

## Gender report

December 2019



We are building an inclusive culture where everyone is valued for who they are and what they bring. Balanced representation of men and women in the workplace is vital to this, and can improve both company profitability (by 21%<sup>1</sup>) and the global economy (by \$12 trillion<sup>2</sup>). We are committed to improving gender balance at all levels in our business from early careers up to and including the Board.

### Our 2020 Commitments As at 30 June 2019



\* Targets are set for our senior leadership population CEO-1 and CEO-2 (leaders one and two levels below CEO, minus administrative roles). Breakdown of CEO-1 and CEO-2 representation is also shown separately for transparency although targets are not applied at these individual levels

As part of our HM Treasury Women in Finance Charter pledge in 2016, we set targets for representation of women at all levels. Our targets were realigned after merger in 2017 and we have shared progress and updates on actions to deliver a better gender balance since then.

We are pleased with this progress, particularly at Board and CEO-1 level, but we are not complacent. We know that sustaining improvement is vital through our significant and ongoing organisational transformation. A key factor driving our gender pay and bonus gaps is the lower number of women in senior roles, and the higher proportion of women in roles which tend to attract lower levels of remuneration. We believe that progress against our senior leadership targets will result in a reduction of these gaps and set the tone for greater gender balance throughout our organisation.

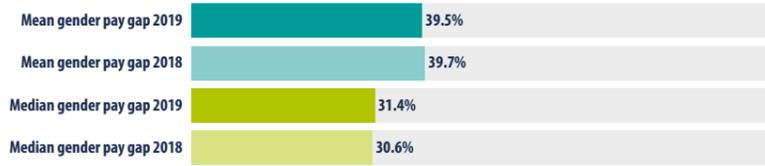


<sup>1</sup> Companies in the top quartile for gender diversity are 21% more likely to experience above average profitability. 'Delivering Through Diversity' 2018 McKinsey and Co

<sup>2</sup> \$12 trillion could be added to global GDP by 2025 by advancing women's equality of participation 'How advancing women's equality can add to \$12 trillion to global growth' 2015 McKinsey and Co

### Our 2019 UK Gender Pay Gap

This shows our overall mean and median pay gap based on statutory calculation of hourly rates of pay as at the snapshot date (5 April 2019)<sup>3</sup>. This is the second year<sup>4</sup> Standard Life Aberdeen has disclosed a gender pay gap. The small reduction in our mean pay gap is welcomed, although we acknowledge this is slightly offset by a marginal increase in the median pay gap. This pace of change doesn't meet our aspirations.



Fundamentally, we have always recognised that pipeline improvements will take time to flow through, and sustainable changes to policies and processes take time to show impact. We share slow progress with our industry and other sectors - 76% of employers who reported a change in their pay gap, reported movement up or down within 5%<sup>5</sup>. Alongside driving our action plan this year, we are carrying out some deep analysis to understand where we should be prioritising efforts to make a sustainable and significant change.

### Gender balance across pay quartiles

By considering the gender distribution across four equally sized pay quartiles we can get a picture of the extent that the structure of our workforce impacts our gender pay gap, with more men in senior roles (higher salary and bonus) and more women in junior, lower paid roles. It clearly demonstrates there is the most significant imbalance in the upper quartile. We recognise that to equalise gender balance across all quartiles we must do more to increase the number of women in our most senior and highest paid roles, whilst balancing the proportion of men and women in our most junior roles.

Quartile	2019			2018		
	Male	Female	Pay gap (mean)	Male	Female	Pay gap (mean)
Q1 (lower)	36%	64%	0.3%	37%	63%	-1.7%
Q2 (lower middle)	50.5%	49.5%	0.9%	49%	51%	1.6%
Q3 (upper middle)	60%	40%	1.6%	57%	43%	2.0%
Q4 (upper)	75%	25%	19.3%	73%	27%	23.4%

### Our 2019 UK Gender Bonus Gap

The graphic shows our overall mean and median variable pay gap. We are reporting a marginally reduced bonus gap this year. It is important to note that this movement predominantly resulted from the overall reduction in our 2018 bonus pool, which was reflective of the performance of the financial markets and resulted in reduced incentive awards across many firms within our sector. At SLA, reduced variable pay disproportionately impacted men, given their representation at levels and in roles which receive a greater proportion of their remuneration via variable pay.



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The 8% increase in the number of women in our senior roles<sup>6</sup> has not yet materially impacted our overall pay gap. However there has been an improvement in the mean pay gap in the upper quartile (from 23% in 2018 to 19% in 2019). The size of the reduction in mean gender pay and bonus gaps that we've seen this year is small, and reflects what others across industries are experiencing; that significant movements in the pay gap needs deep changes in the makeup of the workforce which may take years to come through. This is a long term issue. Delivering a comprehensive plan which takes a systemic approach to all aspects of gender imbalance has definitely shown results through the pipeline, but it has not yet sufficiently and positively impacted our gender pay gap. This reinforces why we're currently carrying out analysis to deeply re-evaluate the impact of all of our actions.

