of one or more clients
- Voting at investee company AGMs - we will vote at meetings where there is a potential conflict of interest, including:
  - an investee company that is also a significant client
  - an investee company where an executive director or officer of our company is also a director of that company
  - an investee company where an employee is a director of that company
  - an investee company with which we have a strategic relationship
  - a significant distributor of our products
  - a significant supplier
  - any other companies that may be relevant from time to time.

Where actual or potential conflicts are identified these are reported to our Risk and Compliance department and recorded on a central Register, which is maintained within the function and escalated appropriately. As a general principle conflicts of interest are managed at a local and regional level, however, in instances where it is deemed necessary the conflict is escalated to the Executive Leadership Team. Key details recorded include the type of conflict of interest and who the conflict relates to, the measures taken to manage the conflict of interest and the senior individual who is responsible for overseeing the management of the conflict of interest.

In line with the requirement to manage conflicts at a local level, our proxy voting team maintains a list of all companies which are exposed to the list of conflicts noted above. For companies on this list held in our active portfolios, when a voting decision is taken the analyst responsible is required to record the fact that the conflict of interest has not impacted the voting decision made. In situations where it is not possible to demonstrate an impartial vote we will decline to make a voting decision.

To ensure appropriate and necessary independence of those involved in the management of conflicts, we have the following measures:

- Clear and segregated reporting lines
- Removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities

If any residual risk of conflict of interest remains, the nature of the conflict or source of the conflict of interest, or both, must be disclosed to the relevant stakeholder in writing, before undertaking any new or further business, to facilitate an informed decision on whether they wish to proceed.

All SLA employees are required to complete eLearning conflicts of interest training every two years – 99% of employees have completed the course in 2020. This training is designed to provide employees with an awareness and understanding of conflicts of interest and their responsibilities in relation to conflicts of interest. Where appropriate, further training is provided and tailored to targeted business areas and to specific roles.

Conflict of interest case studies

1. We have potential conflicts of between our interests and those of our clients where we hold shares in companies in which Standard Life Aberdeen have strategic share holdings. In such situations we do not instruct a vote on the shares we hold on behalf of our clients. Standard Life Aberdeen's strategic shareholdings include Phoenix Group in the UK, HDFC AMC and HDFC Life in India and Heng An Standard Life in China.
2. An employee wished to take up a consultancy position with a systems vendor who is also used by Aberdeen Standard Investments. In this example, the line manager assessed the situation and denied approval of the position due to the potential conflicts this could create.
3. An employee was approached by a publicly listed company to be appointed as a non-executive director. In line with the Policy the matter was raised to Senior Management for pre-approval. Following a comprehensive assessment the appointment was approved as there was considered to be no conflicts of interest present.

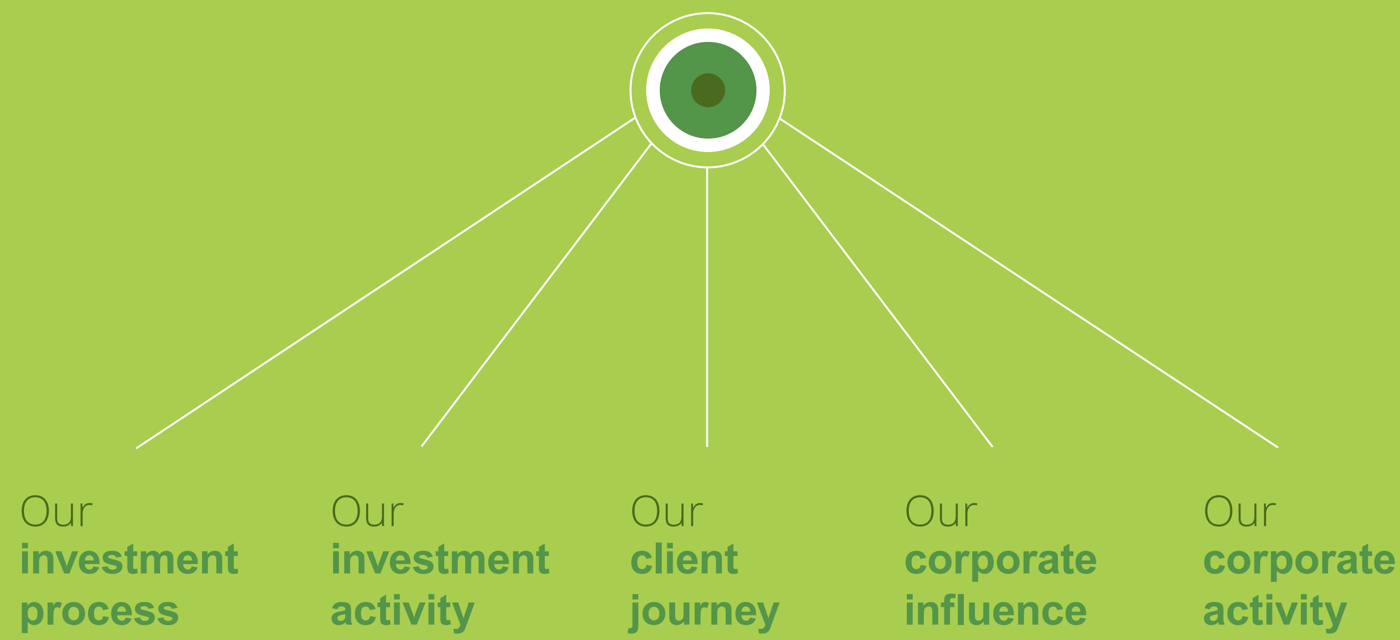
"We ensure that our decisions and actions always put the best interests of our clients first"

part ii

Strategy

As responsible investors, we ensure that stewardship and the consideration of ESG factors are embedded in everything we do. Our goal is to make a positive difference – for our clients, society and the wider world. It's about doing the right thing, while aiming to achieve our clients' long-term financial goals.

Our stewardship aims



Our company purpose and strategy

Our purpose is that together we invest for a better future. We do it to make a difference to the lives of our clients and customers, our employees, society and our shareholders.

Our strategy is to build a vibrant and value-creating purpose-led organisation, with the current and future needs of our stakeholders at the heart of all we do.

- For our clients and customers – this means building solutions to create wealth and help meet their needs.
- For our employees – this means creating an environment where everyone can thrive.
- For society – this means promoting positive change through how we operate and invest.
- For our shareholders – this means turning opportunities into sustainable long-term returns.

Our levels of impact

Being a good steward is about our impact across various areas – our own operations, how we invest, and how we create shared solutions to societal and environmental issues.

It starts with us

Managing the performance of our own operations to a high standard is vital. It sets the tone for our culture and for every other aspect of how our business impacts on society and the planet. It helps us to meet the expectations of our different stakeholders, and it enhances our credibility when asking more of companies and other assets we invest in.

Investing with purpose

Investment stewardship and responsible investing are core to our corporate purpose. As responsible investors ESG considerations have been an integral part of our decision-making process for almost 30 years. By putting ESG factors at the heart of our investment processes, we believe we can generate better outcomes for our clients, society and the wider world.

Unlocking solutions

Collaboration with policymakers, charity organisations and our clients is critical to ensuring we develop solutions that are targeted at the areas of greatest need and aligned to our clients' interests.

Our stewardship aims and commitments

To meet the needs of our clients and key stakeholders, and create benefits for the economy, society and environment, we focus on these core areas:

1. Our investment process – we integrate and appraise ESG factors in our investment process, with the aim of generating the best long-term outcomes for our clients
2. Our investment activity – we actively take steps as stewards to deliver long-term, sustainable value consistent with our clients' objectives
3. Our client journey – we clearly define how we act in our clients' interests in delivering our stewardship and ESG principles and transparently report on our actions to meet those interests
4. Our corporate influence – we actively advance policy, regulation and industry standards to deliver a better future for our clients, the environment and society
5. Our corporate activity – we understand and manage the material ESG factors in our own operations to ensure positive outcomes for all stakeholders

A focus on materiality

To understand and prioritise the ESG issues that are most important to our stakeholders and our business, we undertook our most recent materiality review in 2019.

www.aberdeenstandard.com/corporate-sustainability-Report-2019

At a time when trust in business is still low, the importance of having a well-run and principled company came out as key for a significant proportion of our stakeholders. This was also echoed in how we hold other businesses that we invest in to account. As a responsible investor, stakeholders thought we played a vital role in encouraging better behaviours and more transparency. There has been a significant period of structural change in our organisation over the last few years. As a people business, issues around wellbeing, engagement and retention of employees repeatedly came up in conversations. The discussions on diversity and inclusion also shifted beyond specific protected characteristics to the role we play in helping everyone feel included not only in the workplace but also financially. 2019 represented a big shift in awareness and understanding of the impacts of climate change - with protests, new regulation and extreme weather events across the globe. Stakeholders wanted us to continue focusing on not only reducing our own emissions but also on how we invest and allocate capital to enable the transition to a low-carbon economy.

