Good governance, robust risk management and a responsible approach towards all stakeholders are key to the success of companies over the long-term. This applies beyond how we operate, runs across our investment process and informs the expectations we have of companies that we invest in. We believe it is mutually beneficial for companies and stakeholders to have a relationship based on accountability, engagement and trust which helps us enhance the long-term value of our clients’ investments and allows us to use our influence to drive positive change.

We have a commitment to excellence in everything we do. This commitment drives us to create innovative products which meet client needs, develop our people to reach their full potential and continue our focus on delivering consistently strong investment performance.

I am delighted that our sustainable and responsible business approach has continued to be recognised in sustainability indices such as the Dow Jones Sustainability Index Europe and World, FTSE4Good and Climate Disclosure Project.

Keith Skeoch
Chief Executive, Standard Life

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<table>
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<th><strong>Our sustainable business</strong></th>
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<tr>
<td><strong>£307.4bn</strong></td>
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<tr>
<td>Assets under administration</td>
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<tr>
<td><strong>£665m</strong></td>
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<td>Operating profit</td>
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**Sustainability report 2**
Who we are

We’re an international investment business. At the core of our business is managing our customers’ and clients’ savings.

We offer a range of products and services to help people save and invest for their future. Our customers and clients are looking for a good return on the investments we make with those savings to either:

➤ build their wealth
➤ deliver income in retirement

or provide a combination of both these things.

We operate in the UK, Europe, North America, Asia and Australia. We support around 4.5 million customers worldwide, and a further 25 million through our associate and joint venture businesses in China and India.

Standard Life Investments

Standard Life Investments, which includes Ignis Asset Management, looks after the assets of clients in 46 countries around the world. We offer our solutions and expertise to:

➤ Institutional clients, including corporations, pension schemes, and sovereign wealth funds. We sell directly or via financial intermediaries.
➤ Wholesale clients, including fund supermarkets, global financial institutions and private banks.

Standard Life Wealth provides a discretionary fund management service with a range of specialist investment solutions. They work with private clients, charities, financial advisers and other professional intermediaries.

Our associate business, HDFC Asset Management is the largest private sector asset manager in India.

UK and Europe Pensions and Savings

In our UK and Europe businesses, our main aim is to help our customers and clients invest their money. We offer our products and services via two broad channels:

➤ Workplace: pensions, savings and flexible benefits to employees through their employers.
➤ Retail: our relationship is either directly with the client, or with their financial adviser.

We also own businesses that specialise in financial advice, employee benefits, and risk and compliance services.

There is continued momentum in both our Ireland domestic and international bond businesses as well as growing demand for unit-linked products in Germany.

India and China

We have associate and joint venture businesses offering insurance and savings products to customers in India and China. HDFC Life is one of the leading life insurance companies in India. They offer a range of individual and group insurance products, for example protection, pensions and savings. They have over 20 million client accounts serviced across a network of 414 offices and over 8,000 partner branches covering 980 towns across India.

In China, Heng An Standard Life has around five million customers and operates 74 sales offices across 53 cities in 8 provinces.

In Hong Kong, we offer insurance and savings products and services under the Standard Life brand.
During 2015, we reassessed our sustainability strategy and completed a materiality review. This detailed piece of work helps us make sure our sustainability goals are meaningful, challenging and relevant to the commercial aims of our business, as well as what our stakeholders expect of us. This year’s review built on our previous full review that we carried out in 2014 to ensure we continue to focus on the right areas.

We examined long-term environmental, social and governance (ESG) risks and opportunities and worked with a wide range of people and sources, including:

- Investors in our company
- Our people and subject matter experts
- Senior leaders and opinion formers within our business and our industry
- Recognised initiatives like the United Nations Sustainable Development Goals.

This helped us to determine our four areas of priority to focus on as a sustainable business:

- **Responsible business**
  - This is the core of how we operate and includes our business ethics, managing our environmental impact and contributing to local communities.
- **Employment**
  - We want to provide inclusive employment. We help to remove barriers to employment, encouraging meaningful jobs paid at a living wage. It’s also about developing and engaging our people to reach their full potential.
- **Pensions and savings**
  - We want to help people manage their money today and save for their future. By understanding their needs, we use our skills and knowledge to educate, inform and, importantly, develop the right products and services.
- **Investment**
  - By considering environmental, social and governance issues we contribute to a better financial future for our clients and a sustainable world.

“Our aim is to make a meaningful contribution to the future lives of our people, clients and wider society. Our strategy helps us to identify opportunities and manage risks, inside and outside our business, over the long-term.”

Sandy MacDonald
Head of Sustainability
As part of the Chairman’s regular update to the Board, internal and external ESG issues are highlighted for discussion. Non-financial measures, which monitor progress against our sustainability strategy, are also highlighted on at least a quarterly basis.

During the year, the Board considered the long-term trends in our sector and wider society that may affect our business. Young people from our school leaver programme and the UK charity Tomorrow’s People, who focus on youth employment, attended a Board session to share their experiences of working life and what they want as clients themselves.

Measurement

To track how we’re performing against our sustainability objectives, we have a number of non-financial key performance indicators (KPIs). During 2015 we reviewed these measures to make sure they are relevant to the four areas we focus on: responsible business, employment, pensions and savings, and investment. This is an ongoing process for us, including the development of targets, so that we can create the right set of KPIs that accurately reflect and track progress on these four areas. You’ll see our KPIs highlighted throughout this report.

Wherever you see this icon it indicates the measure is a KPI. These are assured by independent experts – PwC – to provide rigour and validation for the sustainability work that we do.

View the KPI definitions document and assurance opinion here
“Running our business responsibly means staying alert to opportunities and risks, operating ethically and using our influence to encourage progress in society.”

Raj Singh
Chief Risk Officer

Our code of conduct
We launched our revised code of conduct in 2015 and, for the first time, published it on our website. Our culture is rooted in doing the right thing and we want our people to understand the scope of our code – applying it to everything they do, every day. We provide an annual training module and require our people to complete it and confirm they understand and comply with the code.

