

Growth, value, responsibility

KPI definitions reporting criteria 2015

To manage our sustainability strategy and objectives effectively, we break down our activity into four areas: responsible business, employment, pensions and savings, and investment. Each area has one or more Key Performance Indicators (KPI) which we use to formally measure how we are doing in each area. These KPIs are as follows:

1. Total employee days volunteered
2. Carbon footprint
3. InterAction employee survey results
4. Gender diversity of the talent pipeline
5. Gender diversity of senior management
6. Total people directly employed through employability programmes
7. Annual movement in the Brand Net Promoter Score
8. Total customer complaints
9. Voting at shareholder meetings of investee companies
10. Environment, social and governance engagements with companies

Our KPIs are independently assured by PricewaterhouseCoopers LLP (PwC). All data, unless otherwise stated, is prepared for the reporting period 1 January to 31 December 2015.

The following pages provide detailed definitions for each of our KPIs and an overall assurance statement from PwC.



KPI - Total employee days volunteered

Target: 500 days

Total days volunteered: 661

Comparison: (2014: 331)

Measure

Number of employee days given by Standard Life in support of the community through volunteering, team challenges, charity secondments, education and work experience.

Description

The number of days recorded in 2015 for community investment through our employee time recording system People Online. This covers volunteering, team challenges, education and charity secondments. The total number also includes the number of hours employees invest in supporting work experience students recorded through the temporary workers database stored on lotus notes, based on an assumption of seven hours per student.

KPI - Carbon footprint

Target: 20% reduction from 2013 to 2020

2015 GHG emissions reported as tonnes of CO₂e: 25,699*

Comparison: (2014: 26,380**)

Measure

Annual total carbon emissions (units: tonnes CO₂e) resulting from energy used in head office locations, data centres and as a result of air, rail and UK fleet miles incurred for business purposes. We also report on the emissions from transmission and distribution losses as well as refrigerant gases.

Description

The following sources are excluded from the carbon footprint:

- ▶ all regional offices which have less than 1% of our full-time equivalent (FTE) employees or are not data centres
- ▶ our Boston office – this will be included from 1 January 2016 onward
- ▶ energy used and air miles resulting from associate and joint venture business operations in China and India
- ▶ energy consumed within properties we have invested in
- ▶ air and rail miles that are not booked through the national travel operators
- ▶ other types of employee travel, for example employee travel by taxi.

Recording and emissions calculation

Energy

Energy consumption includes electricity and gas used in Standard Life's head office buildings (this includes owned and leased properties) in Edinburgh, London, Glasgow, Leamington Spa, Frankfurt, Dublin and Hong Kong, and data centres in Edinburgh and Frankfurt. These properties together include in excess of 90% of the Standard Life FTE employees as at 31 December 2015.

Electricity and gas are metered and measured in kilowatt hours (kWh) for all in-scope operations. Emissions attributable to transmission and distribution losses are also included. All emissions are converted from kWh to CO₂e using the country-specific guidance provided by Department for Environment, Food and Rural Affairs (DEFRA).

Business air miles

Business air miles includes all flights booked for business purposes by Standard Life's third-party national travel operators in Ireland, Germany, Hong Kong and the UK. The travel operator's records provide the basis for reporting. Each flight is classed as economy, business or first-class and further classified by distance, based on the 2015 DEFRA guidance, as domestic, short haul or long haul.

The travel event resulting in the emissions is recorded based on the date of booking. Cancelled bookings are subtracted from the operator records. The air miles travelled are then converted into emissions using the 2015 DEFRA guidance on conversion factors for air travel.

Business rail miles

Rail miles include business rail miles booked through Standard Life's third-party national travel operators in Ireland, Germany and the UK. The travel operator records provide the basis for reporting. The rail distance travelled is converted into emissions using the 2015 DEFRA guidance conversion factors for national rail travel.

Fleet miles

Fleet miles include business fleet miles recorded in Standard Life's third party expense system by UK employees only. The mileage recorded in the expense system is converted into emissions using the 2015 DEFRA guidance conversion factors for petrol or diesel vehicles.

