We are futurists

Standard Life Aberdeen

Strategic report and financial highlights 2020

Contents

KPI **Investment performance (three years)**

66%

2019: 60%

KPI **Adjusted profit before tax**

£487m

2019: £584m

KPI **IFRS profit before tax**

£838m

2019: £243m

KPI **Full year dividend per share**

14.6p

2019: 21.6p

Net flows (Excl LBG tranche withdrawals)

£3.1bn outflow

2019: £17.4bn outflow

This symbol indicates further information is available within this document or on the Group corporate website.

Download this report from:
www.standardlifeaberdeen.com/annualreport

The Strategic report and financial highlights 2020 contains extracts from the Group's Annual report and accounts (ARA) 2020, and is not the Group's statutory accounts. For further information and a fuller understanding of the results and the state of affairs of the Group, please refer to the full ARA 2020 which can be found on our website at **www.standardlifeaberdeen.com/annualreport**

Access to the website is available outside the UK, where comparable information may be different.

Certain measures such as fee based revenue and adjusted profit before tax are not defined under International Financial Reporting Standards (IFRS) and are therefore termed alternative performance measures (APMs).

APMs should be read together with the Group's IFRS consolidated income statement, IFRS consolidated statement of financial position and IFRS consolidated statement of cash flows, which are presented in the Group financial statements section of the ARA 2020. Further details on APMs are included in Supplementary information in the ARA 2020.

All figures are shown on a continuing operations basis unless otherwise stated.

The auditors' report on the full accounts for the year ended 31 December 2020 was unqualified, and their statement under section 496 of the Companies Act 2006 (whether the Strategic Report and the Directors' Report are consistent with the accounts) was unqualified.

KPI **See page 31 for details on all of our financial key performance indicators (KPIs) and page 21 for details on our employee engagement KPI. See Supplementary information in the ARA 2020 for details about the investment performance calculation.**

We are futurists

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

enabling our clients to be better investors

Our client focused business

We operate across three vectors that reflect how our clients interact with us. Through these vectors, and using time, technology and talent, Standard Life Aberdeen has the full ecosystem of capabilities to enable our clients to be better investors.

We provide services across three growth vectors

Investments

Our global asset management capability thrives on curiosity and collaboration. It is powered by technology so that the investment decisions we make today enable the outcomes our clients expect tomorrow.

Our clients want solutions that meet complex requirements over multiple durations, including those for retirement planning, healthcare and education.

As our core business, our goal is to leverage our global presence and our meticulous research to consistently deliver superior outcomes for our clients.

£457bn AUM[1]

Fee based revenue
£1,146m

Adviser

Our market-leading UK financial adviser business provides services through the Wrap and Elevate platforms to wealth managers and advisers.

Our platforms enable our clients to deliver their core services, access high-quality financial planning technology, simplify the services and enable the scale of their businesses.

Our goal is to excel on experience, as well as the efficiency of our services to wealth managers and advisers.

£67bn AUMA[1]

Fee based revenue
£137m

Personal

Our Personal business combines our financial planning business 1825, our digital direct-to-consumer services and discretionary fund management services from Aberdeen Standard Capital. Our range of services includes ISAs and investment accounts.

We deliver advice and outcomes for a growing population of charities, advisers and individuals who are seeking guidance at the moments of time that matter to them.

Our goal is to provide good advice and high-quality and accessible services direct to consumers to help them plan for, and meet, their financial futures.

£13bn AUMA[1]

Fee based revenue
£80m

1 Total AUMA at 31 December 2020 was £534.6bn including Parmenion of £8.1bn less Eliminations of £10.7bn. See page 33 for more information.

Delivering for our stakeholders through unprecedented times

2020 was a year like no other. The COVID-19 pandemic touched every corner of society, affecting lives to an extent not experienced for generations, changing the ways we live and work. Resilience and adaptability were essential to our continuing to deliver for our clients and customers and I am proud of the way the leadership of the company, with the support of all our colleagues, stepped up to meet the challenges.

Sir Douglas Flint, Chairman

It was also a year of further transition in our businesses as we welcomed Stephen Bird as our new Chief Executive Officer and, building on the transformation progress delivered following our merger and the sale of our UK and European insurance business, we tasked him with positioning the company for growth. This has generated a fresh excitement within the company, notwithstanding the difficult external environment.

Responding to the pandemic

Before I talk more broadly about progress in our business, I must reflect on the context in which we continue to operate. When I wrote about the outlook in my statement in last year's annual report, the pandemic was only in its early stages and the extent of the human and economic loss, and the restrictions on our ways of working and living that we have seen over the last year, were then unimaginable.

From the outset, we prioritised both the safety and wellbeing of our colleagues, and equipped them with the tools and resources to work remotely to meet the needs of our clients and customers. Virtually all our colleagues are still working from home, and we are evolving safe, new, working practices for people who need to collaborate with their colleagues face-to-face. We have taken the opportunity to redesign and re-purpose our main offices. When restrictions ease, we will be back working in a new way, making time spent in the office more collaborative and constructive.

Everyone, of course, is still concerned about the wellbeing of their loved ones and many are juggling caring responsibilities. On top of this, turbulent markets and a faltering economy have led to mental stress and uncertainty around finances and futures. Some of our colleagues are caring for vulnerable family members and friends, others have been negotiating home schooling, or feelings of isolation. The vaccine roll-out brings hope, but until the programme is complete and we can find our way back to a new version of normal life, my deepest thanks to all our colleagues who continue to deliver in these difficult circumstances.

Positioning for growth

The economic backdrop caused by the pandemic meant we did not build revenue in 2020 but we made encouraging progress in related areas. Notably, we reduced net outflows, improved both consultant ratings and investment performance and met major milestones in delivering the technology framework needed to underpin future growth. Additionally, following Stephen Bird's appointment, we repositioned the company around three growth vectors. We added emphasis to our personal business and adviser platforms, increased our commitment to technology-driven investment solutions and repositioned our real estate business through the planned sale of our direct real estate business in the Nordics. In December, we announced the acquisition of one of Europe's leading logistics real estate fund managers, Tritax. On top of this, we announced the intention to sell Parmenion, one of our three adviser platform businesses, in order to bring clarity to our adviser platform strategy.

With market conditions in India favourable, we continued, as previously indicated, to sell down our stake in HDFC Life realising a further £0.6bn in proceeds and generating a profit of £0.5bn from the share sales. This disposal also resulted in a one-off accounting gain of £1,051m due to a change in classification of our investment in HDFC Life. We continue to have valuable stakes in Phoenix, HDFC Life and HDFC Asset Management. Together these stakes are worth £3.7bn as at 5 March 2021. Reflecting the impact on reported and future revenues from projections of global equity markets and a change in mix with a higher proportion of lower margin assets, an impairment of £915m in the asset management goodwill was reported during the year.

Our capital resources and liquidity position remain strong. At the end of December capital resources stood at £3.4bn, an excess over regulatory requirements of £2.3bn. During 2020 we returned £0.5bn to shareholders through dividends and a further £0.4bn by way of share buyback.

The Board remains committed to delivering a dividend that is sustainable over the medium term. Having reflected on current operating profitability and industry trends, together with residual economic and market uncertainties as the global economy deals with the aftermath of the pandemic, the Board has concluded it should take this opportunity to rebase the dividend to a level from which it is confident the dividend can be grown in due course. This decision also reflects the Board's assessment of opportunities to deploy the Group's current capital strength in growth opportunities as it builds the strategy around the three growth vectors set out in our Strategic report.