Risk
We take a long-term view to managing our risks and opportunities through our Enterprise Risk Management (ERM) framework. The framework integrates concepts of strategic planning, operational management and internal control to allow risks to be identified, assessed, controlled and monitored. This helps us to manage existing risks and also identify new or evolving risks and consider how they can impact our business and our stakeholders.

Through internal and external research we identify the emerging technological, societal, economic, environmental, geo-political, and legal and regulatory risks. We discuss these with our internal subject matter experts and report to our Board’s risk and capital committee.

Bribery and corruption
We have a zero tolerance approach to financial crime, bribery and corruption. We’ve continued to maintain our high standards in this area through policies, training and making it easy for employees to do the right thing:

- We’ve developed policies to prevent money laundering and financial crime in our business. They help to make sure that we only receive or pay money to or from clients, third parties, partners and suppliers that we’ve identified as suitable to do business with.
- To keep all our people informed we run annual training which is completed by passing a test that confirms their understanding of both our policies and the part they play.
- We have an independent whistle-blowing phone line for our people to anonymously report any concerns.
- We do not offer, request or accept any payments, gifts or other advantages to or from anyone that might induce them to act in a certain way.
- We maintain a register for any gifts and entertainment we receive and provide.
- To keep our people right we have processes for reporting and reviewing breaches.

Human rights
Respecting human rights is important to us. That’s why our policies and practices are fully supportive of the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) core labour standards and the UN Global Compact.

Our approach to human rights is reflected in how we treat our people and clients and contribute to debate in wider society. As a long-term investment business, a key way we positively exert our influence is through how we invest.

Responsible business

Identifying risks and opportunities
Taking an ethical approach to how we do business
Using our influence to help foster positive changes in our society
Good tax governance

Understanding tax risk, how to manage it, and how it impacts all our stakeholders are important parts of running our business responsibly. That is why we have a Tax Risk management policy that is approved annually by the Board. This policy is underpinned by our Board-approved Tax Principles. These principles guide our policy, behaviours and decisions with respect to tax and we provide information on these principles on our website. We believe it is important to take a balanced approach to tax. That is why our Tax Principles and Tax Risk management policy reflect the interests of our range of stakeholders: clients, shareholders, employees, tax authorities and the wider community.

As part of this balanced approach we engage proactively with government and fiscal authorities on tax matters. We believe this contributes to the creation of a tax policy that is sustainable and achieves its objectives. Our balanced approach to tax also enables us to manage tax risk in a consistent manner over time.

A number of our stakeholders increasingly ask for more transparency on companies’ tax policies, reporting and payments. We are supportive of the principle behind recent government initiatives to increase transparency and the wider understanding of tax, both of which reflect our long-standing approach. That is why we continue to believe it is important that we provide information on our wider tax contribution to society and so, for example, disclose our Total Tax Contribution in our Annual Report and Accounts.

We do not engage in tax avoidance or aggressive tax planning and we have always sought to engage with tax authorities in an open, honest and transparent manner. We therefore support the objectives of the international initiatives to tackle tax evasion and tax avoidance such as the work of the Organisation for Economic Co-operation and Development on behalf of the G20 and others through the Base Erosion and Profit Shifting (BEPS) project. We have actively engaged with this work through participating in the consultation process.

Supplier management

We’ve continued to evaluate potential suppliers on their sustainable business practices. When we engage with suppliers for new services and products we consider their sustainability credentials when evaluating their bids.

In partnership with the Scottish Government, we hosted the first private sector ‘Meet the Buyer’ event for supported businesses. Supported businesses are organisations where more than 50 per cent of the employees are disabled and unable to take up work in the open labour market. At the event in June 2015, 18 out of the 20 supported businesses in Scotland showcased their products and services to around 150 procurement professionals from a variety of organisations.

We shared our experience of working with small-scale suppliers at an event co-hosted by the Procurement team in Standard Life and the Chartered Institute of Procurement and Supply, targeting its Fellowship members. We also encouraged members to look at using small suppliers in their own businesses.
Helping our local communities really contributes to the positive impact our business makes on society and is a long-established part of our company’s culture.

In 2015 we launched our updated volunteering policy. The aim is to encourage our people to make the most of the paid leave, an increase from two to three days a year, available for volunteering during work and their own time. Our people contributed 661 volunteer days in 2015 beating our target of 500 days. In 2016 we are aiming to donate more time and we have doubled our target to 1000 days.

Volunteering case study - Career Ready

Steven Doherty, Senior Brand Manager. Steven was able to use his work experience and knowledge to help with Career Ready’s rebranding.

“I love being able to use my skills to help charities who are unlikely to have specialists within their teams. Career Ready came to Standard Life asking for support to manage the change from their old brand and name to their new one. I worked with the team to analyse their challenge and then recommended a focus on strategy and planning with the Career Ready team and network.

The result was a wider communications and brand strategy, plan and framework that met their needs effectively - without them needing to take on additional employees.

What was rewarding for me was working with a team who had a clear objective, who were open to positive change and new ideas, and who genuinely valued my input and direction.”

Read more on our work with Career Ready in our Employment section.

Volunteering case study - Children’s Panel

David Archibald, Customer Operations Director. For the past five years, David has been volunteering with The Children’s Panel.

“I was keen to put something back into the community and as my wife is a Primary School Teacher, I am very aware that there are many vulnerable children in our society who need our help. I volunteer for one morning each month and it is the role of the Panel, in conjunction with many support services, to make decisions that are 100% in the interest of the children – it is this focus on outcomes for the children that I find so positive and rewarding.

The Panel sessions can be difficult, controversial and often emotional, however the fact that everything is about making things better really does give a sense of doing something that matters and can make a real difference to children and families who are less fortunate than ourselves.”

Our joint venture in China, Heng An Standard Life, runs an initiative called the Family Caring platform to get people involved in helping their communities. Through the initiative, they organise events and encourage employees, clients and other stakeholders to donate items to charities and volunteer their time. The most recent event was at a school for disabled children in Dagang, Tianjin.
Charitable donations

Raise and Match
We run a fundraising scheme called Raise and Match to support our people’s community fundraising. They can raise funds for charities that are close to their hearts — and we’ll match any amount between £100 and £250 a year per employee.