Since then, with geopolitical upheaval and the impact of COVID-19 in 2020, priorities have evolved. There is a greater focus on a fair, inclusive and green economic recovery post-COVID, with the impacts being experienced unequally across society, reinforcing some of the disadvantages already being faced.

Our next steps

We have been developing our stewardship approach, ESG thinking and capabilities for many years. We wanted to build on this, ensuring we are future fit and able to respond to increasing demand from our clients and scrutiny from regulators. We have put in place an ambitious cross–business programme called Enabling ESG. We have been hearing directly from both our clients and our employees, and have been analysing upcoming regulation and global trends to help direct our approach. Our key areas of focus:

- Refreshing our ESG vision
- Ensuring compliance with new ESG regulation
- Enhancing how we integrate ESG and transparently evidencing how we do it
- Helping our clients meet their ESG aspirations and obligations
- Enhancing our data reporting and technology

Activities and successes so far have included:

- Surveying employees to gain their input to our strategy and vision
- Peer analysis
- Interviews with subject matter experts and identification of operating model enhancements
- Development of carbon footprinting and climate scenario analysis
- Confirming our first wave of improved client reporting starting in quarter 1 2021

Enabling ESG programme

Shared vision and direction

1. STRATEGIC VISION
- Strategic Direction
- Corporate Alignment
- Ways Of Working

Positioning SLA as an ESG leader

2. INVESTMENT
- Research & Analytics
- Portfolio Construction
- Stewardship & Outcomes
- Governance Oversight

Enhancing ESG in the investment process

3. COMMERCIAL PROPOSITION
- Brand Awareness
- Client Engagement
- Product Management

Differentiating & strengthening our market position

4. REGULATION
- Horizon Scanning
- Regulatory Interpretation
- Supporting Client Requirements
- Industry Engagement
- Corporate Compliance

Provide a long-term view of regulatory change globally, support corporate and client priorities

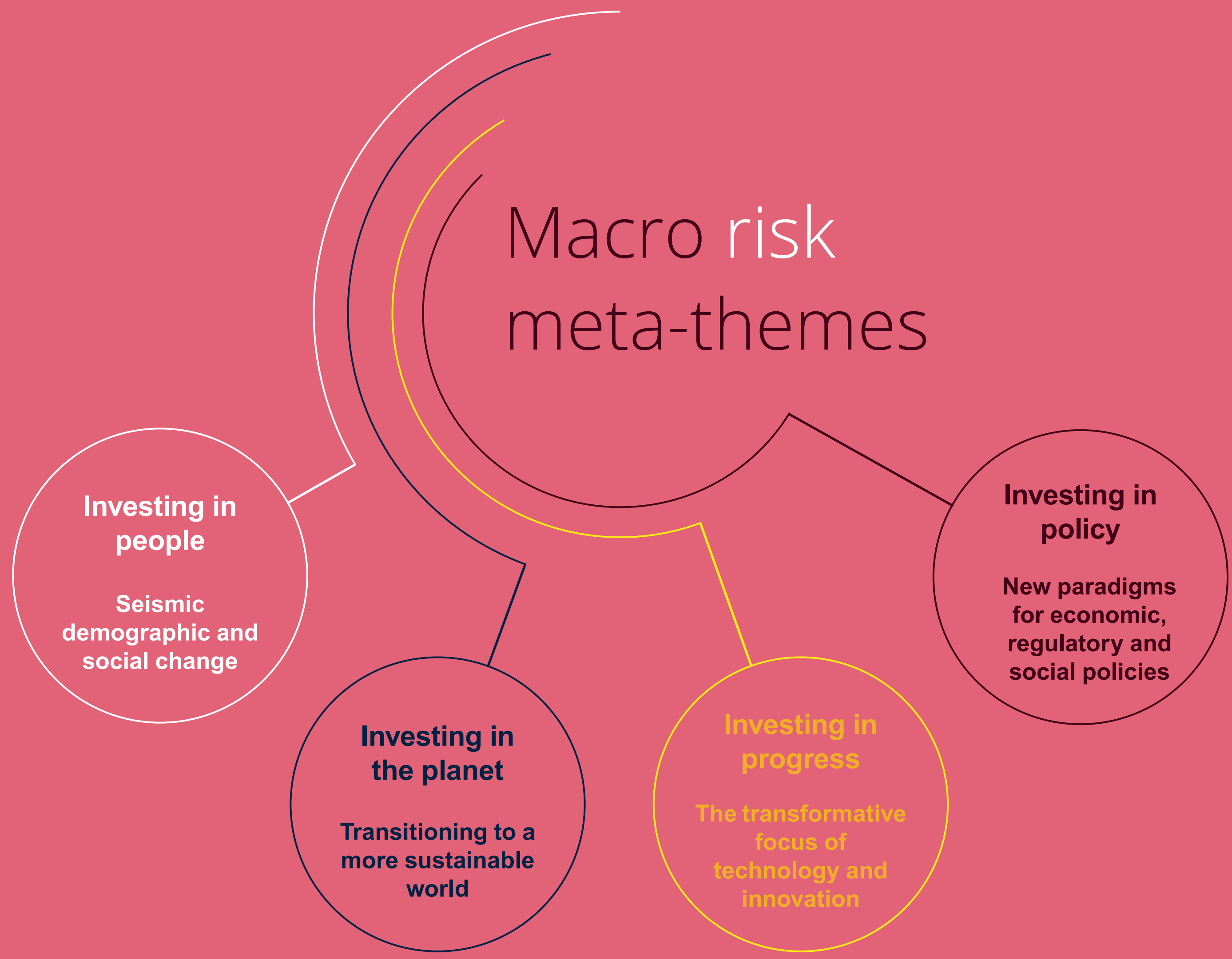
5. SUPPORTED BY INTEGRATED ESG PLATFORM

DATA	ANALYTICS	REPORTING	OPERATIONS

part iii

Risk management

Effective risk-based decision-making is essential to the delivery of the right outcomes for our clients, customers and all our stakeholders.



Corporate risk management

We operate 'three lines of defence' in the management of risk so that there are clearly defined roles and responsibilities within our Enterprise Risk Management (ERM) framework:

- First line: Day-to-day risk management, including identification and mitigation of risks and maintaining appropriate controls, is the responsibility of all employees.
- Second line: Risk oversight is provided by the Risk and Compliance function which reports to the Chief Risk Officer
- Third line: Independent verification of the adequacy and effectiveness of our risk and control management systems is provided by our Internal audit function under the direction of the Chief Internal Auditor

The Board has overall responsibility for the ERM Framework, internal control processes and for the ongoing review of their effectiveness. The Board delegates responsibility for managing the ERM Framework to the CEO. The CEO is responsible for the management of the internal control and risk framework, including approving management and control policies; the CEO is supported by the Executive Leadership Team.

Our key risk governance committees and forums are the Board level Risk and Capital Committee (RCC), and the Executive Leadership Team and forums focused on various aspects of risk exposure, e.g. operational risk and investment risk.

All our risks are grouped under 12 principal risks. Of these principal risks, eight are operational in nature, and the remaining four are conduct, regulatory and legal, financial and strategic.

Our risk management system enables the recording and management of risks, events, controls and actions.

Strategic and emerging risks that could impact the business are identified and assessed on an ongoing basis by gathering insights from across the business and external screening. These help inform stress testing and financial adequacy requirements.

A strong risk culture is reinforced throughout the business via a training programme of face-to-face and e-learning modules in addition to interactions with Risk and Compliance business partners. Mandatory training on risk policy is provided at regular intervals during the year and is monitored closely in terms of completion rates.

We continually evolve our ERM framework to best support the changing needs of our business, ensuring that it keeps pace with industry standards and is appropriate for the risk profile of the business. During 2020, a key improvement to the ERM framework included extending the Senior Manager and Certification Regime across all of our UK regulated subsidiaries, including the roll-out of employee training on conduct rules and support for our senior managers and certified employees

COVID-19 had a major impact on our operating environment and was the topic of many Board and Executive Leadership Team discussions in 2020; unfortunately the consequences of COVID-19 will continue well into 2021. We demonstrated our resilience in dealing with the impact of COVID-19 and we continue to manage the market, operational and financial impacts in delivering our business plan. The vast majority of employees worked from home throughout 2020 using the enhanced IT infrastructure put in place in response to COVID-19. Strict processes and safeguards in place protect those working in our offices as critical workers.

You can read more in our Annual Report and Accounts:
www.standardlifeaberdeen.com/annualreport

Investment risk management

There are three reasons why we think it's vital to integrate ESG factors into our investment processes.