The Board is therefore recommending a final dividend in respect of 2020 of 7.3p, bringing the total dividend for the year to 14.6p, a 32% reduction from the total dividend paid in respect of 2019 (21.6p). It is the Board's current intention to maintain the total dividend at this level (with the interim and final at the same amount per share), until it is covered at least 1.5 times by adjusted capital generation, at which point the Board will seek to grow the dividend in line with its assessment of the underlying medium term growth in profitability.

New leadership

In terms of Board changes, as previously intimated, we welcomed Brian McBride to the Board in May. Brian's experience in digital business, and in particular using technology effectively in markets facing disruptive new entrants, is proving extremely valuable as we build our adviser and personal growth vectors.

The second and major change last year was of course the appointment of Stephen Bird as our new CEO. Early in 2020, Keith Skeoch and I initiated conversations on succession planning. Keith was instrumental in leading the business as the pandemic took hold and as we moved from the initial stage of managing the impacts to looking at the longer term, we both felt the timing was right.

The Board was extremely fortunate to identify and recruit an outstanding successor in Stephen Bird who had enjoyed, until he retired, a long and distinguished career at Citigroup, latterly serving as CEO of its Global Consumer Banking business – I was delighted to welcome him as our new CEO. Stephen officially took over the role in September, after joining the Board in July.

I have known Stephen for many years and have admired his leadership experience and skills. He tackles complexity fearlessly, has an ability to create valuable partnerships and is expert at guiding businesses through periods of major change. He also has a great track record in leading businesses to harness digital technology. Now his task is to prepare our business to do this – to improve both productivity and client and customer experience. The latter is particularly relevant as the trend towards individual savers taking more responsibility for managing their money continues to develop at pace. Stephen's global experience, building businesses in both Asia and the US, will also be invaluable as we reposition our business for growth in these markets. Furthermore, his experience of managing through many downturns, including the global financial crisis, means he is well placed to lead the business at this critical juncture.

Stephen has already made a significant impact. He has made a careful evaluation of our business based on dialogue with all of our stakeholders and, as a result, reformulated his leadership team and realigned our strategy for long-term growth. He shares more detail in the following pages.

I want to take this opportunity to thank Keith Skeoch and recognise his accomplished leadership as our Chief Executive and, for a period, Co-Chief Executive over five years. Given the scale and range of his contributions, transitioning away from his leadership was always going to be a challenge. Keith was central in the creation of Standard Life Investments and led the business to being a global asset manager in its own right. Foreseeing the industry trends which would force complex strategic choices, Keith, alongside Martin Gilbert, guided the business through the merger between Standard Life and Aberdeen Asset Management – as well as the deal with Phoenix Group – reconfiguring the business at a time of significant change within our industry. He was a decisive and empathetic leader during the COVID-19 crisis and has supported the transition to the new leadership selflessly. For all this we owe him a huge debt of gratitude. Martin Gilbert, whose retirement was announced at this time last year, left the Board at last year's AGM and finally retired in September. We wish them both well in their future endeavours.

Section 172 statement

The Board recognises that the long-term success of our business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of all our stakeholders (including, for example, our clients, our people, our communities and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act.

The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into our long-term decision-making with further details provided on pages 46-47.

The Board's decision-making considers both risk and reward in pursuit of delivering long-term value for all of our stakeholders, and protecting their interests. Awareness and understanding of the current and the potential risks to the business, including both financial and non-financial risks, are fundamental to how we manage the business. Further information on how risks are appropriately assessed, monitored, controlled and governed is provided in the Risk management section.

During 2020, some of the Board's stakeholder engagement plans had to be altered to comply with COVID-19 restrictions. For example, the Board Employee Engagement Group, led by non-Executive Director Melanie Gee, continued to engage with employees through online channels – both directly and as part of regular meetings with employee representative groups.

You can read more about how we connect with our stakeholders in the pages that follow.

> **We play an important role in identifying opportunities for clients in challenging global markets, providing the capital to help rebuild and reshape the post-pandemic recovery, and ensuring that capital is prioritised to businesses with sustainable futures as part of global commitments to 'build back better'.**

Our role in society

The global pandemic reminds us that the major challenges facing society can only be solved through global co-ordination and cooperation. Companies are, rightly, under mounting pressure to conduct business in a way that is not only economically sound, but also socially and environmentally responsible. This means ensuring that a company is governed in the interests of all stakeholders, including employees, customers, society as a whole and the planet.

Many of the social issues and inequalities evident today are not new. However, they have been starkly highlighted and are deepening as a result of the pandemic. The negative impact is greater in some groups than others, with younger workers, minority ethnic communities, women and those already disadvantaged, suffering disproportionately.

We are very conscious of the wider contribution we can make to the communities we serve. This ranges from directing funds to communities most in need, to investing in the skills of the next generation that will be critical for long-term economic recovery.

Environmental, social and governance (ESG) considerations have always been and remain an integral part of our decision-making process. Now, more than ever, the impact of COVID-19 underlines the need for this. Tackling climate change must remain a priority. We will pursue this in the businesses in which we invest and in our own operations. Companies like ours have a critical role to play in accelerating the transition to a sustainable, net zero economy. We are committed to achieving net zero and we will be setting out our plans later this year.

As we look ahead to the important UN Climate Conference (COP26) meeting in Glasgow this year, we are taking further steps to ensure our ESG strategy is fully and transparently integrated into how our business operates and that our approach demonstrates leadership within our industry. Stephen shares more about this on page 7.

Looking ahead

Global change brings opportunity for active asset management. Our businesses operate on the world stage, and we see the world in 2021 providing both great challenges and great opportunities. The roll-out of effective vaccine programmes raises hopes for a return to a more 'normal' life. However, manufacture, distribution and vaccination of the entire global population is no simple task; it will be a multi-year, sustained effort.

In this context some industries will be winners, while others will shrink or need to rapidly adapt. Investment opportunities in infrastructure, technology, life sciences and the transition to a net zero future will attract great support. As active managers, we play an important role in identifying opportunities for clients in these challenging global markets, providing the capital to help rebuild and reshape the post-pandemic recovery, and ensuring that capital is prioritised to businesses with sustainable futures as part of global commitments to 'build back better'.

Importantly, many of last year's uncertainties are now resolved. We have a new president in the White House, the UK has agreed a Trade and Cooperation Agreement with the EU avoiding a 'no deal' Brexit, a variety of vaccines to counter the threatening impact of the coronavirus pandemic are being rolled out and economic forecasts are predicting a bounce-back in consumption and activity once a normalisation of daily life is achieved. On the other side of the world, Asia led by China is already well underway with relatively stronger economic growth. The US economy is also now projected to bounce back strongly given the fiscal stimulus support recently approved.

I remain hugely optimistic for the future success of this business. With our leadership succession secured, a refreshed strategic focus, and investment in our growth vectors, innovation and talent, we have everything we need to meet the challenges and opportunities ahead and deliver for our stakeholders today, and in the future.

Douglas Flint

Sir Douglas Flint
Chairman

Building the future, starting now

Strong businesses that grow sustainably obsess over consistently providing exceptional client value. We are in the process of strengthening that client obsession and optimistic sense of urgency to put Standard Life Aberdeen in its best possible competitive position as we prepare to enter our third century of serving clients in 2025. This is the reason I joined the company, and why I test every decision we make against that goal. It is a privilege to have this leadership responsibility and I am confident that we as a team are already moving quickly in the right direction.