Our Raise and Match total for 2015 was over £90,000.

Give as you earn
Our people can donate directly from their monthly salary to charities of their choosing through our Give As You Earn (GAYE) scheme. In 2015, they donated over £145,000.

Unicef refugee crisis appeal support
In response to the refugee crisis we ran an appeal so our people could donate directly to Unicef’s Syria appeal. We matched our people’s donations and raised £20,000.

German Mekelle Children’s Clinic Appeal
In Germany, our people raised money to help fund a children’s clinic in Mekelle, Ethiopia, a project being run by ADRA a German non-government relief agency. To raise money we held our Nikolausmarkt (Christmas markets) where our people made and sold crafts and baking. Together with donations from our people we raised over €3,000 for the clinic. In Austria our people also donated €6,000 to Austrian Cancer Aid Vienna (Österreichische Krebshilfe Wien).

Community projects
HDFC Life runs a committee for corporate social responsibility. Like all companies in India, HDFC gives 2% of its net profit to activities that help address environmental, social and governance issues most relevant for India.

In the year to March 2015 HDFC gave Crs44.8m (equivalent to over £450,000) to five projects which:

► provided education for the less able, children and women
► helped to reduce hunger, poverty and malnutrition
► supplied clean drinking water
► protected habitats and conserved the environment
► provided rural development.
Managing our environmental impact

The nature of our business means that our main operations don't have a large impact on the environment. Nonetheless, we aim to minimise our impact wherever we can.

Energy and business travel

Our largest areas of impact are the energy we use and international travel to meet clients and business partners as a necessary part of our operations. In 2015, our emissions from air travel have increased from the reductions we achieved in 2014. However, we remain ahead of our targets with a 16.3% reduction since 2013. We will continue to review how we manage these emissions in 2016.

In 2013 we set targets for a 20% overall reduction of Greenhouse Gas (GHG) emissions from direct operations by 2020. Our GHG emissions have since reduced by 2.1%, which includes the addition of F gases and fleet emissions to our reporting since 2014 for increased transparency.

We use 100% renewable electricity in our UK-owned and operated offices.

Per FTE, our emissions from air travel have reduced by 33% since 2013.

Our total energy consumption has decreased 1.8% since 2013. In addition to prior investment in efficiency technologies, this has been achieved through constant review of our Building Management Systems’ controls and programmes. Work has also begun to install LED lighting throughout our offices and further projects are planned for 2016 which will maintain the trajectory for an overall 20% reduction by 2020.

Waste and paper use

We also focus on our most visible areas of environmental impact: the waste we create and the paper we use.

Across the business we have reduced paper consumption by 19.6% since 2013.

In the UK all of our paper comes from pulp that is either recycled or certified by the Forestry Stewardship Council® and 100% of our paper from our paper bins is recycled.

We ran a competition to encourage our people to reduce, reuse, and recycle waste materials.

Our UK office cafes offer a 10p discount to every employee that orders a hot drink in their own reusable cup.

All waste cooking oil from our UK canteens is reused for biofuel.

The nature of our business means that our main operations don't have a large impact on the environment. Nonetheless, we aim to minimise our impact wherever we can.
Managing our environmental impact

“We consider our environmental impact through our own operations and how we invest.”

Colin Walklin
Chief Operating Officer

In 2015 we achieved the bronze Resource Efficiency Pledge. We achieved this by:

- Diverting 100% of our waste from landfill for the buildings our business owns and occupies in the UK
- Making 50% of our domestic UK business travel by rail in 2014 (5% increase from 2013)
- Engaging our staff by telling our waste story and why recycling is important
- Hosting a week-long initiative to promote sustainable travel to our people

We are also ambassadors to the pledge meaning we promote the benefits of resource efficiency and encourage our suppliers to sign up to the pledge.

We integrate environmental factors, including carbon and fossil fuel considerations, into our investment process. For more information, see the Investment section of this report.

We also measure, monitor and put in place actions to reduce our emissions from our global real estate portfolio. For more information, see the Investment section of this report and also read the latest ‘Sustainable Real Estate Investments’ report.
In 2015 we ran and were involved in a number of environmental initiatives to promote what we do and influence others to do the right thing.

- **March**: We took part in the global Earth Hour initiative across the business. In Hong Kong, we also encouraged our people to do their bit in their homes by switching off their lights for an hour.
- **May**: We held ‘Step in the right direction’ week during which we promoted the benefits of active travel for the environment and for our people’s health.
- **August**: We launched our ‘environmental champions’ programme for 2015 among our people.
- **September/October**: Home Energy Scotland visited our head office to provide advice for our people on saving energy in the home. The session focused on renewable energy, and how saving energy can help people save money too.
- **November**: To encourage our people to think about alternatives to flying, such as the train or collaboration technology, we ran our ‘Think before you fly’ month.
- **December**: We were designated as a Cycle Friendly Employer by Cycling Scotland. The award recognises our work to encourage our people to make more environmentally friendly and health-conscious travel choices.

We pledged commitment to the City of Edinburgh Council’s Sustainable Energy Action Plan (SEAP). The plan encourages collaborative effort in finding solutions to our energy challenges and targets a 42% reduction in greenhouse gas emissions by 2020.

Our Chief Risk Officer contributed to an Association of British Insurers video on climate change.

In 2015 we ran and were involved in a number of environmental initiatives to promote what we do and influence others to do the right thing.
“We help to remove barriers to employment, encouraging meaningful jobs paid at a living wage, and engage and develop our people to reach their full potential.”

Sandy Begbie
Chief People Officer

Providing diverse and inclusive employment
Developing and engaging our people
Community programmes providing skills and work experience

Through our community programmes and external partnerships we support equality of opportunity and work to remove the barriers to gaining employment.