- ESG factors are financially important and directly affect the performance of the assets in which we invest. Indeed, those investments which take ESG responsibilities seriously tend to outperform those that don't.
- Understanding ESG risks and opportunities alongside other financial metrics, helps us to make better investment decisions for our clients.
- Informed and constructive engagement help corporations improve practices – protecting and enhancing the value of our clients' investments

Our investment processes

Our investment process begins with rigorous research of macro systemic impacts and material ESG risks and opportunities, alongside other financial metrics applying to individual investments.

We believe that deep fundamental research, a disciplined investment process and full analysis of ESG issues is the most effective way to deliver long-term returns for our clients.

Macro research

Our in-house Research Institute, supported by our ESG Investment team expertise, produces original research for use by our investment teams. It analyses the intersection of economics, government policy and markets, producing an assessment of the likelihood and impact of macro and systemic risks such as climate change and geopolitical issues.

Our macro research, and particularly the consideration of ESG factors within it, has four inter-connected meta-themes – or what we have called the 4Ps.

Together they embody our ethos to 'Invest today, change tomorrow' forming a key input to our strategic asset allocation views and decision making. This helps us and our clients to allocate capital to assets which are aligned with the major trends that impact investing over the longer term.

The output of our macro research is also used to develop a set of key themes that drive aspects of our engagement plan. The ESG Investment team, working with relevant asset class teams, translate the output from our macro research process to identify these thematic engagements.

You can find original Research Institute publications on our website: **www.aberdeenstandard.com/insights-thinking-aloud**

Macro risks

The material macro risks which our Research Institute has identified are detailed below. Each of these are aligned with our 4P meta-themes and we have provided the impact assessment and mitigation for us as a corporate and for our clients through our investment activities. Our corporate impact is aligned to one or more of our 12 principal risks.

		Corporate		Investment	
Meta-theme	Macro risk	Impact	Mitigation	Impact	Mitigation
People	**Public Health/ COVID virus** 1. Vaccine development 2. Broader public health issues	Process execution and trade errors People Technology Business resilience and continuity Fraud and financial crime Change management Supplier risk Financial management process Conduct risk Regulatory and legal Strategic risk Financial risk	Regular crisis management exercises IT infrastructure in place to support remote working Crisis communication teams to support all stakeholders Business performance and financial resilience stress testing Alertness to heightened threat from financial crime Focus of remote process control operation	Markets pricing in successful vaccine roll out across the global economy over next 1-2 yrs. Most internal investment teams also positioned for vaccine roll out to support ongoing economic and earnings recovery. A substantial disruption and/ or delay to effecitve vaccine roll out has the potential to be disruptive to markets and many portfolios.	Asset class teams focus on investing in quality firms, with strong balance sheets, that are not dependent on a strong cyclical recovery to generate healthy earnings growth. Macro teams build diversified portfolios that can perform in many regimes. Our Research Institute (RI) analyses vaccine-related developments to provide early warning of change.
Policy	**Risk of policy error** 1. Spare capacity in the global economy requiring the correct policy reactions 2. Fiscal and monetary policy reactions 3. Interest rate and currency risks	Strategic risk Financial risk	Business performance and financial resilience stress testing	Current market pricing and portfolio positioning reflects view that central banks can successfully backstop risk assets in the face of negative economic news and that there will not be a repeat of the austerity that weakened the post global financial crisis recovery. If either central banks or governments tighten prematurely or don't react quickly enough, risk assets would suffer drawdowns and many portfolios suffer negative returns.	Asset class teams focus on investing in quality firms, with strong balance sheets, that are not dependent on policy support to generate healthy earnings growth. Macro teams build diversified portfolios that can perform in many policy regimes. RI analyses and forecasts policy developments to provide early warning of disruptive change.
Policy	**Geopolitical** 1. Brexit transition challenges 2. US-China trade war 3. Various other regional issues/conflicts 4. Eurozone fragmentation	Supplier risk Regulatory and legal Strategic risk Financial risk Fraud and financial crime Technology	Regular engagement with governments and policymakers through public affairs function Brexit planning to mitigate effects on people, clients and business Business planning and stress testing of financial resilience across scenarios with input from the RI Business continuity planning Commissioned an independent review of our financial crime processes to identify any areas for improvement	Large geo-political shocks can disrupt markets through their effect on economic growth, corporate earnings and the pricing of risk premia. Although the UK and EU negotiated a trade and cooperation agreement preventing a No Deal Brexit, the agreement is fragile and likely to create substantial disruptions to cross-border UK-EU trade, as well as economic growth over the longer term. This has the potential to reduce foreign investors' willingness to hold UK assets, including the currency. A resumption of the US-China trade war would damage confidence in the global economic and earnings recovery, while increase in perceived Eurozone fragmentation risks would damage the outlook for European risk assets.	A lot of work has been done since the Brexit referendum in June 2016 to make sure that portfolio construction for UK assets (equities, credit and real estate) are much more resilient to bad Brexit related developments. Macro portfolios are generally not overweight UK assets or those that are highly exposed to bad Brexit news. RI provides regular updates on evolving views of the Brexit deal, US China Trade war, Eurozone break up, and other significant geopoliical risks, to make sure that portfolio managers appropriately informed.
Planet	**Climate change** 1. Longer horizon 2. Manifests in shorter term issues/opportunities	Business resilience and continuity Conduct risk Regulatory and legal Strategic risk Financial risk	Climate change working groups and executive ownership to guide approach Monitoring of climate-related regulatory developments Climate change strategic plan and targets	Climate transition and physical risks have the potential to significantly alter the return profile of exposed assets over the coming decades. Although climate risk is generally considered long-term, transition risks, related to policy changes have the potential to move markets and strand assets on short-term time frames as well.	The increased significance of climate change risks has led us to create a framework to deal with them. This is more fully described in our TCFD report and Climate Change Approach for investments. We have undertaken an extensive climate scenarioexercise in 2020 to make sure we fully understand the potential risks and opportunities associated with different plausible climate scenarios. This research is being incorporated into investment decision making across the firm.

		Corporate		Investment	
Meta-theme	Macro risk	Impact	Mitigation	Impact	Mitigation
People	**Conflict within nations** 1. Inequality 2. Populism 3. Extremism	Business resilience and continuity Strategic risk	Regular crisis management exercises	Distributional conflicts have the potential to influence markets through the way that governments respond to them. For example, perceptions that income inequality is too high can lead to policy changes that seek to regulate or tax businesses more heavily, reducing their ability to generate the after-tax earnings growth our analysts otherwise expect.	'Populism Persists' is incorporated into our 4Ps long-term meta investment theme framework. That allows us to incorporate the risks associated with policy and regulatory changes derived from distributional conflicts into our research agenda and investment decision making.
Policy	**Corporate social license to operate** 1. Changing views of society and impact on companies 2. Assessment of reputational risk by companies is often wrong.	Strategic risk Regulatory and legal	Corporate sustainability strategy in place Independent review of approach by sustainability indices Reputational risk exposures reviewed Regulatory horizon scanning on a global basis	As the idea of the corporate social license to operate takes hold, the profile of what makes for a successful company likely to be rewarded by the investment community is also changing. If we do not take these changing social and investor expectations into account, we may own the wrong mix of assets and generate insufficient returns for our clients.	We have a comprehensive ESG research process designed to capture how risks are evolving. This includes the ESG House Score and a robust ESG research governance process that ensures our agenda is focused on the most investment-relevant manifestations of these changes, whether in terms of human rights, labour standards or the environment.
Progress	**Cyber crime and data privacy** 1. Cyber attacks 2. Data fraud and theft	Technology Business resilience and continuity Fraud and financial crime Conduct risk Regulatory and legal	Regular penetration testing and crisis management exercises Reverse stress testing exercise Operational resilience programme Employee training to recognise threats Monitoring of regulatory developments Data protection policy in place	As the digital economy becomes increasingly dominant, so does the vulnerability of aggregate economic growth and individual firms to cyber attacks. This was illustrated recently with the 'Solar Winds' hack on US government agencies, as well as companies like Microsoft that are critical digital service providers. It is also an increasing driver of conflict between nations and hence geopolitical risk.	Cyber security is incorporated into our 4Ps meta-theme framework and thus an essential component of the way we assess the risk and opportunity of the individual firms we invest in. This theme is also being drawn on in macro investing funds as it becomes a more important driver of more aggregated returns as well.
People	**Diversity and inclusion** 1. Anti-discrimination 2. Social equality	People Conduct risk Regulatory and legal Strategic risk	Diversity and inclusion strategic plan and targets Collaboration with external experts	Diversity and inclusion are core to the way that companies manage their human resources. It is also an increasingly important component of firms' social license to operate. It therefore needs to be seen as both a risk factor as well as a source of investment opportunity given the mounting evidence that more diverse and inclusive firms deliver better performance over time.	Our ESG research process includes a strong emphasis on diversity and inclusion. Aspects are taken into account in the ESG House Score and we have a strong position statement that informs our approach to corporate stewardship. We have also taken D&I into account in our macro research agenda, incorporating indicators into our ESG index and publishing new research on how D&I policies can improve aggregate economic performance.