Stephen Bird, Chief Executive Officer

Our one true north is enabling our clients to be better investors. That is the value we bring, we harness the power of time, technology and talent to enable our clients to achieve their goals. Different clients with different goals and different solutions, all powered by meticulous research, a global perspective, sound judgement and a relentless drive to both understand and shape the future.

When I joined the company in summer last year, my priority was to get under the skin of the firm so I could begin to understand it inside out. I met with and listened carefully to our clients, colleagues and shareholders so that I could understand the journey we were on and the expectations each group had of us. My goal was to form a realistic picture of our strengths and weaknesses, combined with opportunities and threats.

What I quickly came to understand was that we have a great company, with talented people, a proud heritage and real financial strength. We also have deep relationships with our clients, based on providing a great service and a broad range of diversified products and solutions.

On the other side, revenues were declining and our costs were too high, resulting in a squeeze on our profitability. The company is still processing two large transactions – the merger and the sale of the Standard Life long-term insurance business to our largest client Phoenix – and we have been too slow to determine our future growth strategy and therefore invest in some key areas. The strategy I am setting out today will address these challenges so we can return to sustainable growth.

Client led growth

Our strategy is to deliver client led growth. Client led growth is always the highest quality growth. This is because it is rooted in understanding client outcomes, driven by needs, wants and aspirations – which in turn allows the delivery of intuitive, satisfying client experiences.

We are futurists. This means we harness the compounding power of time, we leverage technology to connect with our clients and to invest intelligently and we channel the relentless curiosity of our team so that we keep learning and improving every day. The talent of our team when harnessed to enable client goals is the core of our business. I know that we must continue to invest in making this a great place to work, attracting and nurturing talent. We operate across three 'vectors' that reflect how our clients interact with us: **Investments** – a truly global asset management business serving institutional and wholesale clients; **Adviser** – a UK financial adviser technology platform that helps financial advisers and the firms they work for deliver advice over the length and breadth of the UK; and **Personal** – a high-potential UK wealth and savings business. Through these three vectors, and using time, technology and talent, Standard Life Aberdeen has the full ecosystem of capabilities to enable our clients to be better investors.

In our Investments vector, we use our research, judgement and experience to deliver outcomes that meet client expectations as they continually evolve. This is not about any individual asset class though each one is a critical part of the solution, rather, it is all about fully understanding client objectives and delivering optimal solutions in a dynamic ecosystem which is asset-agnostic and highly efficient. In doing so, as we do for Phoenix and other key clients, we provide compelling value, and we create long-term, sophisticated growth partnerships.

In our Adviser vector, we understand the importance of time to advisers, their businesses and their clients. Our core strategy is to be the easiest platform to do business with and to use well designed technology to deliver great experience for advisers and their clients.

In our Personal vector, we are driven by delivering positive outcomes for clients at the moments of time that matter most to them. Our technology will support ease of access and transacting in ways that our clients value. We have an organic growth plan and we are executing against it with vigour. We also recognise that scale is important and there may be inorganic or partnership opportunities that will allow us to achieve greater relevance and scale more quickly.

On pages 16 to 19 we share more detail about the opportunities in each.

In realigning around these three growth vectors, we are also taking out complexity and inefficiencies. Our integration programme has progressed well in 2020 and we are committed to getting it done in 2021.

In 2020, revenues have declined by 13%, while costs have reduced by 10%, resulting in an adjusted operating profit of £219m (2019: £301m), with an adjusted profit before tax of £487m (2019: £584m). Our cost/income ratio remains too high. In order to address this, we must have a laser focus on increasing revenue through sustainable growth, whilst eliminating duplication, sub scale activities and unnecessary costs. To do this, we will optimise our operating system to power the business, make smarter use of technology, get more from our strategic partnerships with suppliers and simplify the business, giving colleagues at all levels more responsibility for decision making. Doing this will give us the headroom to invest where we have the greatest potential for growth. The IFRS profit before tax is £838m (2019: £243m), reflecting principally increased profit on disposal of interests in associates, offset by impairments.

A single brand to build on

We have different groups of clients but our business model is still greatly interconnected. To make the most of this ecosystem, our clients need to have a consistent experience when they interact with us. When I joined the company we had at least five client facing brands plus a different corporate identity. Clients, colleagues and partners told me our branding is confusing and needs to be fixed.

In response to this feedback, we will be rebranding to use one consistent brand name for our publicly listed company and for all our client facing businesses. Our brand will make a promise that we will fulfil and having a single brand will allow us to get a better return on the investments we make in marketing and sales.

In February, we announced that we had reshaped and refocused our relationship with Phoenix such that we both could be strong independent partners for the next 10 years, focused on growing our own respective businesses and growing our partnership in asset management. To this end, we have agreed to sell the Standard Life brand to Phoenix Group which simplifies and clarifies the original sale of our Standard Life long-term insurance business.

Our new identity is one of the key projects for the year ahead and I am excited about this bold step. Not only does it mean a more consistent experience for our clients, it also ensures we get better value from every pound we spend on our brand. It also means all of our colleagues will work under the same banner, reinforcing our team performance culture.

> **“ Client led growth is always the highest quality growth. This is because it’s rooted in understanding client outcomes, driven by needs, wants and aspirations – which in turn allows the delivery of intuitive, satisfying client experiences.**

A culture of curiosity and ownership

As a team we have already implemented a series of decisions to drive long-term success. We have a growth strategy and structure that supports this goal. Of course all change starts with personal change and I am asking our people to think and act differently too. As futurists, we need to be incredibly curious about the changing world around us. Huge change is taking place in the world right now, technological, environmental and social changes are disrupting companies and industries – behaviour and society is changing quickly, all of these changes impact our clients and their investment needs. We are actively and constantly evaluating these trends and understanding what they mean for our clients and our business model – our capabilities must and will keep pace with these changes.

We also need to encourage an ethos of acting and thinking as an owner, right across our business. We will treat shareholder capital as if it is our own. Every time we make a decision, we will ask ourselves what we would do if we had a personal stake in the outcome, because we do.

Responsible investment is in our DNA. This is the very essence of being better investors. Our leading ESG framework and investment process must have a real-world impact and drive positive change. This means not only improving long-term returns, but also building a world that is more sustainable, just, inclusive and diverse. Our credentials are already excellent. Now the impact of the pandemic makes achieving our ESG goals all the more urgent.

In 2021 we are building on our long-term commitment to responsible investing through a number of actions, nowhere more important than in our efforts to combat climate change. Our activities include bespoke climate change scenario research to take a view on the impact of climate change on future asset pricing and the creation of a proprietary ESG ‘House Score’ across public markets. We are working with clients on solutions that will allow them to achieve their future goals in this space, including support for institutional clients in the transition to net zero, and the launch of sustainability and climate thematic funds. Our influence as an active owner of assets, and commitment to enhancing transparency in ESG activity, will also continue to inform our approach. You can read more on page 17.

Looking ahead

2020 was an unprecedented year for everyone, and I echo the Chairman in my deep gratitude for how our colleagues responded, and for Keith's leadership. Standard Life Aberdeen acted responsibly in the interests of all of our stakeholders and, in an incredibly challenging year, investment performance was strong and our overall business performance held up. Stephanie Bruce talks more about our performance for the year in her Chief Financial Officer's review.

I want to look ahead now and, in the context of our new strategy, tell you about the key elements of our plan for Standard Life Aberdeen.

Firstly, our integrated ecosystem of Investments, Adviser and Personal businesses allows us to operate at scale leveraging shared research, data sources and analytics, investment management, technology development, infrastructure, brand and partnerships.