F Gases

Fluorinated gas (F gas) is based on the amount of F gases used in Standard Life's head office buildings in Edinburgh. The F gas usage is measured by the volume of gas replaced due to leakage or maintenance in each building. The volume of gas is recorded by meters and converted into emissions using the 2015 DEFRA guidance on conversion factors.

*The 2015 figure is based on a 1 December 2014 to 30 November 2015 year.

** The 2014 figure is based on a 1 January 2014 to 31 December 2014 year. This has been restated to include usage of refrigerant gases and UK fleet miles.

KPI - InterAction employee survey results

- a. **Engagement score of 63%**
Comparison: (2014: 65%)
- b. **Enablement score of 64%**
Comparison: (2014: 64%)

Measure

- a. The overall engagement score for our employees from the 2015 InterAction survey
- b. The overall enablement score for our employees from the 2015 InterAction survey

Description

The InterAction survey is conducted by The Hay Group, on behalf of Standard Life. An invitation is sent by email from The Hay Group to all employees of Standard Life in the following countries: Australia, Austria, Belgium, China, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea (Republic of), Malaysia, Netherlands, Singapore, Spain, Sweden, Switzerland, United Kingdom, and United States according to the criteria below. The survey is issued to employees working for Standard Life Group, including wholly owned subsidiaries, but not associate or joint venture businesses.

For the purposes of this survey, 'employees' are considered to be those who, at the time of the survey, were:

- ▶ full-time permanent employees
- ▶ part-time permanent employees
- ▶ employees on maternity/paternity/adoption leave, with the exception of employees on maternity leave in Ireland
- ▶ employees on long-term absence, with the exception of Ireland and employees in Germany whose absence exceeded six months
- ▶ direct temporary staff (whereby an employment contract exists between Standard Life and the person concerned)
- ▶ contractors are only included within the survey population if they have a permanent or direct temporary member of Standard Life staff reporting to them.

The returns were received and consolidated by The Hay Group. The data excludes any incomplete survey returns or

surveys received after the closing date. InterAction survey completion data was submitted to Standard Life by The Hay Group, and this provides the basis of evidence to assure the survey completion rate.

In 2015, 79% of the 6,582 employees invited to participate, submitted responses to the survey. In 2014, 87% of the 8,597 employees submitted responses. Note: the difference in employee numbers is largely due to the sale of our Canadian business.

For each question, employees were asked 'To what extent do you agree or disagree with each of the following statements'. A score favourable is where the employee responded 'Strongly Agree' or 'Agree'; neutral where they responded 'Neither Agree Nor Disagree'; and unfavourable where they responded 'Disagree' or 'Strongly Disagree', with the exception of the question 'Given your choice, how long are you likely to work for this company?'. Favourable is a response of 'More Than 5 Years (or until retirement)', neutral is a response of '3-5 Years' and unfavourable is a response of 'Less Than 1 Year' or '1-2 Years'.

Employees also had the option to respond 'Don't Know/ Not Applicable'. These responses were not included in the calculation.

a. Engagement score % is calculated by adding up the favourable responses to the following questions, and then dividing this by the number of question responses:

- ▶ I feel proud to work for Standard Life.
- ▶ I would recommend Standard Life as a place to work to family and friends.
- ▶ I feel motivated to go beyond my official job responsibilities.
- ▶ Standard Life motivates me to contribute more than is required.
- ▶ I am likely to work for this company for... Less than one year, 1-2 years, 3-5 years, More than 5 years (or until retirement).

b. Enablement score % is calculated by adding up the favourable responses to the following questions, and then dividing this by the number of question responses:

- ▶ My job provides me the opportunity to do challenging and interesting work.
- ▶ Conditions in my job allow me to be about as productive as I can be.
- ▶ Any major barriers in the workplace are effectively managed in order to allow me to do my job well.
- ▶ My job makes the best use of my skills, abilities and strengths.

KPI - Gender diversity of the talent pipeline

Gender split of the talent pipeline: 40% female and 60% male
Comparison: (2014: 33.3% female and 66.7% male*)

Measure

The percentage split of female / male gender within the talent pipeline as at 31 December.

Description

Our talent programmes include the current Graduate population and the current and alumni members of the Emerging Leaders Development Support (ELDS) and Accelerated Development Support (ADS) programmes. The ELDS and ADS programmes identify and develop those with the potential, performance and aspiration to progress to senior leadership roles.