Asset class and regional investment teams

High-quality research, including the understanding of ESG factors, forms the basis of all the investment decisions we make. Our investment teams and central ESG Investment team carry out detailed thematic analysis to fully understand the investments we are making, creating a detailed knowledge of:

- all financial and business drivers and metrics
- the risks and opportunities that impact on these business drivers and metrics, including those that relate to ESG factors
- the mitigating actions taken to address these risks

This helps us to make better investment decisions, leading to better outcomes for our clients.

Each of our asset class teams operate a proprietary assessment of ESG factors within their investment process. These are described in the ESG Integration documents available on our website for each of the asset classes we offer.

ESG integration in Equities PDF
ESG integration in Fixed Income PDF
ESG integration in Multi-Asset PDF
ESG integration in Private Markets PDF
ESG integration in Quantitative Investments PDF
ESG integration in Real Estate PDF

Equities

Our equity teams operate an ESG scoring system, which, having considered the regional universe and peer group in which a company operates, then allocates an ESG score between one and five. This is applied across every stock covered globally. Examples of each category and a small sample of our criteria are detailed below.

Fixed Income

Our fixed income team uses a bespoke risk framework to rate each issuer based on our analysis of low/medium/high ESG risks. We rate each ESG component according to our view on the likely impact on the creditor over different timeframes. This is a particularly powerful tool for running portfolios with a certain maturity, return target or specific strategy.

When we invest in fixed income securities, particularly those exposures in private credit, we often have an opportunity to influence terms and conditions and to interrogate the contents of loan and security documents. Negotiations often arise at bidding stage where we seek to best protect the value of our clients' investments, particularly around the areas of impairment rights, such as 'make whole' provisions or credit rating triggers. We view this as part of our primary responsibilities in delivering sustainable value to our clients.

For all public bonds we review the relevant bond prospectus as part of the required due diligence prior to investing, to ensure the terms meet expectations and client mandates.

ESG Investment Team

In addition to the equity and fixed income desk risk assessments for public companies we have built our own proprietary ESG House Score which is based on the collection of data for 140 key performance indicators (KPIs) arranged in categories aligned with frameworks such as Sustainable Accounting Standards Board (SASB) and the UNGC. These KPIs allow us to assess the performance of companies in each category and to particularly analyse the possible adverse impact of our investment and the impact on client portfolios. Our proprietary methodology aggregates the KPIs for each company into an overall score and allows us to include an assessment of adverse impact in our investment decision making, drive engagement with companies and analyse progress by monitoring these scores over time either at company, portfolio, fund range or entity level.

1. Best in class	2. Leader	3. Average	4. Below Average	5. Laggard
ESG considerations are a material part of the company's business strategy	ESG considerations not market leading	ESG risks are considered as a part of principal business	Evidence of some financially material controversies	Many financial material controversies
Excellent disclosure	Disclosure is good, but not best in class	Disclosure in line with regulatory requirements	Poor governance or limited oversight of key ESG issues	Severe governance concerns
Makes opportunities from strong ESG risk management	Governance is generally very good	Governance is generally good but some minor concerns	Some issues in treating minority shareholders poorly	Poor treatment of minority shareholders

No active investment is allowed into companies that are rated 5 unless special dispensation is provided by the relevant Head of Desk. Any dispensation given will consider the nature of any adverse impact of the investment prior to approval. Details of the equities ESG score for our holdings are provided in the Metrics and Data section.

Real Estate

Our real estate team operate a proprietary 'Impact Dial' which identifies four key forces driving ESG integration in real estate. These are linked to the 4Ps meta-themes and combine the UN Sustainable Development Goals (SDGs), PRI and SASB frameworks to identify the material indicators. We believe that these forces will shape the future and so in turn shape our long-term approach by guiding how we prioritise ESG factors at the fund and asset level.

Real Estate material ESG indicators

PLANET	PEOPLE	PROCESS	PROGRESS
Environment and climate change	Demographics	Governance and engagement	Technology and infrastructure
Biodiversity	Vulnerability & inclusion	Diversity & labour rights	Digital connectivity
Land and water contamination	Affordability	Occupier engagement	Physical connectivity
Outdoor air quality	Accessibility & experience	Occupier quality	Smart connectivity
Noise pollution	Employment, skills & enterprise	Partnerships	
Public realm & cultural value	Occupier wellbeing		
Carbon & energy reduction			
Water efficiency			
Waste & circularity			
Climate resilience			

Certain real estate and natural resources investments are made through external managers. For these arrangements we undertake surveys of managers to fully understand their wider risk management processes and to ensure that they meet the standards we expect.

www.aberdeenstandard.com/dialling-up-our-integration-of-ESG-into-real-estate

Private Equity

Our private equity investments are generally made through a fund of funds structure, allocating capital to external managers that we select on behalf of our clients. The consideration of broader ESG risks into our Private Equity investment process is a strategic priority for our Private Equity function. The team have undertaken and published surveys of external managers since 2015.

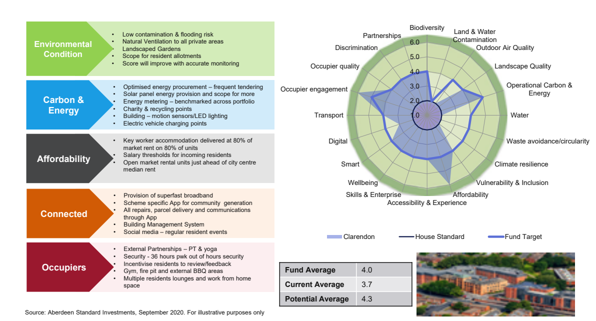
The aim of the ESG survey is two-fold. Firstly, it allows us to regularly monitor ESG progress at each of our core private equity managers, providing us with proprietary data that feeds into new investment decisions and helps us to better assess and benchmark ESG performance. Secondly, it allows us to take a holistic view on ESG engagement and progress of the industry.

This is the third year of the survey being focused across our global portfolio, having originally focused only on European managers. In total 104 private equity managers participated, with 59 European, 33 North American and 12 Asian managers responding.

Case study - Our Impact Dial

Our real estate impact dial allows us to set base line house standards and fund level targets for each of the indicators. This enables us to drive actions and measure progress towards the desired outcomes for each asset held. Provided below is an example of the output of this analysis.

ESG Impact Dial example output

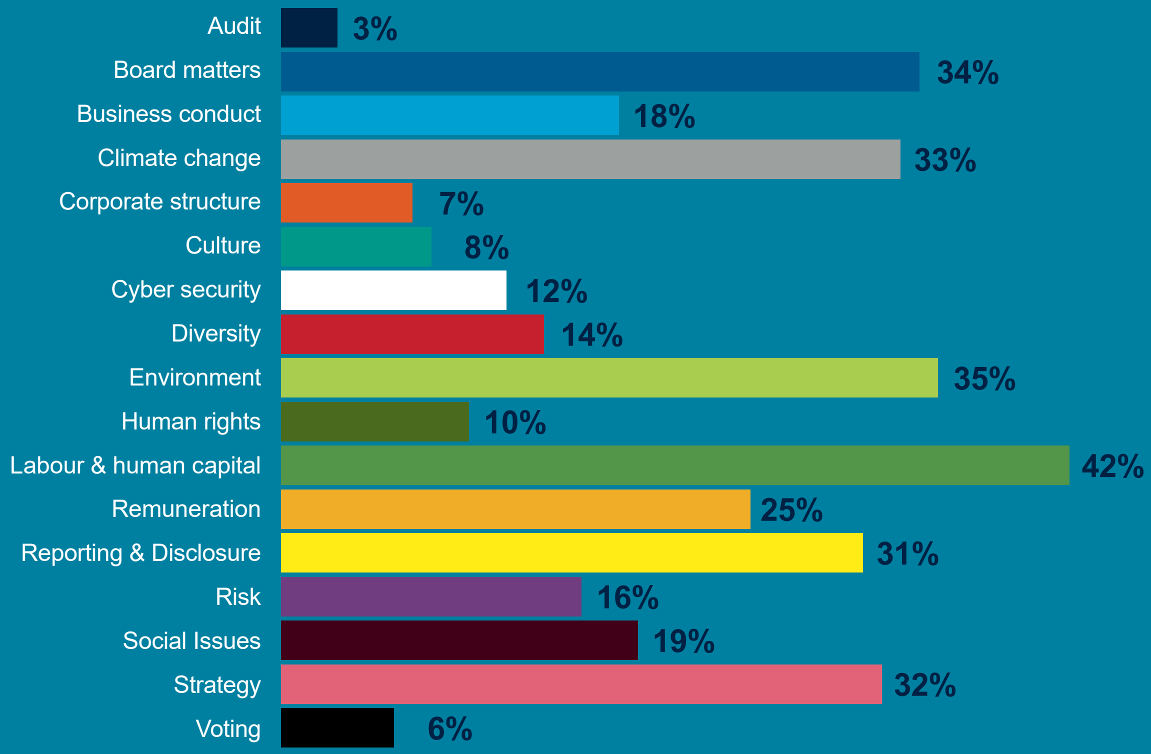


part iv

Influence and collaboration

As a responsible global investor, we leverage our scale and market position to raise standards in both the companies and industries in which we invest, and help drive best practice across the asset management industry.