Diverse and inclusive employment practices and supported development opportunities help to produce a sustainable skills pipeline for the business.
Diversity and inclusion have played a big part in our activities in 2015. We want to attract, retain and make the most of the best talent, from all backgrounds, and help our people to feel engaged and included. It generates innovation, attracts clients and investors and gives us a wider perspective to help us understand our customers’ and clients’ needs.

We want our people to understand how our business benefits from a more diverse and inclusive working environment. This year in addition to diversity and inclusion training, we introduced an online learning module on unconscious bias for all our people. We believe raising awareness of how involuntary biases can affect decisions and attitudes in the workplace helps us deliver high performing diverse teams.

In the UK we were named as one of The Times’ Top 50 Employers for Women, based on the support and development opportunities we offer. They also recognised the work of our Women’s Development Network which promotes development through events, networking and mentoring.

We have found people networks are a great way to raise awareness of diversity and inclusion matters, support our people and provide development opportunities. We continued to run networks that support women’s development, employees who have served or are reservists in the Armed Forces, and support Lesbian, Gay, Bisexual and Transgender (LGBT) employees.

In 2015, we also launched two new networks and a new group:

- the Young Persons Development Network – a network that helps young people come together and make contacts from across the company as they take the first steps in their careers.

- the Carers’ Network, which has contributed to us becoming accredited as a ‘Carer Positive’ employer – an award for employers in Scotland who have a working environment where carers are valued and supported.

- the LGBT allies group – a group for people who aren’t lesbian, gay, bisexual or transgender but who want to promote equality and inclusion in the workplace for those who are.

We’ve also used our influence to raise awareness outside of our own business:

- We co-formed a Leadership Diversity and Inclusion Network in 2014. The network operates across Scotland and has over 50 cross-sector member organisations. The network continues to meet regularly to share best practice on diversity and inclusion.

- In 2015 we participated in work with several external bodies for the first time including becoming members of the 30% Club and Two Percent Club.

We’ve made great progress against our diversity and inclusion objectives during 2015, but we’re committed to do more. For example, our sustained focus on improving gender balance in our talent pipeline is delivering excellent results (through sponsorship, a focus on our nomination process, greater access to external board development opportunities and individualised coaching), with a 7% increase in the representation of women from 33% to 40%. We are now working with our female talent to reflect this representation through our senior management population.

We employ 6,129 people (as at 31 December 2015). 49% are female and 51% are male.

Our Board gender split is 4 female (31%) and 9 male (69%).

<table>
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<tr>
<th>Female</th>
<th>Male</th>
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<tr>
<td>talent pipeline</td>
<td>40%</td>
</tr>
<tr>
<td>senior management</td>
<td>20%</td>
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Diversity and inclusion have played a big part in our activities in 2015. We want to attract, retain and make the most of the best talent, from all backgrounds, and help our people to feel engaged and included. It generates innovation, attracts clients and investors and gives us a wider perspective to help us understand our customers’ and clients’ needs.
We provide resources to our people to enhance their working experience and help them develop the skills to perform well in their current and future roles. We make sure that all of our people have regular conversations about their performance and development with their managers, and encourage them to seek feedback to learn and grow. We also offer a wide range of learning opportunities from online training through a customisable platform to supporting our people to gain professional qualifications.

**Talent programmes**

We run talent programmes for those who show the potential to lead our business:

- Our programme to recruit and develop university graduates.
- Emerging Leaders Development Support (ELDS), which helps develop high potential leaders who are at an early stage of their career.
- Accelerated Development Support (ADS) for people approaching senior leadership roles.

Our talent population benefits from coaching, workshops and 360 degree feedback.

**Development for senior managers**

We launched a non-executive development curriculum in 2015 to encourage and develop our people, in particular our female population, to gain board-level experience in preparation for Executive Team and increasingly complex Board appointments. The curriculum is available to senior leaders and those participating on development programmes.

- 62% of our senior leaders now hold external non-executive directorship or trustee roles.

**Talent attraction**

Our Chinese associate business runs a recruitment programme called New Champion. Through the programme, potential employees with no financial services experience are given the opportunity to gain insight into what working for the business is like before formally applying. So far the programme has been successful in inspiring and engaging many potential recruits who have secured meaningful jobs.

**Secondments**

Every year we give our people the opportunity to apply for secondments, giving their resource and experience to help support projects and initiatives in their local community. Our people who take part gain new skills and bring back a fresh perspective to the business. This year there were secondments to The Prince’s Trust, The Yard, Edinburgh World Heritage, The Big Issue and Capability Scotland.

Responsible business | Employment | Pensions and savings | Investment
Working families

To help support working families, we introduced enhanced maternity, adoption and parental leave policies in the UK. We increased maternity and adoption pay from 10 to 16 weeks and introduced a paid phased return period in addition to this, to help ease the transition back to work. We also aligned our shared parental leave to this extended pay period, so all new parents can benefit from these changes.

Well-being

Healthy minds and bodies are important to help our people perform at their best. In 2015 we signed up to the Global Corporate Challenge healthy living initiative for the fourth year in a row. 882 employees took part, helping us to gain a ranking in the initiative’s global top 20 (out of 1,200 companies that took part).

We also promoted awareness of mental health issues. In the UK, we signed up to the ‘employer pledge’, run by the mental health awareness initiative Time to Change. As part of this we have provided mental health training to managers and organised a number of events.

Our Indian associate business, HDFC Life, has ranked among the top 50 places to work in India for the last five years by the Great Place to Work Institute. HDFC runs its own employee engagement survey, regular sessions for employees to raise issues with senior management, and an online knowledge sharing and social resource for employees. In 2015, they also took part in the Stepathon Lifestyle initiative – winning the most active company title for their level of participation.

People surveys

We regularly run an employee engagement InterAction survey. The responses give us a clear update on how our people feel about a range of topics, from our strategy to work-life balance to career prospects to well-being. Our results in 2015 were slightly below the global financial services average scores of 66% for engagement and 67% for enablement. The results pointed to some areas where we are strong: clarity on our strategy, doing the right thing for clients, and our ability to influence and raise standards in our industry.