The combination of our investment and technology capabilities puts us in a strong position to anticipate and deliver against clients' evolving needs. This is an important area for ongoing investment as simple technology and ease of access becomes expected by clients whenever they engage with us. Our Personal vector will be a key focus for this ongoing investment as we seek to create solutions that are intuitive and deliver, particularly at the moments that matter.

Our future-focused talent – I have worked in this industry for a long time, all over the world, and I know we have some of the best people at Standard Life Aberdeen. We can see this in the strength of our investment performance and in the quality of our client propositions. We will continue to augment and empower this talent through a culture of collaboration, innovation and a focus on delivery, powered by a passion for clients.

Importantly, we now have a clear path to revenue growth. The business has been reshaped and each vector's contribution to revenue growth has been clearly defined. In support of our overall goal of client led growth we will invest our time and resources into seven strategic priorities: UK adviser and consumer market; growth in Asia; technology; solutions; client ecosystems; investing responsibly; and private markets.

We continue to work hard on our cost base. Finishing integration and completing our operational and technological separation from Phoenix Group will enable us to deliver improved efficiency. This is fundamental to delivering the right returns for our investors through time.

We will make effective use of our capital. Our capital resources at £3.4bn are strong and we have continued to strengthen through actions that we have taken over the last six months. As well as the proposed sale of our Nordics real estate business and Parmenion, the closing of our business in Indonesia adds to the examples of tightening our focus on our core growth opportunities. We have also invested in the business, and the proposed acquisition of Tritax is an example of our willingness to search for and execute upon opportunities that enhance our growth prospects. Our goal is to pursue efficient and sustainable client led growth and to deliver improved shareholder returns.

My belief in the strengths and potential of our company is one of the key reasons I chose to take the role at Standard Life Aberdeen. I have been in the job now a little over six months and we have already taken decisive action, and there is a lot more to do so that this business can deliver on its full potential. I am really looking forward to meeting more colleagues, clients and shareholders face to face to talk more about the work we are doing, and I am incredibly excited about the opportunities we have before us.

Stephen Bird
Chief Executive Officer

Our strategy for growth

We are futurists

We harness the power of time	We leverage technology to connect	The curiosity of our talent creates opportunity

enabling our clients to be better investors

Investments

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

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

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

Adviser

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

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

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

Personal

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

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

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

Enablers

- Technology
- Brand
- Research
- Partnerships

Investing responsibly to build a better world

Our strategic priorities

Delivering client led growth

Our strategy has been designed to capture the upside and protect against the downside risk of significant market opportunities. By focusing our global resources on the following strategic priorities, Standard Life Aberdeen is building a long-term, sustainable business, whilst delivering for our clients today.

UK adviser and consumer market

The population is ageing and advancements in life sciences are improving health and longevity. Responsibility for providing for a longer retirement is increasingly being passed to the individual. On top of this, the pandemic has reinforced the need for personal financial resilience to provide a buffer against unexpected events. Fundamentally, individuals need to save more and start earlier.

Our UK Adviser platforms and Personal vectors are already focused on helping financial advisers and individuals invest and we are focused on making their experience even easier, providing a full range of products and solutions aligned to their desired outcomes.

Growth in Asia

The economic centre of gravity continues to move East and building on our strong legacy there is a major strategic focus. Demand for global capabilities in Asia will continue to grow quickly as the expanding middle class saves and invests more in the coming years and the savings institutions into which they entrust their funds expand their investment horizons beyond their own markets. Likewise, this higher rate of growth and economic development will continue to attract significant investment from the rest of the world.

We are reconfiguring our business for faster growth in Asia, bringing global capabilities and local expertise.

Technology

We will complete our integration and yield the full operational and cost benefits of a simplified technology infrastructure. We are committed to continuous improvement knowing that agile technology development, advanced data analytics, machine learning and cloud computing are essential capabilities for an efficient, client driven investor.

We will enhance our capabilities, to allow us to better match our solutions to client needs and support our investment teams' focus on continuously improving performance and a sustainable and efficient pattern of growth.

Solutions

Our institutional and wholesale clients are facing an increasing array of complex challenges and are focused on being able to achieve specific outcomes that meet their unique circumstances and objectives. These challenges range from understanding technology and business model disruption, through to the impact of long-term low interest rates and managing the transition to a net zero future.

We will build on our existing capabilities to bring comprehensive needs analysis and an integrated risk management approach on a whole of portfolio, asset-agnostic basis, focused on designing and delivering customised solutions.

Client ecosystems

Data analytics and connected systems allow us to deliver the right solution, to the right client, at the right time. In well-designed ecosystems it is no longer necessary to own all parts of the value chain.

Our technology ecosystem consists of strong, trusted partners and operates as a seamless extension of our own capabilities and is a key source of competitive advantage. It allows us to efficiently access new and growing client segments and provide efficient delivery mechanisms for our clients.

We will harness this ecosystem to leverage shared research, data sources and analytics, technology development and infrastructure.

Investing responsibly

In a rapidly changing world on a path to net zero, we believe targeting sustainability improves our clients' long-term returns. As futurists, we are relentlessly curious and seek to identify those technologies, companies and sectors that will thrive in the economy, environment and society of tomorrow. In a constantly changing world, investing in sustainable solutions and engaging with companies seeking to transform drives positive change.

We will develop our products and solutions to target sustainability in improving long-term returns and empowering clients to make better informed investment decisions to help them navigate this era of rapid change.

Private markets

In a world of low expected returns from liquid asset classes, fewer public companies and where traditional approaches to portfolio diversification are less efficient, private market and real estate opportunities are playing an increasingly important part in making our clients better investors.

We are focused on the growth themes which will be better accessed via private markets and real estate investments and we are strengthening and leveraging our business in this strategically important area.

Our business model helps us to deliver strategic success and stakeholder value

Our business model is designed to enable our clients to be better investors, deliver for our shareholders and provide an environment where our talent can thrive – and make a positive, lasting contribution to the future world.

Our areas of strength

A global asset manager with diverse capabilities: research-led and innovative, with strength in private and public markets

ESG in our DNA

Strong client relationships, based on trust and experience

Investment platform with enhanced technology and simplified processes

Leading technology for advisers in the UK

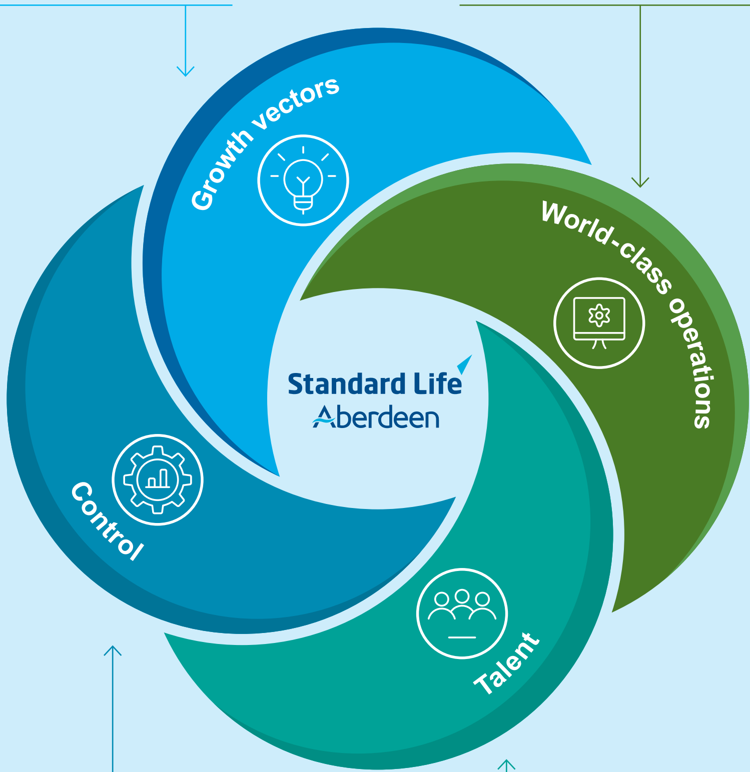
Specialist planning and advice services for UK clients

Strong balance sheet to support growth opportunities

How we do it

Growth vectors
We focus on three vectors of growth to deliver strategic ambitions, profitably, simply and efficiently, both organically and inorganically. We earn revenue primarily from fees charged based on AUMA.