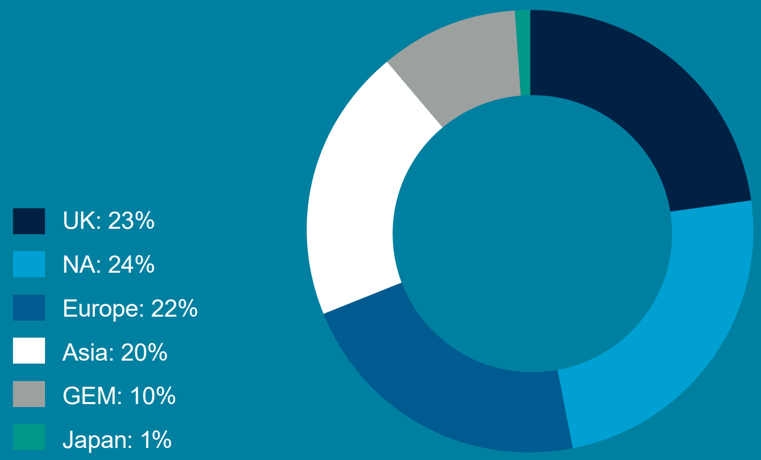
Percentage of ESG specific company meetings in 2020 where topic was discussed



2020 Engagement Statistics

ESG specific engagements	508
Equity and credit meetings where ESG considerations were discussed	1763
Total meetings where ESG was discussed	2271

Geographical breakdown of ESG specific engagements in 2020



Engaging with companies and assets

We believe it's our duty to be active and engaged owners of the assets in which we invest. Our aim is to both enhance and preserve the value of our clients' investments by considering a broad range of factors that impact on the long-term success of the company. Through our engagement we seek to improve the financial resilience and performance of investments, sharing insights from our ownership experiences across geographies and asset classes. Where we believe we need to catalyse change we will endeavour to do so through our strong stewardship capabilities.

We maintain close contact with the companies and assets in which we invest, whether through listed equity, corporate bonds or private markets. For listed assets and direct investments, we generally meet representatives of investee companies at least once a year. We recognise the importance of effective communication and the value of focused dialogue with directors and senior executives.

These meetings are ideal opportunities to monitor the performance of companies and their management. Our analysts are supported by stewardship and ESG resource embedded in each investment team, as well as our specialist central ESG Investment team. Our activities include a regular engagement programme to discuss various relevant ESG issues. These include, but are not limited to, areas like strategy and performance, risk management, board composition, remuneration, audit, climate change, labour issues, diversity and inclusion, human rights, bribery and corruption.

Engagement categories

The engagements we undertake with the investments we make are categorised under four headings which are:

Review	Respond	Enhance	Thematic
Part of our ongoing due diligence and frequent interactions led by the analyst responsible for oversight of the investment and will usually be attended by other members of relevant investment teams.	Reacting to an event that may impact a single investment or a selection of similar investments.	Designed to seek change that, in our view, would enhance the value of our investment.	Resulting from our focus on a particular ESG theme, such as climate change, diversity and inclusion or modern slavery

Our regular 'review' meetings are normally held with the executive management responsible for our investments, but we will also engage with board members – generally the chair or other non-executive directors. Such meetings further develop our understanding of how the board is fulfilling its responsibilities and give us the opportunity to communicate views constructively, as and when appropriate.

Our 'respond' and 'enhance' engagements are bespoke interactions with specific outcome intentions and are defined as priority engagements. These also focus on the delivery of long-term value from the investments we make on behalf of clients. The nature of ESG risks are such that they are ever present but require a long-term outlook to fully assess them. Our engagements will often be with Board members, both executive and non-executive, but will also include detailed assessment of specific risk mitigation through engagement with relevant experts within a company, including those relating to sustainability.

For our 'thematic' engagements, we select investments which are felt to be materially impacted by ESG themes identified by the ESG Investment team. These themes may arise in the short term due to particular events or may be long running in nature and impacting many sectors and investments. Engagements relating to a specific theme are likely to occur over multiple planning periods and will be led by our ESG Investment team experts.

The engagement planning process is led by our investment desks, supported by the ESG Investment team, and is informed by our ongoing diligence and research, reviews of investment sectors, specific fund reviews, our ESG scoring mechanisms and the peer review processes used by investment desks. Of particular importance to us is the benefit of sharing and collaborating across our asset class teams. Our Equity, Fixed Income and Real Estate teams are often investing and engaging in the same issuers, but using a different analytical lens, bringing new insights.

Engagement outcomes

We believe that it is important for our engagement activities to lead to improvements in our investments and the manner in which they manage and mitigate risks informs our investment decisions. We therefore record concerns and issues raised with our investments and set timeframes within which we expect our concerns to be addressed. To do this we have defined the following 'lifecycle' steps for our concerns:

Identify	Acknowledge	Plan	Execute	Close
We have identified specific concerns or issues to be raised with those responsible for the investment	The concern has been acknowledged by those responsible for the investment	There is a credible plan to address our concerns	The plan is being executed to address our concerns	The plan has been successfully executed and our concerns have been addressed

Escalation

Periodically, we may encounter significant disagreements with our investments on matters relating to stewardship and ESG factors which will result in us having to escalate our engagement activity. The cause of such disagreements, and our strategy for resolving them, is the subject of discussion and agreement by our ESG Investment and asset class teams. The strategy is determined on a case-by-case basis.

We have a number of strategies that may be employed, and these are described below. It is likely that in cases of significant disagreement we will employ a number of these courses of action.

Collaborative engagement

In certain circumstances we may decide to join with other investors who are seeking to achieve similar change from a single investment or a range of investments. Collaborative engagement may therefore be used as a result of an escalation of our own activities or to drive change relating to a specific theme across a group of investments. These collaborations may involve a bespoke group of selected investors or one of the many affiliation groups that are created on a regional basis or in relation to a specific theme. We make publicly available details of collaborative groups with which we regularly act.

Public statements

Where we feel it is beneficial to do so we will make our views known publicly so that our view is clear to clients and our wider stakeholders. Such statements can be made through the press or if appropriate through a statement made at the general meeting of a company. Such statements will be used when we believe that the additional scrutiny they bring, would help in achieving the change we are seeking.

Voting/Ownership rights

We believe that voting at company meetings is one of our most important activities when investing on behalf of our clients. We therefore take great care to set high expectations in our custom voting policies and assess in detail the resolutions at the meetings of companies we actively invest in.

We endeavour to vote all shares globally for which we have voting authority. The exceptions are when we are otherwise instructed by the beneficial owner or where, for practical reasons such as share-blocking, this is not appropriate.

We make use of the services of ISS, which is a reputable provider of proxy voting research and voting recommendations. Although ISS has its own voting guidelines, we provide our own house guidelines to establish a custom policy, which ISS is required to follow when making voting recommendations to us. For those companies which we hold in our actively managed funds we use the recommendations provided by ISS as an input to our own analysis of resolutions.

As a key supplier and outsourcer we apply our corporate supplier risk analysis and due diligence processes to our arrangements with ISS. Our contract with ISS has been renewed every two years and as part of the renewal we review all contractual arrangements to ensure that they meet with the regulatory requirements for our global operations.

In the UK the Investment Association (IA), of which we are an active member, provide guidelines to companies relating to governance practices. We play an active role in helping to define these guidelines and, when voting at UK company meetings, seek to ensure that our voting outcomes are aligned with the standards defined within the IA guidelines. Most significantly the IA publishes guidelines relating to executive remuneration which are built into our voting policies for the UK. We also subscribe to the Institutional Voting Information Service (IVIS), operated by the IA, which provides further analysis of the resolutions at UK premium listed company general meetings.

For those companies which we hold in our actively managed funds we use the recommendations provided by ISS and IVIS as an input to our own analysis of resolutions prior to making a final voting decision instructed to the company.

By analysing the research provided for all of our active positions we are assessing approximately 30% of the research and recommendations provided by ISS. This allows us to monitor the quality of the research provided. As our active holdings are the most material across all of our client portfolios it also means that we undertake additional assessment of those meetings that are most material to our clients.