The survey also highlighted areas where we can do better: building an emotional connection with our strategy and future, helping ensure our people feel valued in their roles and to enhance collaboration across teams.

To address these, a number of actions have been taken including giving all teams the opportunity to reflect upon their feedback and consider local actions for local team issues, investing in management training to enhance career conversations, and the implementation of Sharepoint to make it easier to collaborate across the company.

Our UK employee representative body carried out a survey with our people to find out how they manage their working hours. They used the results in meetings with our Board to raise awareness of working hours and work-life balance.

The majority of those surveyed said they work more than their contracted hours. When we asked if employees felt in control of managing their working hours 77% said they were (a rise from 54% in 2013) and 62% said they are comfortable or very comfortable with their work-life balance. Our next steps are to work with each area of the company to agree the best way to use this data to influence positive change.
We held our second annual Inspiration Awards in June 2015 to recognise the exceptional work our people do across the company and in their local communities. At the event we announced our overall winners and runners-up across five main categories: fundraising, community champion, diversity and inclusion, personal inspiration and inspiration in business. Winners were awarded £3,000 and runners up £1,000 for donation to a charity of their choice, a total of £20,000 was donated.

**Personal inspiration:** Claire-Ann McCallum. Claire-Ann was voted the winner for her determination to keep her charity work going, even though she was recovering herself from cancer treatment. Honouring the memory of her father, Claire-Ann continued to support the organisations that cared for him.
Better futures

We think it’s important that people in the communities around us should have opportunities to develop their skills, build careers and plan confident futures. It’s also important to us that people can save and invest. It helps create a better future for them, and a more sustainable business for us.

Living wage
We are a UK Living Wage employer. This covers all our UK employees, interns, temporary employees and on-site contract staff. We also promote the benefits of the Living Wage to our stakeholders. In Ireland we pay our people at least the Irish Living Wage.

In 2015 we became the first private sector company to become a ‘Living Wage Friendly Funder’ in the UK too. This recognises our commitment to helping the charities we have funding relationships with to pay the UK Living Wage for any grant-funded posts.

Edinburgh Guarantee Scheme
This year we continued our Edinburgh Guarantee six-month paid work experience programme. The applicants are selected after a qualification blind process to remove potential barriers. We are currently also developing our data capture on socio-economic backgrounds of the applicants to better support social mobility in the future. In 2015, 18 young people joined us on these placements in our Edinburgh office. We also extended the scheme in London providing placements for two young people. 98% of those who have been through these programmes have moved on to full time employment or further education.

Balqis Mukhtar, one of our interns and a secretary said:
“Getting this job and earning the Living Wage has made a huge difference to my life. It’s helped me become independent and make my own decisions. I’m renting my own place now and saving towards a car. I get help towards childcare, but even with that help, I don’t think any of this would have been possible if I was only earning the minimum wage. London costs so much more than the rest of the country, the Living Wage has made a big difference to me and my kids.”

We also offered 12-month paid employment to nine young people as part of our Investment 2020 Trainee Programme and six young people through our 12-month paid Modern Apprenticeship scheme.

We have been awarded the Investors in Young People Gold Accreditation in recognition of our commitment to recruiting, supporting and developing young people, and helping them to reach their potential.

Helping people get Career Ready
We partner with Career Ready, a charity that supports young people in their last two years of school to achieve their potential. Our people offer mentoring over a two-year period and we provide a four-week work placement for the young people at one of our offices, paid at the UK Living Wage.

Standard Life was awarded Corporate Responsibility Award of the Year at the HR Network Scotland Awards in recognition of our employability work.

BIMA Digital Day
We joined the British Interactive Media Association (BIMA) in 2013. It helps us raise our profile as a digital brand and support recruitment. In 2015 we became the headline sponsor for BIMA’s Digital Day, which links industry professionals with UK schools and colleges to raise awareness of opportunities for young people and aims to bridge the digital skills gap.

Over 100 schools registered in the UK – representing around 4,000 students aged between 14 and 19. We took part in events at schools throughout the UK, sharing our knowledge of careers in the digital sector.

35
People directly employed through our employment schemes. Our 2016 target is 50.
(53 jobs in 2014)
Our charity partners

In Boston, USA, we partner with Let's Get Ready, who run programmes to help high school students with exam preparation and all aspects of the college admissions process. Their aim is to close the achievement gap and help children from low-income households create their own futures. In 2015 we hosted and sponsored their Ambassador’s programme, which provides first-generation college hopefuls a better chance of getting into the college of their choice.

In Hong Kong, we continue to work with our charity partner, Hong Kong Society for the Protection of Children. We support their efforts through volunteering and fundraising. This year we raised HK$20,000.

In Ireland, we support Barnardos Ireland. Their Teen Parent Programme works closely with teenage parents and their children to promote and nurture their educational, emotional and social well-being. It helps improve the opportunities afforded to people in the communities where we operate – maximising their potential and employability and reducing the risk of social exclusion and isolation. We raised funds of around €63,000 and provided 500 volunteer hours.

In the UK, our charity partners are Scope and Capability Scotland. They provide support, education, employment and care services for disabled children and adults. Our people donate directly from their monthly salary to our charity partners through our Give As You Earn (GAYE) scheme and by taking part in our monthly SLOTTO lottery game. In 2015 our people donated over £160,000 through GAYE and SLOTTO and also raised almost £33,000 by taking part in our Christmas raffle for Scope and Capability Scotland.

Our people vote for the charity partners that they’d like to support. On our last vote we asked our people to choose from charities that have programmes focused on employability.
The Standard Life Charitable Trust (SLCT) was set up in 2009 with funds from the sale of shares in the Unclaimed Assets Trust (UAT). The UAT was set up in 2006 to hold the unclaimed shares at Standard Life’s demutualisation.

The SLCT funds charitable programmes that enable people to make lasting improvements in their lives. Our focus has been on two key areas, employment and financial capability. We’ve worked with charities who share our passion for innovative solutions that support individuals to break down barriers, build skills and make long-term changes that set them on the path to a better and more sustainable future.