World-class operations
We are building an operating model for agility, speed and efficiency. Technology-driven, it will deliver a world-class experience with a focus on low costs, high quality and value.



Control
Our strong control environment helps us to manage risk effectively, ensure business security and maintain operational resilience.

Talent
Our talent model constantly strives for excellence, has the right people for the right roles, and offers clear pathways for growth and development. It also has diversity and inclusion at its core.

Our strategic priorities are described on pages 10-11. Our execution priorities for 2021 are described below.

What we deliver

For our clients
- Broad range of solutions designed to meet clients' current and future needs
- Long-term investment performance
- ESG considerations embedded in our investment processes

Three-year investment performance 66%

More on p14-19

For our people
- Performance-driven culture where we listen to, and act on, our people's views
- Technology to develop talent and improve collaboration
- A refreshed framework to guide our diversity and inclusion priorities

Overall employee engagement score 72%

More on p20-23

For society and our communities
- Fair and inclusive employment, removing barriers to realising potential
- A response to the interlinked crises of climate change and biodiversity loss
- ESG focus running through our operations and our investments

DJSI World index top 2% for our sector

More on p24-29

For our shareholders
- Sustainable shareholder value
- Financial resilience in uncertain and challenging market conditions
- Continued investment in our business to further diversify our sources of revenue

Group capital surplus of £2.3bn

More on p30-37

Our execution priorities for 2021

Operating leverage
Investing in our growth priorities, while reducing our commitment to non-core areas.

Finish transformation
Completing transformation in 2021, enabling us to realise further cost savings and free up resources for our growth agenda.

Brand clarity
Creating a single brand with clear values, optimising marketing investment.

Stewardship of capital
Maintaining our strong capital position to enable resilience in uncertain times, while investing selectively to accelerate growth.

Business simplification
Simplifying and further localising decision making, removing unnecessary layers and costs, empowering our people and creating efficiencies.

Building solutions today that clients need tomorrow

In our rapidly changing world, clients rely on us to provide a service that keeps pace with their needs while delivering strong investment performance. Global investors, UK-based advisers, wealth managers and individuals all need seamless, intuitive solutions.

We are building the future now, by enhancing the technologies we use, as well as simplifying data sources and processes. This makes our institutional-grade investment expertise easy to access. It also enables assessment of investee companies against ESG risks and opportunities to be more straightforward. We are providing our clients with the solutions they need, now and for the future.

Performing for clients

Net outflows improved to

(Excluding LBG tranche withdrawals)

(£3.1bn)

Innovation Award

for Aberdeen Standard Capital at the PAM Awards 2020

Best platform provider over £25bn

Wrap

Best platform provider under £25bn

Elevate

Schroders UK Platform Awards 2020

Investment performance

66%

AUM ahead of benchmark over 3 years

Best Thought Leadership Paper

Investment Week Sustainable & ESG Investment Awards

Pension Transfer Gold Standard

for 1825, as endorsed by Personal Finance Society

Investments

Our Investments vector is a core growth engine for the group. Our client led approach is to use our broad investment expertise to enable our clients to be better investors.

We do this through our global network of investment professionals with products and solutions spanning a broad range of markets, asset classes and investment strategies. In 2020, we continued to provide a breadth of capabilities across key markets of growth and client needs whilst also reconfiguring and simplifying our business.

Our client led strategy is underpinned by three enablers:

Innovative products and solutions, a relevant product and solution range is vital for our clients and we continue to evolve our range with innovative solutions that are co-created with our clients. In 2020 we enhanced our strategies further with global risk mitigation, passive hedge fund indices, and a key range of sustainable ESG funds. We are focused on simplifying our range as clients' needs change and will continue to remove sub-scale funds.

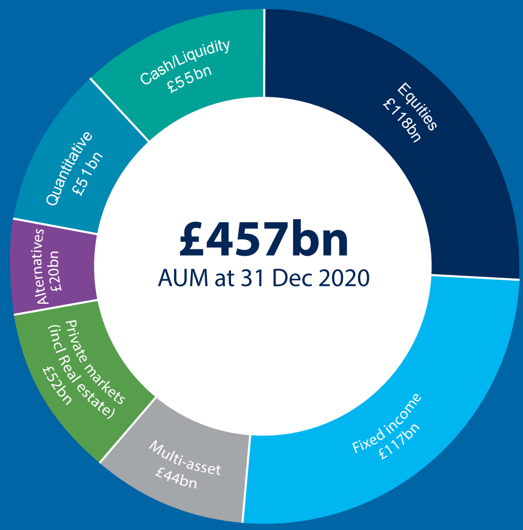
Collaborative partnerships are important for client led growth, where deep understanding allows us to tailor our products and solutions to meet client needs. We have strengthened our relationship with our key partner Phoenix with over £170bn of their assets being managed by our skilled team. We continue to innovate together to support their ongoing needs. In 2020, we collaborated with several clients and platforms such as China Construction Bank International in Hong Kong, HUB24 in Australia, FAPES in Brazil and Skipton Building Society in the UK, to provide bespoke solutions.

Research, data and technology underpin our investment decision-making. We continue to make improvements to our infrastructure, enhancing the way we invest on behalf of clients to meet their desired outcomes. In the last year, we have integrated our operational investment systems, improved our research capabilities with our ESG House Score, and have launched our proprietary data capability to support our deep understanding of our clients.

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

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

>40% of funds with **>£100m AUM**



AUM of largest client, Phoenix

£171.5bn

>2,000
Institutional Clients

[1] Source: Broadridge, AUM as at 31 Dec 2020.

Enhancing our client led innovation

Looking to 2021 we will develop our capabilities to support our strategic priorities for our Investments vector:

Growth in Asia

Reconfiguring our footprint in Asia for faster growth.

We will bring our global capabilities to the world's fastest growing markets through deep local expertise.

Private markets

Further **enhancing** our direct alpha capabilities and diversifying further into Asia and North America, taking advantage of attractive market conditions such as strong growth and resilient fundamentals.

Responsible investing

Targeting sustainability to improve our clients' long term returns.

Empowering clients to make better informed investment decisions to help them navigate this era of rapid change.

Solutions

Building on our existing 'liability aware' heritage, broad investment and technology capability set, and the strength of our client ecosystem to deliver bespoke and 'whole of portfolio solutions' to solve clients' increasingly complex investment problems.

Exchange Traded Funds (ETFs)

Expanding our existing ETF capabilities beyond the US, combining our active and passive expertise through a range of European UCITS ETFs with a specific focus on thematic strategies.