<sup>3</sup> Equality Act 2010 (Gender Pay Gap Information) Regulations 2017  
<sup>4</sup> During the first year of gender pay gap reporting in 2017 we reported as separate companies as the data snapshot date was pre-merger of Standard Life and Aberdeen Asset Management  
<sup>5</sup> Promise, Progress or Failure to Priorities? 2019 PwC  
<sup>6</sup> From setting targets at CEO-1 and CEO-2 level in 2017, to 30th June 2019

### Creating real change

Since 2017, we have delivered action plans which have been co-created with leaders and employee networks across the business and benchmarked externally. Our 2018/19 action plan comprehensively addresses all of the potential drivers of the gender pay gap; from how to enable more women to progress to senior roles, to building a flexible/smarter working culture, to supporting working parents, growing inclusive leadership capability and addressing potential unconscious bias in our systems, processes and decisions.

#### Key actions delivered in 2019 are:

- Introduced a market-leading 40 week fully paid parent leave provision in the UK, equalising leave for everyone, regardless of gender and how you become a parent.

- Integrated 'Smarter Working' to our transformation programme to create a modern, flexible working environment (as part of UK harmonisation of terms and conditions, these will take effect from January 2020).
- Succession conversations have taken place for our Executive Team roles with a continued focus on building a diverse pipeline.
- The second 'Runway' senior female talent development event took place in June.
- The mid-career Accelerate development modules took place for the second time (with female only and mixed-gender cohorts). Over 260 mid-career colleagues have taken part to date.
- We have continued building capability in all of our people to be more inclusive leaders through specific leadership development, self-directed learning, and face to face events, reaching over 20% of our colleagues globally in 2019.

- We've introduced a D&I performance goal to the Investment Management Committee scorecard, and our senior leaders chose to publish their specific commitments to inclusion to increase transparency and demonstrate accountability.

### Next steps

This year we are carrying out deep dive analysis about how women and men join, progress and leave our organisation. We're using this analysis alongside our learnings to date and feedback from colleagues, to determine what impacts representation of women at Standard Life Aberdeen and our gender pay gap. The themes will be used to shape a focused and bold set of gender priorities for 2020. You can read more about these actions in our inclusion report which will be published in early 2020.

At an industry level, we know investment management has the largest mean pay gap behind banking (averaging 31%) with painfully slow or no progress being seen. We'll continue to influence and participate in what is being done across our industry, through partnerships and events like our Diversity Summit. We share responsibility to lead the culture shift needed to meet expectations of our people, the regulator and our clients.<sup>7</sup>



We know progress won't be achieved by initiatives in a plan alone, but by considering inclusion in all its forms, in our everyday actions and decisions. Our focus is on creating a culture and environment where everyone is valued for who they are and what they bring. To this end we'll continue to build capability in all our people to be inclusive leaders, to identify and address their biases, to make more inclusive decisions, and to create a place where everyone feels they can belong and be themselves.



<sup>7</sup> Time to get serious: If diversity is a business imperative, treat it like one (Diversity and Inclusion in investment management) PwC/Diversity Project October 2019

## Statutory disclosures

Under the regulations we are required to separately report our gender pay gap for each of our legal employing entities with more than 250 employees, as at the snap shot date of 5 April 2019.

	Aberdeen Asset Management PLC		Aberdeen Asset Managers Ltd		Standard Life Employee Services Ltd		Standard Life Investments Ltd	
	Median 2019	Mean 2019	Median 2019	Mean 2019	Median 2019	Mean 2019	Median 2019	Mean 2019
Gender pay gap	20.7% ↑1.7	29.7% =	38.6% ↓2.1	42.0% ↑2.4	33.3% ↑3	32.9% ↑1.4	35.3% ↓3	41.4% ↓3.9
Gender bonus gap	35.9% ↑6	46.1% ↓0.7	72.8% ↑1.2	73.8% ↑6.6	39.9% ↑5.9	52.6% ↓10.1	58.9% ↓3.6	63.1% ↓6
Pay quartiles	Female	Male	Female	Male	Female	Male	Female	Male
Q4 (upper)	35.4%	64.6%	16.9%	83.1%	31.9%	68.1%	20.1%	79.9%
Q3 (upper middle)	41.3%	58.7%	29.7%	70.3%	41.3%	58.7%	37.2%	62.8%
Q2 (lower middle)	51.6%	48.4%	48.8%	51.2%	57.7%	42.3%	47.1%	52.9%
Q1 (lower)	56.8%	43.2%	51.2%	48.8%	66.2%	33.8%	64.4%	35.6%
Proportion receiving a bonus								

### Chief Executive sign off

As director of all of these employing entities, I confirm that the gender pay calculations are accurate and meet the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

**Keith Skeoch**

Chief Executive Officer  
Standard Life Aberdeen plc

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