In 2015, the SLCT provided over £1 million to fund programmes through Tomorrow’s People, SkillForce, the Prince’s Trust and the Royal British Legion.

One example is SkillForce, a charity that draws on the skills of ex-Forces personnel to inspire young people. SLCT partnered with the charity to fund a new national award scheme. The SkillForce Junior Prince’s Award is deliberately targeted to support primary school students to make a successful transition to secondary school through building their skills and confidence. The Award programme is delivered by inspirational mentors and role-models, usually from a military background. It focuses on team-building, leadership training and public service to highlight the core values and life skills that will enable young people to reach their potential whilst making a constructive contribution within their communities.

“We have come a long way in learning how we can make the biggest long-term improvements to people’s lives.”

Crawford Gillies
Chair of Standard Life Charitable Trust
Pensions and savings

“We want to help people save, invest and manage their money for the future they want”

Paul Matthews
UK and Europe Chief Executive

More saving in the workplace

The Government confirmed in March 2015 that over 5.2 million working people are now saving as a result of its automatic enrolment initiative. We believe making pension saving something employees are automatically signed up for is a great way to encourage a savings culture in the UK. Around 822,000 of the 5.2 million new pension savers are saving with Standard Life.

The automatic enrolment initiative was phased, starting with large companies in 2012 and smaller companies during 2015. We’ve helped support small to medium sized businesses meet their automatic enrolment responsibilities through our innovative Good to Go service, where employers can create a new work pension scheme in six minutes or less.

Financial inclusion

In 2015, along with businesses across the industry, we contributed to the development of the UK Financial Capability Strategy, an initiative backed by the Money Advice Service, which aims to improve financial capability across the UK. It focuses on developing people’s financial skills and knowledge, and improving their attitudes and motivation. A study carried out as part of the launch found that four in ten adults had less than £500 in savings, and 20% of the population is unable to read their bank statements.

Because of the nature of our business, there are many ways we can help, either directly through our products and services, or indirectly through the research and insights we publish throughout the year.

HDFC Life offer a wide life product range, including a simple single premium product. It’s designed for people living in rural and low-income areas of India and it aims to provide a combination of stable savings and life insurance to help support families.

HDFC Asset Management’s large branch network accept cash transactions, enabling those without online banking or a bank account to invest. For those areas with internet access, they offer tools, guides and calculators designed to make financial matters easier for clients.
Pension freedoms

Major changes to how and when people could access their pension savings came into effect in April 2015 in the UK. We offered full flexibility from the first day the new rules were introduced.

We carried out research during the year that showed, on average, UK adults have only an eight year horizon as far as their financial plans are concerned. So when the changes came into effect we wanted to make sure that people were fully informed so that they made good decisions.

Nine months on, 90% of our customers who could have taken out their pensions savings instead remained invested with us. For the 10% who did access their pension, we helped them to understand the impact of their decisions and the risks involved. We received a record number of calls at the time the freedoms came into effect. These conversations were much longer than normal, but we felt that it was the right thing to be thorough to help ensure our clients made informed decisions.

We received 7,516 complaints in 2015 compared to 6,156 in 2014; this represents 18 complaints per 10,000 active customer policies. The increase was largely driven by this significant spike in customer demand. Root cause analysis from these complaints has led to a number of enhancements to the customer retirement journey.

Award-winning client experience

We also created a new online retirement journey. Through better content and user experience design, it’s now easier for customers to compare, contrast and select their chosen options as well as transact online.

The new journey won multiple awards including the 2015 Customer Experience Award for Best New Product / Product Improvement and Best Digital Retirement Planning Solution at the Technology Innovation Awards 2015.

A new advice business

The new freedoms available to people with pensions highlighted the importance of professional financial advice in the UK. We felt that there was a significant opportunity to create a new advice business to support our customers to better understand their financial situation and help them achieve their goals. In acquiring Pearson Jones – an existing UK financial advice firm – we created a new business called 1825 (this is the year we started our business).
Using insight to understand our clients’ needs

“We use client insight to ensure we have the right solutions and capabilities to meet global client needs.”

Colin Clark
Global Client Director

We use insight from a variety of research to help us understand the emerging asset management trends and resulting impact on investor needs in order to better shape products and services.

Each year, we carry out a client survey across all markets and distribution channels. In 2015, around 800 of our worldwide clients helped us to understand how they felt about our brand reputation, and the products and services we provide. The insights are used to ensure we have the right capabilities, solutions and services to meet client needs around the world.

We also worked with an expert client insight organisation called The Wisdom Council. The Wisdom Council helps businesses to understand what their clients’ (in our case financial intermediaries) views and opinions are on products, services and communications.

The Wisdom Council assisted with two projects to help us shape what we offer. The first was to gather insights that help ensure literature for our Global Absolute Return Strategies (GARS) portfolio successfully communicates the key features, intended outcomes and risks associated with a fund, enabling clients to make informed investment decisions.

The second project was opinion gathering amongst our peers to understand clients’ views on the pension freedoms that launched in the UK in April 2015.

In 2015 we undertook a major client survey to understand our client needs in Ireland. Over 4,000 clients were surveyed and we received over 800 responses.

The key insights for us were that the clients were satisfied with their experience with us, they want greater engagement with their investments and were very happy with their adviser relationships. This valuable insight is helping our Irish business prioritise objectives and strategy.

In 2015 our Irish adviser satisfaction survey was completed by over 200 advisers and results showed increases in scores from 2014. Adviser insight has helped us redefine our adviser positioning which will focus on our investment capability, partnership strength and stewardship of clients’ funds.

Testing and learning to improve our UK websites

► Our online community was launched in 2015 and has grown to 3,300 members with 40,000 visits and 768,000 post views.

► We run a ‘customer lab’, so people can tell us what they think about new content that we’re proposing to feature on our site.

► We test variations of our content live to better understand what words, videos, and images our customers prefer.

► We run co-creation sessions, discussing proposed new designs or content directly with our customers.
Financial capability

Managing money is a complex business, especially in areas like retirement and inheritance.