Technology and data

Continuing to invest in agile technology, advanced data analytics and next generation computing as critical capabilities to enhance our wide range of outcomes and efficiencies as a global, client led investment manager.

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

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

1 year	3 years	5 years
71%	**66%**	**68%**
(2019: 74%)	(2019: 60%)	(2019: 67%)

Responsible investing assets – Strong foundations

1. Strong in sustainable Fixed income which is a differentiator in the market
2. Expanding our existing franchise across public and private market asset classes to establish a platform for flows
3. Launching 15 sustainability funds in 2021 including four climate funds that build on our research strengths
4. Working with our strategic partner Phoenix Group on transitioning their investments to net zero by 2050
5. Empowering our global institutional client base through portfolio level ESG reporting and net zero solutions

Responsible investing

We are continuing to build on our long-term commitment to responsible investing through a number of actions including:

- Our bespoke climate change scenario research which allows us to take a view on the impact of climate change on future asset pricing and embed this into our thinking
- The creation of a proprietary ESG House Score, across public markets, combining external data with our internal insights and forward looking research
- Increasing transparency for our clients, empowering them to purposefully place responsible investing at the core of their investment decisions

Sustainable options to empower our clients

We are working with clients on solutions that allow them to achieve their future goals whilst 'dialling up' the impact of their investments. For example, we can provide our clients with higher exposure to companies or assets that are solving the climate and environmental crisis. In line with this, we are working with Phoenix and other institutional clients on the transition to net zero.

Expanding on our existing sustainable fund range, we have a strong pipeline of options catering for a range of different client sustainability requirements due for launch throughout 2021.

To support transparency in 2021, we will disclose portfolio-level ESG information to many of our major institutional clients and across a range of our public market funds. This will cover climate, ESG risk, and stewardship data. We will continue to evolve the ability to provide data on outcomes to clients, in line with rapid regulatory change and their fast-evolving needs.

Progressing our investment thinking in 2021

This year, we will increase active targeting of sustainable outcomes across our asset classes and strengthen our active ownership, reviewing and publishing a framework for managing exclusions, watch lists, and engagement escalations. We will be expanding carbon foot printing, climate scenario analysis and engagement tracking tools including to non-public markets asset classes where data has traditionally presented more of a challenge. We will further integrate emerging external and augmented, bespoke ESG data points into the investment process.

Continuing to use our influence

As a committed active owner, we continue to constructively use our influence to engage with companies and use our voting rights. For our investments, we publish quarterly engagement reports and we make our voting data available on our website. Additionally, at a corporate level, we publish an annual stewardship report, a Taskforce on Climate-Related Financial Disclosures (TCFD) report and a Corporate ESG Disclosure document.

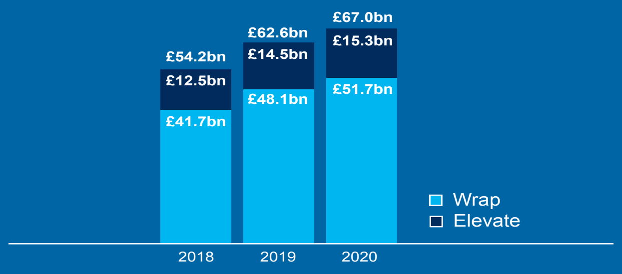
We believe that integrating sustainability will deliver better long-term outcomes for our clients – and create real world impact, building a world that is more sustainable, just, inclusive, and diverse. You can read about our work during 2020 to promote a positive future for society on pages 24 to 27.

Adviser

Our ambition is to create an effortless experience for advisers. We will maintain our position as a leading provider by continuously improving and offering solutions that empower advisers to work efficiently, and at scale.

AUMA
No.1 Adviser Platform in the UK

£67bn



More than

50%
of UK advice businesses use our platforms

80,000
straight-through transactions per day processed through FNZ

We will become the easiest business for wealth managers and advisers. This will give wealth managers and advisers more time to spend with their clients, maximising their service and revenue streams.

We do this by providing platform solutions based on different client and adviser needs:

- Wrap enables advisers to deliver high-quality financial planning to large numbers of clients with complex investment requirements
- Elevate is a lower-cost proposition which, through a range of investment options, offers advisers the core features they need to deliver their services at scale

In 2020, we launched our Platform Experience Programme to further improve adviser experience. The programme has driven significant change for the business with its three core aims:

1. Modernising platform components, as we separate operational activity from Phoenix
2. Aligning our operating system to adviser needs and expectations
3. Consistent innovation and incremental improvements

The programme ensures we keep advisers ahead of their game, so they can deliver high-quality financial advice at scale, and across a broad spectrum of clients.

The strategy is underpinned by our revised and extended strategic relationship with technology provider FNZ. This partnership allows us to combine best-in-class platform services with a commercial model that ensures sustainable growth.

In 2021, we will continue to enhance our solutions so they become even more flexible, more efficient for clients and more insight-led. Advisers' needs will be the starting point for all improvements and design.

Advisers will be at the heart of what we do, with their actions and viewpoints forming the core of our design. To underline this adviser-centricity, we have made four commitments to them that are embedded across our business:

1. Always efficient
2. Aim to be right first time
3. Listen and understand
4. Provide leading functionality

Enhancing client service with FNZ strategic partnership

Advisers need a range of technology and services. They also need a provider who creates the solutions they need today, and that they will need in the future. To be this provider, we have partnered with FNZ.

The combination of FNZ's leading platform technology and our in-house expertise provides agility, scalability and stability. We have entered into a new, 10-year relationship with FNZ, instead of a one-year rolling agreement. The new agreement offers our clients access to a wider range of technology and services through our framework.

We are working with FNZ to consider additional services that could become available through the new partnership. This includes the FNZ app store and enhanced insights. We can also make these services available through direct-to-consumer channels, providing opportunities for growth in our Personal business.

The enhanced partnership has resulted in immediate cost savings. We will also see future cost reductions as AUMA grows within our Adviser and Personal businesses, and as we hit milestones in our new tiered pricing model with FNZ.

Our vectors of growth

Personal

From the moment our clients first consider their financial futures, our tailored products and solutions will be available to them in a seamless, technology-powered experience. From the start of their financial journey, all the way through to legacy planning, it will be easy, intuitive and integrated.

To provide this whole financial life cycle service, we offer:

- Services directly through digital channels and through 1825, our financial planning business
- Discretionary investment management to high-net-worth individuals through Aberdeen Standard Capital

We have grown our advice business substantially since 2015, through various acquisitions. This has given us a complete UK-wide footprint, and improved our ability to deliver advice at scale.

In 2020 we embedded our digital retirement advice service. This automation significantly increases our capacity and effectiveness, and frees us up to focus on the human touchpoints that make a real difference to our clients.

Within our discretionary fund management business, we have seen substantial AUM growth. In our Charities business, for example, AUM is up over 60% in the last two years.

Our Personal business seamlessly connects our capabilities to help clients be in a better position to achieve their goals. Where relevant, we can also leverage the power of our adviser platforms and investment product range to help them achieve the best outcomes.

To reach clients who are at the very beginning of their financial journey, we're launching new direct-to-consumer solutions. Our new mobile app, *Choices*, helps clients to manage their money more effectively. Its open banking technology gives them a clear overview of all their finances in one place, and makes it easy for them to access and see the relevance of our own products as they plan for the future.