Alumni members and current participants in both ELDS and ADS programmes have been nominated by their business unit leadership team and have been reviewed and confirmed by the Executive Team as part of our ongoing talent and succession approach.

The gender of the population is recorded on our people database People Online.

The population is based across our offices in UK, Ireland, Hong Kong, Singapore, China and USA but excludes Germany due to local employment laws.

* The 2014 comparative figures do not include the 2014 Graduate population.

KPI - Gender diversity of senior management

Gender split of senior management: 20% female and 80% male

Measure

The percentage split of female / male gender within the senior management population as at 31 December.

Description

Our senior management population includes both non-executive and executive directors of our consolidated subsidiaries and members of our Executive Job Family and members of our Senior Leadership Group. Directors of Standard Life plc are not included in the population unless

they are a member of subsidiary boards. For employees, gender information is recorded on our People Online database. For non-executive members, this is recorded and maintained by Company Secretaries.

The population is based across our offices in UK, Ireland, Hong Kong, Singapore, China and USA but excludes Germany due to local employment laws.

KPI - People directly employed through employability programmes

Number of people we have employed through the Edinburgh Guarantee Programme, the Modern Apprenticeship schemes, the Investment 2020 Trainee Programme and the London Guarantee Programme.

Number of people: 35
Comparison: (2014: 53)

Measure

The number of people we have directly employed in the UK in 2015 as part of an employability programme.

Description

People employed by Standard Life on a new fixed term contract in 2015 through one of four employability programmes to gain work experience. All of these individuals are paid the UK Living Wage. The specific employability programmes are those joining as part of the Edinburgh Guarantee Programme, the Modern Apprenticeship schemes, the Investment 2020 Trainee Programme and the London Guarantee Programme.

Pensions and savings

KPI - Annual movement in the Brand Net Promoter Score (NPS)

The movement in the annual brand NPS score for the UK business.

Change in NPS score (2015 vs 2014): ^5

Measure

The increase or decrease in the annual brand NPS score for UK for 2015 compared with the same measure for 2014, as measured by KPMG Nunwood's Customer Experience Excellence Centre analysis of over 10,000 customer evaluations. This is published in September each year.

Description

NPS is calculated by KPMG Nunwood as part of their Customer Experience Excellence Centre analysis. NPS is based on a 0 to 10 scale answer to the question: 'How likely is it that you would recommend our company/product/service to a friend or colleague?'

Promoters are those who respond with a score of 9 or 10, Detractors are those who respond with a score of 0 to 6. Scores of 7 and 8 are passives, and they will only count towards the total number of respondents, but not directly affect the formula. NPS is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

KPI - Total customer complaints

Number of complaints received from UK customers of Standard Life Assurance Limited (SLAL), Standard Life Client Management Ltd (SLCML), Standard Life Savings Limited (SLSL), Standard Life Investments (SLI), Standard Life Wealth (SLW) and Standard Life Wealth International (SLWI)

Number of complaints received: 7,516

Comparison: (2014: 6,156)

Measure

The number of complaints received from customers of SLAL, SLCML, SLSL, SLI, SLW and SLWI in the UK and Jersey. The only exceptions are telephone expressions of dissatisfaction which were received and resolved on the same day as the call. This is in line with the Financial Conduct Authority's Dispute Resolution: Complaints requirements.

Description

Complaints are counted as any expression of dissatisfaction. Complaints are recorded by the Customer Relations team on the company's complaints logger system. Complaints are accepted from the following methods:

- ▶ Email message
- ▶ Phone call
- ▶ Letter
- ▶ In person
- ▶ Web based (web-chat, social media)

If a customer does not get a satisfactory response from Standard Life, the complaints can be referred to the Financial Ombudsman Service for consideration.



KPI - Voting at shareholder meetings of investee companies

Votes cast by Standard Life Investments at shareholder meetings: 1,732

Comparison: (2014: 1,633)

Measure

The number of shareholder meetings voted at.

Description

As an institutional investor, Standard Life Investments (SLI) - through a UK-based Governance and Stewardship team - executes its stewardship responsibilities by voting, on behalf of its clients, at shareholder meetings of companies in which SLI is an investor.