We believe it’s our responsibility to help our customers and clients, and wider society, access the right information at the right times in their lives, so they can plan ahead. Our digital channels continue to play a big part in engaging people in conversations about financial education.

Our MoneyPlus blogs have continued to prove successful in engaging with people on financial issues. In 2015, we focused on pension freedoms, covering topics like pension scams and how to avoid them, as well as alternative ways to save and manage money. Our Budget 2015 blog had 27,000 visits, and we were tweeting and posting our responses to the Budget within an hour of the announcements. Our YouTube video also gained 13,000 visits.

We provide financial calculators and guides on our website, which gained over 1.1m hits in total during 2015.

Face-to-face events

- In Ireland, we ran two public events in Dublin and Cork called The New You. The events were attended by over 250 people and their aim was to discuss the challenges facing people thinking about retiring today. Topics included financial planning, health and well-being. We supported these events by providing videos and guides on our website.

- #SaveSmart is a UK initiative aimed at helping women take control of their finances. In 2015, we ran three events in London. 80% of people that went said they felt more confident about managing their money as a result.

- We ran 13 retirement roadshows up and down the UK in 2015. These events offer support and guidance to customers, empowering them to make confident decisions that will allow them to achieve the best outcome at retirement. The agenda centres on making a plan for retirement, deciding where and how to take an income from pension savings, and the importance of investment choice. The events are an integral part of our ‘over 50s journey’ and play a big part in our engagement and retention activity.

  “We believe we have now put in place the best plan for us and look forward to our retirement with peace and contentment.”

  Steve and Pat, York roadshow attendees

- We ran a series of events for financial advisers based in Hamburg, Frankfurt and Munich. Our UK and Europe Chief Executive, Paul Matthews, took part in the events to hear first-hand what advisers had to say on issues like the current market climate, sharing knowledge and getting the best outcomes for clients.

- In 2015, HASL launched their Cultural Forum, a free knowledge building and sharing service for potential and existing clients. This year they ran lectures from experts on various subjects such as health, education and investment which have been well attended. They plan to run more lectures in 2016.

Making progress – advocacy

We use brand Net Promoter Score (NPS) as a key measure of customer experience and brand advocacy. The score indicates how likely a customer is to recommend Standard Life to family and friends. In the last year our brand NPS score, measured by an independent survey, has increased by five.

We again ranked in the KPMG Nunwood survey of top 100 brands.
Stewardship and responsible investment

As stewards of our clients’ investments, acting responsibly runs right the way through our investment process at Standard Life Investments — from the investment philosophy of our fund management teams to choosing the assets that make up the funds we offer clients. We are signatories and strong supporters of the principles of good stewardship that are set out in the UK Stewardship Code.

The integration of environmental, social and governance (ESG) factors into our investment process is an important component of our Focus on Change investment philosophy. We believe that corporate stewardship and the ways in which companies manage ESG factors are significant aspects of investment risk and have a fundamental impact on the achievement of long-term sustainable investment returns. Therefore we use our influence to encourage best practice standards in companies’ management of ESG factors. We have dedicated teams who interact and collaborate to provide our clients with an integrated and award winning ESG service.

Green investment

This year we invested in Transport for London’s £400m green bond. The bond raises capital to invest in projects that will help Transport for London address a wide range of infrastructure and environmental issues like energy and climate resilience, air quality, and pollution prevention.
We believe that companies concerned about the long-term interests of their shareholders should manage relationships with employees, suppliers and customers, and consider the long-term impact of their actions on the environment and society as a whole. The team collaborates with colleagues across the business to integrate environmental and social issues throughout our investment processes and to mandates which have tailored sustainable, responsible investment or ethical criteria.

Voted No.1 in the Extel 2015 Award for Leading UK Asset Management firm for SRI/ESG.

The team published papers during 2015 to help raise awareness of responsible investment topics. These included precarious working practices, the importance of resilient workforces (highlighting the UK Living Wage and UK Modern Slavery Act) and environmental issues across different sectors.

The team publishes reports on their engagement activity every quarter including details of discussions with the companies we invest in on relevant aspects of ESG issues and emerging trends.

Our Responsible Investment team carries out research, analysis and engagement work on social and environmental issues affecting our clients’ investments.

Engagement themes

- Human rights: 26%
- Business ethics: 20%
- Environmental: 32%
- Labour: 22%

Our goal is to remain as one of the leaders in ESG integration and we have committed to the Investment Leaders Group (ILG), a three year project facilitated by the University of Cambridge. The ILG consists of twelve participants from various countries and includes both asset owners and asset managers. The project is designed to understand how investors, through the integration of ESG, can realise positive environmental, social and economic outcomes along with robust long-term investment returns.

Visit our responsible investment pages for additional information

We issued a white paper on stranded assets at the end of 2014 and have had a number of engagements with the extractives industry subsequent to this to find out how they are tackling this issue. In 2015, we engaged with BHP Billiton, a diversified natural resource company. Following encouragement from investors, the company published a public analysis of its exposure to climate change and actions it has taken. A key element of this was their approach to scenario analysis looking at the potential portfolio implications of a transition to a two degree world.

Number of ESG engagements with companies

- 659 engagements in 2015
- 644 engagements in 2014

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<th>Responsible business</th>
<th>Employment</th>
<th>Pensions and savings</th>
<th>Investment</th>
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<td>26%</td>
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Key topics the team engaged with companies on in 2015 included executive pay, auditor independence and the changing role of businesses in society.

For example, the team discussed the governance of tax policies with a number of companies to help ensure that their policies are subject to scrutiny by their boards and don’t expose the company to unacceptable risks. In addition, effective accountability in respect of values and business practices is of critical importance to delivering sustainable value and during the year the team engaged the boards of HSBC, Thomas Cook and Volkswagen to seek to hold them to account for practices that were inconsistent with Standard Life Investments’ Governance & Stewardship Guidelines.

When voting at general meetings of our investee companies the team implements considered policies, based on the Governance and Stewardship Guidelines, and seeks to vote our clients’ shares in a manner consistent with their best interests.