Leveraging technology to enable better investment is something we think of as:

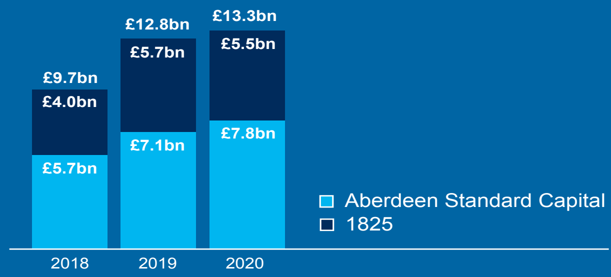
- Saving with ambition – highlighting seamless, straightforward paths to building wealth
- Spending with intelligence – taking the onerous work out of preparing for big spending decisions

Choices will integrate with our newly launched, direct-to-customer ISA, and more products and features will be added to it over time.

The UK savings gap affects more than 20 million people. We are opening up ways to save and invest across the whole spectrum, to drive better outcomes in the long term.

AUMA[1]

£13.3bn



[1] Includes assets that are reflected in both Aberdeen Standard Capital and Advice businesses. This impact (31 Dec 2020: £0.9bn) is removed within Eliminations.

£7.8bn

Highest ever Aberdeen Standard Capital AUM

Top 10

Ranking for 1825 in FTAdviser's Top 100 UK Advisers list

Building our Personal vector brand

In February 2021, we confirmed that we would sell the Standard Life brand to Phoenix Group, having licensed it to Phoenix since 2018. In the UK, Standard Life has strong recognition as a life insurance and workplace pensions brand, which is closely aligned with Phoenix's strategy and customer base.

The sale allows us to invest in a single client facing brand. As an interconnected business, this is vital across all our vectors. It is particularly important in our Personal vector where, to date, we have a number of direct-to-customer propositions which have very different brand identities. Our new brand identity will be a core enabler in bringing these businesses together into a proposition that connects more deeply with clients and provides consistency as their needs evolve.

This does not mean we will be taking a 'one-size-fits-all' approach. Instead we will be developing one core recognisable business that provides options for all clients who want to deal with us direct, from those who want a simple app-enabled savings proposition, to retirement advice, and those clients who need more specialist or bespoke support.

Creating opportunities for our talented people to thrive

An organisation of futurists has to be able to unlock the full potential of its people. It needs to attract, nurture and retain the very best, and its thinking needs to be diverse, energetic and future focused.

We are actively creating opportunities for our people to thrive, giving them the environment, tools and support they need to feed their curiosity, achieve their ambitions and take ownership of their ideas.

To engage our people effectively, we are actively listening to what they need, want and aspire to. Through actions such as our employee engagement survey, we are able to better understand how well we are supporting and developing our teams and our culture.

KPI Overall employee engagement score

72%

A 16-point increase since our previous engagement survey in 2018

I feel motivated to go beyond my official job responsibilities

74%

A 12-point increase since 2018, four points higher than the financial services sector norm

I enjoy working at Standard Life Aberdeen

74%

A 17-point increase since 2018, two points higher than the sector norm

I believe Standard Life Aberdeen is an inclusive organisation

75%

An eight-point increase since 2018, no direct sector benchmark

Defining a clear strategic vision

Colleagues told us that improving on this should be our number one priority, and this was a key focus during the second half of 2020

Investing in our people to support a better future

Building a culture of curiosity and ownership

To deliver better futures, we need to nurture talent, giving our colleagues every opportunity to grow, be heard and perform. We need to enable collaboration, encourage innovation, and help our people feel engaged and empowered to be at their best.

Listening to colleagues

Our 2020 employee engagement survey asked for views about our business as an employer, ways of working, strategy and direction, senior leadership and management. Our overall engagement score was 72%. While we saw very positive findings in several areas, the results also highlighted particular areas for us to improve. These included defining a clear strategic vision, as well as making it easier to get things done and get decisions made. The work on our strategy, led by our executive leadership team, is helping us address the points raised.

Tools for self-development

Following successful pilot programmes, we launched our new global Career Development proposition. It gives our colleagues the tools and resources they need to take control of their self-development. The initial focus was on colleagues at early and mid-career stages, and the pilot was hugely successful. All 260 colleagues who signed up reported that it had a positive impact on them personally and to the business.

Mentoring

Our global mentoring programme offers all colleagues an opportunity to find a mentor inside the business, or to share their skills and experience by becoming one. We use algorithms based on development interests and preferences to match mentees with appropriate mentors. At the end of 2020 we had established about 100 internal mentoring relationships, and we expect this number to grow significantly in 2021.

Developing our leaders

We know that effective leadership is critical if we are to unlock the full and true potential of our talent. In 2020, we adapted our People Management Academy to be delivered online. This is the learning framework that helps our people managers to develop and enhance the behaviours and skills we expect from them. We measure its effectiveness through the employee engagement survey. In 2020, these were some of the results:

- 83% said they felt their manager is a role model for our behaviours, and creates a collaborative and inclusive environment where colleagues can be themselves and perform to their potential
- 79% said their manager motivates and engages, and that colleagues know what is expected of them, how they are performing and how their role supports the business
- 73% said their manager leads authentically, adapting their style to changing circumstances, and that they actively seek feedback to improve and lead change well

Identifying, attracting and retaining talent

A diverse and inclusive workplace

To attract the best talent, and to grow leadership for the future, diversity is vital. At the end of 2019, our Board Employee Engagement Group, led by non-executive Director, Melanie Gee, ran an employee survey on diversity and inclusion.

Over 1,000 employees took part. Survey feedback stressed the importance of diversity of thinking across our teams and leadership, and the role it plays in building an inclusive culture. We combined these findings with feedback from networks and regional groups, as well as insights from external research and benchmarking. Based on all of this, we refreshed the framework that guides our diversity and inclusion priorities.

With the pandemic and the Black Lives Matter movement shining a light on societal disparities, we are maintaining our focus on creating inclusive environments in which all types of diversity can thrive. Our leaders, our Global Inclusion Committee, our colleague-led networks and regional groups work collaboratively to turn discussion into action, and to influence others to do the same.

Young talent

In 2020 we upheld our commitment to taking on 22 new trainees in the UK, as part of our traineeship programme for school leavers, as well as 37 new university graduates across our global programmes. Full-scale assessments, selections, onboarding and induction processes were carried out online.

We have also been using technology to enhance the recruitment process itself. This includes building metrics into our HR system to monitor diversity and inclusion at all points.

Top
50

Top 50 Rankings for undergraduate and apprenticeships programmes

The Rate My Placement awards are based on the feedback and experiences of our people who participate in our programmes.

For 2020 our undergraduate programme was rated 2nd in Investment Management and 48th overall. We also had our first ever placing for apprenticeships – we were rated 31st overall.

Family-friendly

We are leading the industry in designing an employee proposition that is fully inclusive and helps our people to manage their personal and professional responsibilities flexibly. In January 2020 our new Parent Leave policy came into effect. All UK-based colleagues welcoming a new child into their family are now entitled to 52 weeks' leave, including 40 weeks of fully-paid leave, regardless of their gender. It includes parents who adopt or who have a child by surrogate. In the first year of the new policy 171 colleagues took parent leave, 55% of whom were men.

A fully supported and successful shift to remote working

Throughout 2020, there was minimal disruption from the pandemic to our clients. We achieved this by empowering our colleagues and giving them the flexibility and support to deliver. In a fast-moving situation, we swiftly:

- Made rapid improvements to technology to boost connection and collaboration, particularly for new colleagues
- Created remote induction programmes
- Offered advice and support for safe and healthy remote working
- Shifted our entire learning and development offering online, leveraging technology to provide interactive, virtual learning
- Provided an allowance so colleagues could buy home working equipment

We knew our people were having to balance competing demands on their time, especially caring and working. We therefore empowered managers to help their teams adapt their ways of working where needed.