So that clients and companies are clear about the policies which will drive our voting decisions we publish on our website our Listed Company Stewardship Guidelines. This provides details of our expectations of key aspects of a company's handling of matters that are important to our views as an investor.

www.aberdeenstandard.com/stewardship-guidelines

We instruct the same voting outcome across all of our funds for each holding. For companies held in our actively managed portfolios the voting decision will be made by an analyst as described above while, for companies only held in our passive funds the voting instruction will be based on the custom policy voting recommendations provided by ISS.

As we believe that voting is a key component of our stewardship activities which are integral to our investment approach, it is our preference that our clients appoint us to make the voting decisions for the holdings in the funds we manage on their behalf. For larger segregated clients we may accept arrangements where the client instructs voting decisions separately. We will make all voting decisions according to our policies for companies held within the pooled funds we offer to clients. As well as describing our views in the Listed Company Stewardship Guidelines we disclose all voting outcomes on our website on the day following a general meeting. This voting disclosure includes details of rationales for:

- votes against management recommendations
- votes relating to shareholder resolutions on environmental and social matters
- votes instructed differently from our custom policy recommendations

www.aberdeenstandard.com/en/responsible-investing/voting

We identify any resolution at a company meeting which we deem to cover environmental and social factors. These are generally resolutions that are proposed by shareholders, with the majority currently occurring in the United States. For such resolutions a specialist from the ESG Investment team will assess the resolution and consider the specifics of the company to which it is proposed. The ESG Investment specialist will ensure our voting decision considers fully the proposals in a resolution, the company's current handling of concerns raised in a proposal and the impact of the proposals on the operations of a company. Our objective is not to vote in favour of all 'shareholder resolutions' but to determine the best outcome for the company in the context of the best outcome for our clients

In the event that we vote our clients' shares against a resolution at a general meeting, we use best endeavours to discuss this with the company beforehand and explain our reasons. We use reasonable endeavours to also do so in respect of abstentions. In certain circumstances, we attend and speak at shareholder meetings to reinforce our views to the company's board.

Where we lend stock on behalf of clients, and subject to the terms of client agreements, we may consider recalling shares from stock-lending programmes where it is in clients' interests to maintain full voting weight on a particular meeting or resolution. We also look to recall shares on a precautionary basis where there is a controversial issue or a dissident shareholder.

Divestment

When we believe that concerns relating to ESG factors are significant and we have been unable to elicit changes that we believe are necessary to mitigate risks we may consider divesting from an investment. This allows us to protect our clients' portfolios when material ESG risks are not mitigated sufficiently. An example of this course of action is described on page 11 of this report when we divested from our active holdings in BooHoo.com.

Our corporate influence

We have an important role in the development of public policy, industry standards and general practice. We want to ensure that each of these develop in a manner that is aligned to the best interests of our stakeholders, including our clients, and the delivery of the best outcomes for them.

To meet this responsibility we focus our activities in four key areas as described in the table below.

Policy applying to our Investments	Policy applying to Standard Life Aberdeen	Policy applying to clients	Industry standards
Includes shareholder rights, accounting standards, auditing, climate policy, labour policy, tax, fiscal and monetary policy. Methods used include: • Published thought pieces • Board and senior executive contacts • Direct input to governments and regulators • Membership of influencing organisations	Includes corporate activities and disclosures (e.g. climate change and employee issues), global financial services regulation and regulation applying to suppliers Methods used include: • Input through industry associations • Direct input on consultations • Senior executive contacts	Includes pension fund, insurance company legislation and regulation Methods used include: • Input through industry associations • Direct input on consultations • Senior executive contacts	Includes development of best practice across all activities such as Principles for Responsible Investment, climate analysis, transparent disclosure and market infrastructure • Published thought pieces • Board and senior executive contacts • Direct input to governments and regulators • Membership of influencing organisations

Impact of policy and standards on our investment

We use the expertise we have across our business to analyse and assess the impact of policy on the investments we make for our clients, and to provide our view on where we believe policy change may be needed. We aim to be involved in policy change impacting our investments where appropriate and ensure that our views are aligned with the best interests of our clients and wider society. We also hold to account those responsible for the management and oversight of companies we invest in for applying suitable controls over their policy influence to ensure they too consider the interests of wider society.

Impact of policy on SLA

We seek to play a role in assisting policy makers as they develop legislation and regulation that applies to our business. We recognise the importance of a well-regulated financial services sector and the need to ensure that our clients receive the products and solutions they expect. There are many current regulatory developments relating to the integration of sustainability and ESG considerations into investment products and solutions and the transparent disclosure of relevant information relating to ESG considerations. We believe it is imperative that these regulations are enforced in order to ensure that clients can be comfortable that the products and solutions they use do deliver the outcomes they expect and we will continue to work to assist the development and delivery of these regulations. We also work closely with governments, third sector and other organisations to develop policies and standards that benefit our other stakeholders, including our employees and communities.

Impact of policy on our clients

Many of our clients also operate in a regulated environment and the services we provide assist them in meeting their regulatory obligations. We believe that it is important for us to understand the legal and regulatory frameworks that apply to our clients. Although we are cannot closely monitor all of the regulatory change which may become applicable to them in the future we endeavour to maintain a close enough relationship with our clients to assist them in understanding the impact of the changes to the regulations that apply to them and where necessary providing input to any consultation process as required.

Industry standards

We seek to play a leading role in the markets and regions in which we operate to develop and uphold the highest standards relating to our industry. We believe that it is imperative that our industry does operate to the highest standards. In an industry that relies on trust the role we play in setting and achieving these standards are integral to service we provide to our clients.

How we get involved

We are willing to act collectively with other investors in seeking to protect and enhance shareholder value or to otherwise address issues that are relevant to our clients' best interests. Common topics for collective engagement include succession, board composition and nominations process, remuneration, audit and audit tenders, strategy and performance, risk appetite and risk management, human rights, labour concerns and the environment.

In deciding whether or not to act collectively with other investors, we take into account a range of factors, such as:

- whether or not collective engagement is likely to be more effective than unilateral engagement
- the degree to which the objectives of the other investors are aligned to our own
- the need for confidentiality
- the context of the investee company and, exceptionally, the wider economy.

To help us effectively participate in collective engagement, we maintain good working relationships with other institutional investors. We also support collaborative engagements organised by representative bodies and others, when these are aligned with our clients' interests. We work with a number of organisations in order to participate in collective engagement, examples of the most significant of these organisations include:

- The Asian Corporate Governance Association
- The Investment Association
- The Council of Institutional Investors
- The Investor Forum
- The Principles for Responsible Investing
- The Institutional Investor Group on Climate Change
- Climate Action 100+
- The 30% Club Investor Group

Case study - A green and fair recovery

As attention turned towards the economic recovery post the Covid-19 pandemic, we lent our support to two collaborative letters calling on the UK Government to ensure the recovery is sustainable for both people and planet.

The first letter, a joint initiative from the UK Business Group Alliance for Net Zero, promotes a recovery that creates quality employment and builds a more sustainable, inclusive and resilient UK economy. In particular, it outlines the importance of aligning these efforts with the UK's legislated target of net zero emissions by 2050. It highlights the benefits that doing so can bring to the economy and the UK's ability to influence the global climate change agenda.

The second letter – an initiative driven by UK Stakeholders for Sustainable Development (UKSSD) and UN Global Compact Network UK, of which we are a member – asks the Government to use the Sustainable Development Goals (SDGs) to aid their decision-making, their work across departments, and their design of coherent recovery programmes.

The events of 2020 have shown the positive impact we can have when we work together across business, government, charity and academia to build a more resilient and green recovery.

You can read more here:
www.standardlifeaberdeen.com/a-better-future

Case study - A fair wage and stable employment

We have been a Living Wage employer for some time, and in 2020 we became one of the first employers accredited as a Living Hours employer. The Living Hours programme sets a new standard for employers seeking to go beyond the real Living Wage in their commitment to fair work – aiming to improve empowerment among UK workers, by offering decent notice periods for shifts and the right to a guaranteed minimum number of hours each week. This commitment not only applies to our employees but also to our interns and suppliers on our premises.

We worked with the Living Wage Foundation, other employers, and experts from across civil society to develop the accreditation. Living Hours addresses a key issue driving in-work poverty in the UK and is a practical, voluntary commitment employers can make to give workers more security and confidence in planning their own and their families' lives.

We extended our commitment with our support of a new 'toolkit for responsible investors' by the Living Wage Foundation and launched in partnership with ShareAction. The toolkit provides industry analysis and company case studies, looking at the potential benefits of businesses becoming Living Wage employers. It aims to promote the growth of Living Wage accreditations and the number of workers benefiting from what an accreditation offers.