We are signatories to the UK Stewardship Code and fully comply with the code’s principles in respect of our UK equity investments. We obtain additional annual independent assurance from our auditors over our compliance with principles 1, 2, 4, 6 and 7.

The team also exercises influence in matters of public policy and regulation where these relate to governance and stewardship and the interests of our clients. Governance practices and the legislative and regulatory environments driving their development have continued to change globally, providing opportunities for us to input our views in a number of regions in which we invest on behalf of our clients.

\[\text{Visit our governance and stewardship pages for additional information}\]

Governance engagement

- Remuneration consultation: 15%
- Meetings and calls: 30%
- Correspondence: 16%
- Voting issues: 41%

Voting at investee company AGMs

WPP plc AGM – June 2015

We have had long standing concerns about remuneration policy at WPP, in particular the size of the potential award for threshold performance under its Long-Term Incentive Plan. We have engaged with the company on these issues but there has been no positive change. In view of the failure of the Compensation Committee to address our concerns, we voted against the re-election of the Compensation Committee Chairman and the remuneration report resolution at the company’s 2015 AGM. In addition, over time, the issue of succession planning for the Chief Executive Officer has become progressively more pressing. We met with the incoming Chairman to discuss this and attended the AGM where we made a public statement on this matter.

\[\text{1,732 Votes at shareholder meetings of investee companies (1,633 in 2014)}\]
We’re committed to environmental management throughout all phases of a property’s life cycle – from acquisition through demolition, redevelopment and operational management to selling it on. We focus on energy conservation, limiting greenhouse gas emissions, maximising waste recycling and water conservation.

In 2015, Standard Life Investments collected Global Real Estate Sustainability Benchmark (GRESB) ‘Green Stars’ for 16 of our real estate funds. The GRESB ‘Green Star’ is the top ranking for sustainability management, policy, implementation and measurement.

Our strategic partner in Japan published a paper discussing the value of environmentally-friendly properties. They’ve been developing this as a theme to factor into the discussions they have with their stakeholders.
Supporting Good Money Week

“People are increasingly looking for ways to invest which combine profit with a positive social and environmental impact.”

Amanda Young
Head of Responsible Investment

Standard Life Investments sponsored Good Money Week – a UK campaign that raises awareness of sustainable, responsible and ethical finance. The aim of the campaign is to help people make good choices when it comes to their finances. As part of this we published research and papers to help raise awareness of a variety of ‘good money’ topics.

Gender differences

We published research on the differences gender can have on investment choices.

Millennials

We published a research paper called “The Rise of the Millennials” to highlight this generation’s increasing influence in the world of investments. Millennials (also known as Generation Y) are the generation born between the early 1980s and 2000. The expectations and values of this tech-savvy group differ from their predecessors, especially on social, economic and environmental issues. The paper explores the potential impact the Millennials will have on traditional financial management, as well as the many opportunities they create for the industry, including impact investing. It also looks at the wider implications the preferences of this generation will have for the economy, the business community and society as a whole.

We also ran an event hosted by our industry experts Julie Hutchison (consumer finance), Amanda Young (responsible investment) and Lesley Duncan (ethical funds). They discussed how young people are approaching their investments differently, and how Standard Life Investments manages its UK Ethical Fund in line with its ethical policy.

Attendee feedback

“This event has changed my perception of Standard Life.”

“We are increasingly looking for ways to invest which combine profit with a positive social and environmental impact.”

Amanda Young
Head of Responsible Investment

Women are 10% more likely to invest in companies that achieve positive social outcomes

Men are 14% more likely to prioritise high investment returns over environmental issues

Women are 9% more likely to invest in companies that minimise their environmental impact

55% of the investments into our ISA ethical fund are from women

“As this event has changed my perception of Standard Life.”

“It was informative and interesting. A pleasure having the opportunity to learn more about how you work in this sector.”

Attendee feedback
With over 190 years of business heritage, and as an asset owner and manager with a market-leading investment team, we understand how the best companies identify risks and opportunities and take action based on stakeholder insight, to enable them to outperform.

We remain acutely aware, too, of our responsibilities as a steward of our clients’ money, our people’s working lives, the expectations of our investors, and the interests of everyone who relies on us to do the right thing.

With all that in mind, we have identified a number of actions to maintain our standing as one of the leading sustainable businesses in our sector.

Our clients are increasingly demanding investment solutions that ensure their money has a positive environmental and social impact, as well as achieving the desired investment return. We want to continue to build our expertise and capability in this area and help people to align their investments with their values. Throughout 2015, we sought to use our influence in capital markets to act in the best long-term interests of our clients and customers and to promote greater responsibility by asset managers and owners. We will continue to use our strengths and influence in this way in 2016.

In recent years, we have been growing as an international, client-facing, investment business. This brings many benefits, but it also increases our travel footprint. We want to put in place the right actions to reduce or mitigate any negative environmental impact and in 2016, we will review our environment strategy and targets. We also have an impact through how we invest. We will continue to use our influence, and join up with other forward-thinking members of the investment community where necessary, to exert that influence positively.

Inclusion is another area we intend to focus on in the year ahead. Finding ways to be more inclusive and accessible for a range of customer groups who are not currently well served by the financial services industry is something we are keen to explore. Changing demographics mean we need to consider how to best serve a population with an ever-widening age range, and with consideration of people’s different health and capabilities.

Over the past few years, we have invested in breaking down barriers to work, especially for young people, both as an employer and through our community programmes. We believe we can build on this. We want to attract, retain and develop a more diverse range of talented people. We each bring different perspectives and experiences which benefit the business and our clients. We want every individual in our business to feel valued, enabled to give of their best, and to have the opportunity to succeed and achieve their ambitions.

I firmly believe in the positive difference that a responsible, well-run investment business can make in society, whether directly, in partnership with others, or through using our influence appropriately. I look forward to continuing to grow and develop our positive impact, on behalf of all our stakeholders, in 2016.

Keith Skeoch
Chief Executive, Standard Life