Many shareholder meetings will contain votes on several resolutions; however these are not counted separately in this measure. Similarly, SLI will often execute its stewardship responsibilities in respect of several funds that are invested in the same stock; however these are not counted separately in this measure.

SLI uses an independent proxy advisory service to administer and record our voting. Each shareholder meeting at which SLI votes is counted equally, whether the vote is in accordance with management, or against the resolution proposed.

KPI - Environment, social and governance engagements with companies

Environmental, social and governance (ESG) engagements: 659

Comparison: (2014: 644)

Measure

The number of ESG engagements which have taken place.

Description

As an institutional investor SLI executes its stewardship responsibilities through UK-based teams actively engaging with companies in which SLI is an investor and also companies with whom investments may have been held in the past or may be held in the future.

An individual engagement on ESG matters includes any engagement with an investee or potential investee of SLI that is recorded by the Governance & Stewardship and Responsible Investment teams. Individual engagements include face-to-face meetings, attendance at company briefings, conference calls, letters or email correspondence. The subject matter covered by each individual engagement will vary and multiple correspondences related to a single activity are counted as separate engagements, with the exception of voting engagements and remuneration consultations.



Independent Limited Assurance Report to the Directors of Standard Life plc

The Board of Directors of Standard Life plc (“Standard Life”) engaged us to provide limited assurance on the information described below and set out in Standard Life’s 2015 Sustainability Report for the year ended 31 December 2015.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2015 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the following key performance indicators “KPIs” in Standard Life’s Sustainability Report (the “Selected Information”):

- ▶ Total employee days volunteered
- ▶ Carbon footprint
- ▶ InterAction employee survey results
- ▶ Gender diversity of the talent pipeline
- ▶ Gender diversity of senior management
- ▶ Total people directly employed through employability programmes
- ▶ Annual movement in the Brand Net Promoter Score
- ▶ Total customer complaints
- ▶ Voting at shareholder meetings of investee companies
- ▶ Environment, social and governance engagements with companies

Our assurance does not extend to information in respect of earlier periods or to any other information included in the 2015 Sustainability Report.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Standard Life is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 December 2015.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- ▶ obtained and confirmed our understanding of the Selected Information and related disclosures;
- ▶ obtained and confirmed our understanding of the assessment criteria and their suitability for the evaluation and /or measurements of the Selected Information;
- ▶ made enquiries of relevant company management, personnel and third parties;
- ▶ performed analytical procedures related to the Selected Information;
- ▶ assessed the significant estimates and judgements made by management in the preparation of the Selected Information;

- ▶ performed limited substantive testing, on a selective basis of the Selected Information reported to check that data had been appropriately measured, recorded, collated and reported; and
- ▶ assessed the disclosure and presentation of the Selected Information.

Standard Life’s responsibilities

The Directors of Standard Life are responsible for:

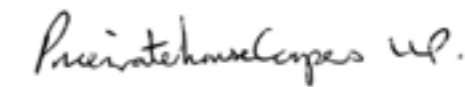
- ▶ designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- ▶ establishing objective Reporting Criteria for preparing the Selected Information;
- ▶ measuring and reporting the Selected Information based on the Reporting Criteria; and
- ▶ the content of the 2015 Sustainability Report.

Our responsibilities

We are responsible for:

- ▶ planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- ▶ forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- ▶ reporting our conclusion to the Directors of Standard Life.

This report, including our conclusions, has been prepared solely for the Board of Directors of Standard Life in accordance with the agreement between us, to assist the Directors in reporting Standard Life’s sustainability performance and activities. We permit this report to be disclosed in the Standard Life Sustainability Report for the year ended 31 December 2015, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Standard Life for our work or this report except where terms are expressly agreed between us in writing.



PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh

19 February 2016

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

 [Click here to return to the full Sustainability report.](#)

Contact us

 **visit**
www.standardlife.com/sustainability

 **email**
sustainability@standardlife.com

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All figures have been calculated as at 31 December 2015 (unless otherwise indicated).

This document has been published by Standard Life plc for information only. It is based on our understanding as at February 2016 and does not provide financial or legal advice.

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