You can read more here:
https://www.standardlifeaberdeen.com/living-wage

Case study - Total SA

The Paris Climate Agreement shareholder resolution filed at the 2020 AGM of French oil and gas major Total SA deservedly received a lot of our analytical and engagement attention. Despite our strong commitment to the Paris Agreement, we ultimately voted against the resolution. This followed detailed internal dialogue as well as multiple meetings with other investors and, of course, with the company itself. Instead of voting for the resolution, we signed the Climate Action 100+ investor letter presented at the AGM and have outlined our own climate-related expectations to the company.

The resolution asked that the company's management reports include a climate-change action plan that would set, and report on the progress in attaining, short, medium and long-term targets for absolute carbon-emission reductions. These targets were not only for Total's own direct (Scope 1 and 2) emissions but also for its customers' emissions (Scope 3). These targets were to be aligned to the 'net zero carbon by 2050' goals of the Paris Climate Change Agreement.

Our discussions with other investors via the Climate Action 100+ initiative resulted in Total releasing a much strengthened climate-change ambition before the AGM. This included a net-zero ambition across Scopes 1 and 2 by 2050, as well as on Scope 3 for customers in Europe – which accounts for 60% of its business. Total promised a doubling of its capital expenditure devoted to renewable energy and many of the Paris-aligned practices that we had been seeking.

Although Total has not committed to absolute net-zero Scope 3 emissions as requested in the resolution, the changes announced by the company brought it close to leading the European oil and gas sector on climate ambitions.

part v

Transparency and reporting

With increasing scrutiny and expectations from various stakeholders, it is vital that we are transparent on our stewardship activities and outcomes.

In 2020

2,423
downloads of quarterly ESG reports

6,500 +/-
quarterly ESG reports sent to clients

6,085
investment reports issued to clients

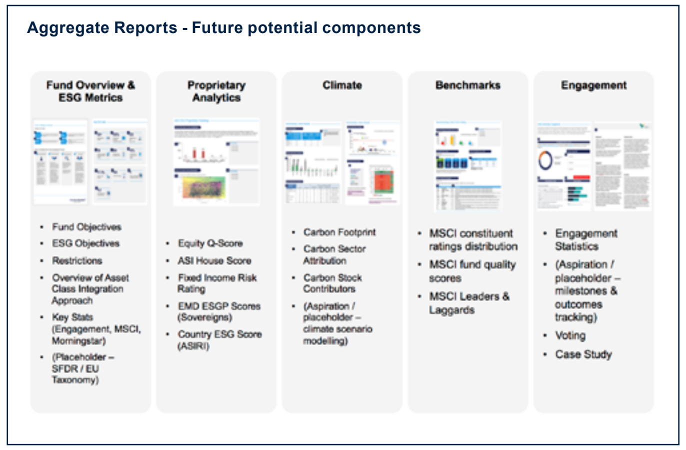
475
responses to client requests for stewardship and ESG information

Transparent disclosure

Our corporate purpose - together we invest for a better future - drives us to attain the highest standards in our operations and in the investments we make, and to achieve the outcomes demanded by our clients. The processes and methodologies described in this document are designed to deliver these outcomes for our clients.

In our reporting, we aim to demonstrate the outcomes-orientated stewardship and responsible investment activities we undertake and to report on the exposures in the portfolios we manage on behalf of clients. Transparent disclosure allows our clients to understand the portfolios and to hold us to account for our consideration of ESG factors and our actions to hold to account those to whom we allocate our clients' capital.

As client expectations are increasing, our reporting is developing quickly through the inclusion of metrics relating to climate change and scoring of ESG factors. These metrics will allow our clients to assess the performance of our portfolios in comparison to a benchmark portfolio and also to measure absolute and relative changes over time. We place a great deal of importance on the consideration of ESG factors and seeking improvements in how these factors are addressed which should in turn be reflected in improvements to the performance of our portfolios over these metrics. We expect to be held to account to explain how our portfolios measure up against these metrics. This diagram shows the future components being developed for our client reporting.



It is also important for us to report on how we have discharged our responsibilities for oversight and analysis of the investments we make on behalf of clients. We have earlier described our engagement and voting processes through which we influence investments. We currently provide information on these activities through various regular reporting mechanisms including quarterly ESG reports and public disclosure on our website of every voting decision we make on the day after a general meeting. The quarterly ESG reports seek to provide details of a good cross section of global engagements, including information on the reasons for engagement and the outcomes delivered. On the following page, we provide a number of engagement examples from our quarterly ESG reports. This reporting will develop further, and we are in the process of adding more portfolio level reporting rather than at an entity level. This reporting will provide more engagement and voting information to clients that is specific to the portfolios in which they invest.

In addition, we are increasingly reporting on more granular information relating to our engagement by providing details of the types of meetings held, progress through the engagement lifecycle and more information on the outcomes of our engagement. This additional granularity will form a key part of the reporting improvements we will be delivering for clients going forward.

The regulatory environment relating to disclosure of ESG activities and Sustainability is also changing quickly. Although the additional reporting described above will go some way to delivering new regulatory requirements, we will be developing new disclosures to meet regulations that apply to us and our clients. This includes analysis and reporting relating to the European Taxonomy for sustainable activities.

To ensure accurate and balanced content in our client reporting such as our quarterly ESG reports, our publications are reviewed by our internal subject matter experts. When reporting on investee companies, we ensure we develop an in-depth understanding of the company's perspective to accurately reflect their status.

Our 2020 quarterly ESG reports which cover our engagement and voting activities:

Q1 2020
www.aberdeenstandard.com/q1-2020

Q2 2020
www.aberdeenstandard.com/q2-2020

Q3 2020
www.aberdeenstandard.com/q3-2020

Q4 2020
www.aberdeenstandard.com/q4-2020

Our voting decisions:

www.aberdeenstandard.com/voting

Additional information on our responsible investment approach, sustainable funds and our position on responsible investing issues are available in our Responsible Investing Document Library:

www.aberdeenstandard.com/responsible-investing

Detail of our focus on climate change is made available in the Climate Change section of our website:

www.aberdeenstandard.com/climate-change

Case study - Rio Tinto Q3 2020

Rio Tinto is a multinational mining company that produces a range of minerals including iron ore, aluminium and copper. The mining sector offers various ESG challenges and we have engaged with the sector on a range of issues over time.

During the quarter, the company's mining activity destroyed a group of ancient aboriginal rock shelters as it began to develop an iron ore mine in Western Australia's Juukan Gorge. Rio Tinto had legal permission to do so and the company had made some efforts to consult the traditional landowners, the Puutu Kunti Kurrama and Pinikura people. Even so, the destruction of these rock shelters caused a public outcry.

Immediately after the news broke, we reached out to Rio Tinto. We have had multiple meetings since with various senior leaders within the company to gain clarity on the governance and operational decisions that led to the destruction of the caves. We questioned the company on its relationship with traditional owners as well as internal processes, governance frameworks and corporate culture. Although this incident may have been within legal bounds, it highlighted the repercussions of not adequately managing this risk.

After the incident, the company carried out an internal Board-led review which identified the internal failures that led to the destruction and recommended areas of improvement to strengthen cultural heritage processes, controls and governance. The company's CEO, Executive of Iron Ore and Head of External Affairs later chose to leave the business.

Subsequently the company has bolstered its approach to cultural heritage management and published details of these initial changes. Our engagement with Rio Tinto on indigenous rights continues, and we are assessing the recent changes to cultural heritage management proposed by the company We will continue to encourage greater transparency on the management of relationships with affected communities.

Ensuring free prior and informed consent (FPIC) from affected communities is a key part of a mining company's operations. It is also paramount to ensure a continued licence to operate. In addition to engaging with Rio Tinto, we engaged with BHP, and, building upon our existing research, we have launched a programme of engagement with mining companies to assess their approach to cultural heritage management and ensure that they are respecting indigenous rights.

Case study - Petrobras Q3 2020

Petrobras is Brazil's national integrated oil company. The majority of its exploration and production activities take place in the country's offshore deep-water pre-salt reserves.

After a turbulent period, the company is midway through a structural change of strategy. Named the 'Resilience Plan', the strategy sets out a program of scheduled asset divestitures. These aim to shift the shape of the business and conclude with Petrobras focusing on exploration and production.

We first engaged Petrobras on its environmental performance and approach to the climate transition in the first half of 2019. After our meeting, we wrote to the company highlighting the areas where we believed it lagged best practice. This included adopting a 'comply or explain' approach to the Task Force on Climate-related Financial Disclosures (TCFD). We also suggested greater granularity of how resilient its assets were in the face of accelerated climate transition.

We spoke to Petrobras's Chief Financial Officer and the Corporate Emissions & Climate Change Manager. This came after the company announced it was endorsing TCFD making Petrobras the second emerging market oil company to become a signatory; a clear milestone we had set for the company. As part of its new TCFD compliant disclosures, the company has published potential net present value (NPV) impairment from its climate scenario modelling. In the most stringent scenario, which assumes a 1.6~1.8°C warming of global temperatures, Petrobras could face a 10% drop in NPV over 2020~2024. Alongside these disclosures, the company shared refreshed five-year carbon emission reduction targets for the business.

Within an emerging markets context, we feel Petrobras's environmental performance versus closest peers stacks up well. A ~5% reduction in carbon intensity per annum over the last five years has propelled this. Becoming a signatory to TCFD evidences Petrobras's commitment to being transparent with investors on its positioning for the energy transition. We welcome these changes in disclosure and including emission reduction in management KPIs. Looking forward, our engagement will centre on the measurement, disclosure and inclusion of Scope 3 carbon emissions within future reduction targets.

Case study - Insurance Australia Group Q1 2020

Insurance Australia Group (IAG) is an Australia-based international general insurance group. It provides a range of personal and commercial insurance products, primarily motor vehicle and home insurance.

This was our first engagement with IAG. After the Australian bushfires in late 2019/early 2020, we were concerned about the country's insurance sector. We weren't sure whether the industry had the capacity to manage the filling of claims or whether insurance pricing was going to become unaffordable for the average Australian. The effects of the bushfire events may quickly be reflected in premium prices. Insurance companies might face more stakeholder scrutiny and regulatory action, however, to make sure they provide options for vulnerable consumers. If insurance becomes unaffordable, it could stop customers retaining policies and lead to a higher level of lapse rates.

We spoke to the company about these concerns. We were comforted by the fact that it is dedicated to providing support to customers and that it is also focusing on climate change research.

• How is the company dealing with the filling of claims? IAG has drawn on resources/staff from around the country to help with filling of claims and assessing claim impact. It has also established a customer support line to offer additional assistance.

• What products is it using to address affordability issues? The company gave the InsureLite as an example. This is a discount insurance product for rebuilds of smaller homes, up to the value of AUD 200,000. It is designed to ensure homeowners are able to attain some level of cover.

IAG has also signed up to various committees and councils, which have been established to promote affordable insurance for customers. Finally, it is part of the Australian Business Roundtable for Disaster Resilience & Safer Communities aimed at developing disaster resilience framework and policies for the Australian Government.

In future, we would like to see IAG investing in companies that contribute to transitioning towards a low-carbon economy. We see this as a way for it to lead its insurance-sector peers.

We also transparently report on our stewardship activities to our shareholders, ESG analysts such as MSCI and DJSI, suppliers and other stakeholders via our website.

Annual Report and Accounts:
www.standardlifeaberdeen.com/annualreport

Investor Relations:
www.standardlifeaberdeen.com/investors

Sustainability:
www.standardlifeaberdeen.com/corporate-sustainability

Document library containing our TCFD Report, Modern Slavery Statement etc:
www.standardlifeaberdeen.com/corporate-sustainability/document-library

part vi

Metrics and data

We measure and monitor our stewardship activities, and share our progress. We are always striving to improve.

Corporate metrics

Top 2%

of companies in our sector in the DJSI World Index

Dow Jones Sustainability Indexes

AA MSCI rating

Investment metrics

£30bn AUM in sustainability funds

Assets under management in funds which fulfil specific ethical, values based, thematic, impact or SRI type requirements

A+ \ or A

PRI rating across all categories

www.aberdeenstandard.com/pri-assessment-report

Investment metrics

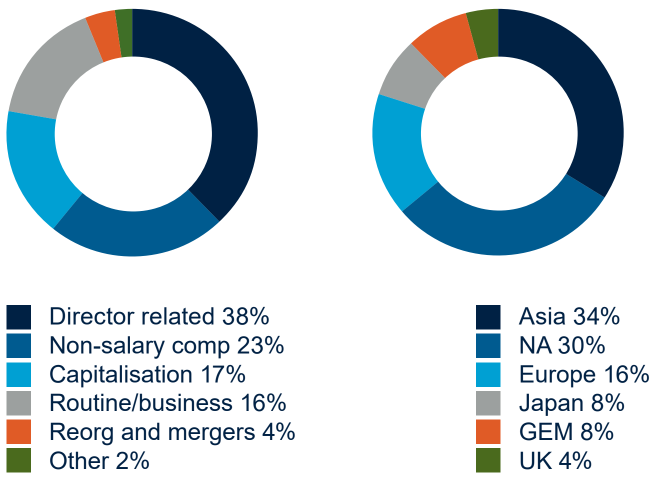
Voting 2020

Voting summary 2020	Total
Shareholder meetings at which our clients' shares were voted	6,364
Percentage of meetings with at least one vote against or abstention	50.4%
Number of resolutions voted	68,784
Percentage of resolutions voted against management recommendations	13.2%
Percentage of votes different from ISS policy	8.4%
Percentage of votes different from ASI policy	2.4%

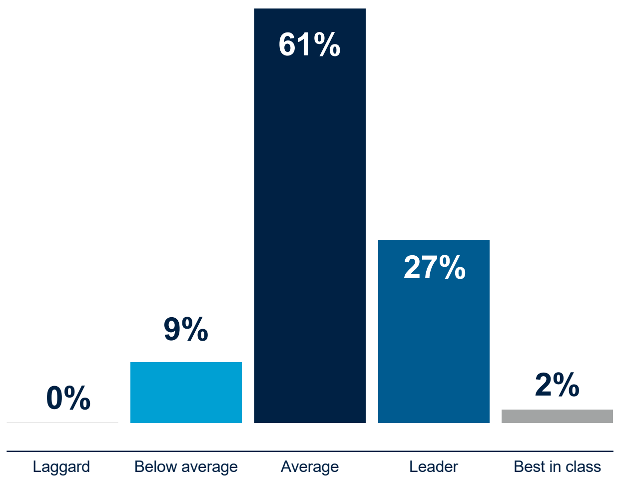
ESG Q Scores of companies held by Region

ESG Q	5	4	3	2	1	Total
Asia	2	35	402	119	1	559
Europe	0	17	68	61	5	151
GEM	0	24	92	30	2	148
Small Caps	0	10	40	37	3	90
UK	2	26	128	62	12	230
US	0	13	90	53	7	163
Total	4	125	820	362	30	1341

Voting against management recomendations



Distribution of ESG Q Scores for stocks held



Corporate metrics

KPI

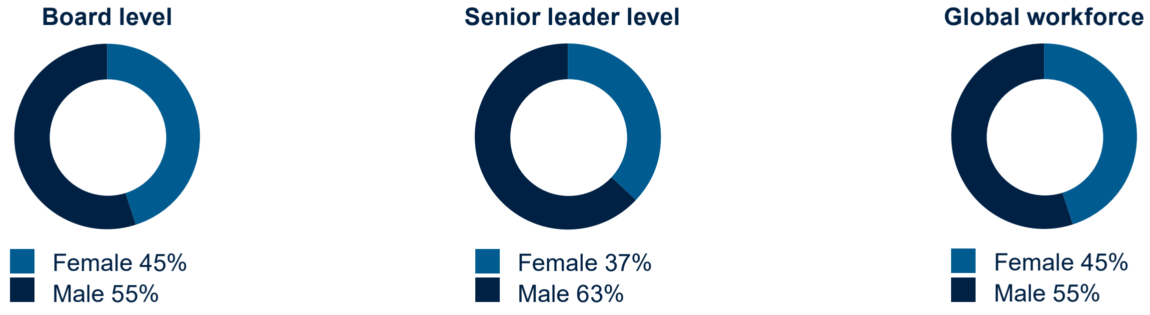
14,433 tC02e

total greenhouse gas emissions

55 %

reduction in our greenhouse gas emissions since 2018

KPI



part vii

Appendix:

Mapping to the UK Stewardship Code Principles

UK Stewardship Code Principle	Page Number(s)
Principle 1 Signatories purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	4-30
Principle 2 Signatories governance, resources and incentives support stewardship.	8-16, 18-23, 32-38
Principle 3 Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	16, 17
Principle 4 Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	24-30, 32-38
Principle 5 Signatories review their policies, assure their processes and assess the effectiveness of their activities.	8-16, 18-23
Principle 6 Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	8-16, 18-23, 42-44
Principle 7 Signatories systematically integrate stewardship and investment, including material environments, social and governance issues. and climate change, to fulfil their responsibilities.	24-30, 32-38
Principle 8 Signatories monitor and hold to account managers an/or service providers.	38
Principle 9 Signatories engage with issuers to maintain or enhance the value of assets.	32-38
Principle 10 Signatories, where necessary, participate in collaborative engagement to influence issuers.	32-38
Principle 11 Signatories, where necessary, escalate stewardship activities to influence issuers.	11, 32-38, 45
Principle 12 Signatories actively exercise their rights and responsibilities.	30, 36, 50