Colleagues' physical, emotional and financial wellbeing was paramount, so we communicated extensively about support available inside and outside the organisation. This included highlighting counselling resources for anyone who needed them. We also made it mandatory for colleagues to use their entire 2020 holiday allocation.

To measure the mood around our business during the pandemic, we conducted several 'pulse' surveys. These asked colleagues about work, worries, the support they were receiving and how they were adapting. We also asked about thoughts on a future return to the office.

Achieving targets

We have had gender targets in place since 2016, and achieved these in 2020. For the percentage of women in roles at Board and senior leadership levels, both targets were 33%. We reached 45% at Board level and 37% among senior leadership.

The Board will continue to track progress in diversity and inclusion over the coming years, and our targets will help us to maintain progress. From 1 January 2021, we have new targets which build on our progress and reflect our ongoing commitment to improving ethnic diversity. These will run to the end of 2025, with regular review by our Board and Executive Leadership Team. The targets are structured differently for these reasons:

- To align them with our external engagement approach and voting standards
- To be sure we maintain our policy of always appointing the best person for a role
- Recognising that gender is not limited to male and female identities
- The ethnic diversity targets we have put in place follow the recommendations of the Sir John Parker Review (2017) for all FTSE 100 companies. We met the recommendation to have at least one qualifying Board member in 2019, and have set a target to have an additional qualifying Board member by 2025.

	Current position at 31 Dec 2020	Target by 31 Dec 2020	Target by 31 Dec 2025
Gender diversity[1]			
PLC Board	**45% (5 out of 11)**	33%	40% male; 40% female; 20% any gender
Senior leadership[2]	**37% (56 out of 152)**	33%	40% male; 40% female; 20% any gender
Subsidiary directors[3]	**50% (10 out of 20)**	N/A	N/A
UK workforce	**45% (2,156 of 4,817)**	50% (+/-3% tolerance)	N/A
Global workforce	**45% (2,777 out of 6,132)**	50% (+/-3% tolerance)	50% (+/-3% tolerance)
Ethnic diversity[4]			
PLC Board (UK ethnicity categories)	**9% (1 out of 11)**		18% (or +1 director)

1 Relates to percentage of women in roles within the different groups.

2 Relates to leaders one and two levels below CEO, minus administration roles.

3 Relates to Directors of the Company's direct subsidiaries as listed in Note 48 (a) of the Group financial statements in the ARA 2020 and not classified above as Board Directors or senior leadership.

4 Relates to percentage of Board members who identify as ethnic minority.

Data measuring progress against gender targets for 31 December 2020 has been independently assured by Bureau Veritas. Bureau Veritas assurance can be found at **www.standardlifeaberdeen.com/annualreport**

More information about our work on gender equality, including our gender pay gap disclosure, can be found in our Gender Report
www.standardlifeaberdeen.com/annualreport

Promoting a positive future for society

Our commitment to ESG gives us a framework to make decisions that create positive outcomes for our people, our investors and the communities in which we operate. This approach runs through all our activities, from our business operations to our investments.

Across the world, societies are also turning their attention to economic recovery, in the wake of the pandemic. We are looking at the role we can play in rebuilding in ways that are both green and fair. This ranges from making sure employment is fair, inclusive and free of barriers, to actively responding to the interlinked crises of climate change and biodiversity loss.

A responsible business

We became carbon neutral

CARBON-NEUTRAL

A+

ratings in six investment categories

UN Principles for Responsible Investment (PRI) report

One of the first companies to sign the

C-19 Business Pledge

for businesses committed to tackling the effects of the pandemic

Top 2%

of companies in our sector in the DJSI World Index

Dow Jones Sustainability Indexes

Accredited as a UK

Living Hours employer

A new standard for employers who want to do more than provide a Living Wage

500

colleagues in pilot to monitor home working emissions with eco-tech business Pawprint

Building a sustainable future

Asking more of ourselves

Every day we look for ways to go further for our clients, to be a better and more inclusive employer, and to reduce our environmental impacts.

Our positive influence comes primarily through our investment approach. Client demand for responsible investing continues to grow at a rapid pace, and sustainability considerations are integral to all portfolio decisions. By combining this with the positive impact we can have through our operations, we can make a difference for our clients, society and the wider world.

Being a responsible steward of capital

We are a signatory to the Principles for Responsible Investment (PRI), a globally recognised blueprint for responsible investing. In the most recent PRI report, we achieved A+ ratings in six out of the eight investment categories we submitted for. Overall, we improved on our rating from the previous year – achieving the highest-possible ratings for strategy and governance and also for our approach to equities, fixed income and property investing.

As an active owner, responsible investing is about more than simply selecting appropriate investment opportunities. Engaging with companies to ensure they retain the standards we expect of them is just as important. Where companies fail to achieve these standards, we may consider selling our holding.

For example, following allegations in 2020 of underpayment of statutory minimum wages and poor working conditions in the supply chain of the UK-based retailer Boohoo, we divested from them in all our actively managed funds. We have engaged with Boohoo to improve its ESG standards since 2017, but found their response to these allegations inadequate. We decided to divest after considering a number of elements, including Boohoo's culture, control mechanisms and business model, the Fund's investment process and its investors' best interests. We are now considering how we engage with other businesses facing similar labour-related risks.

Read our stewardship report at
www.standardlifeaberdeen.com/annualreport

Supporting a sustainable economic recovery

As the UK Government plans its economic recovery from the pandemic, we are supporting calls to ensure that the recovery is sustainable for people and planet. In 2020 we became a signatory to an open letter, from business leaders to the Prime Minister, outlining the importance of aligning these efforts with the UK's legislated target by 2050 of net zero emissions. We supported another open letter that asks for the recovery strategy to reflect the UN's Sustainable Development Goals (SDGs). As a signatory to the UN Global Compact, our business is committed to continue playing its part in achieving these goals.

SUSTAINABLE DEVELOPMENT GOALS

In the UK, we were one of the first companies to sign up to the C-19 Business Pledge, which sees businesses demonstrate their commitment to tackling the effects of the pandemic. The Pledge addresses immediate challenges, as well as longer-term recovery.

We also engaged with our investee companies on the steps we expected them to take during the pandemic. These included adapting strategy, considering long-term impact, and supporting their wider communities. We also made it clear how we would support them.

Through our Aberdeen Standard Investments brand we are a sponsor of Good Money Week, an annual UK campaign to help people use sustainable, responsible and ethical investment options. The theme for 2020, *Clean Slate, Green Slate,* made the case that there has never been a more important time to think about the social and environmental impact of wealth protection. We provided online seminars, podcasts and articles covering the impact of the crisis on climate policy, what it means for investors and what we are doing to support a fair recovery.

Supporting our communities through the pandemic

From the start of the pandemic, we have recognised the significant effect on our communities and that not everyone in our communities was equally impacted. We therefore released £500,000 from our charitable budget, and focused our donations on three key areas:

- Emergency and crisis supplies to deal with the immediate impact
- Supporting the most disadvantaged, for example, by funding food banks and shelters
- Supporting elderly and other vulnerable groups who live alone or are isolated

With help from our offices and teams around the world, we identified projects with both new and existing partners. These included foodbanks in London, Edinburgh and Aberdeen, and local charities supporting vulnerable groups or individuals in Boston, New York, Philadelphia and Hong Kong.

Our business put in place a programme for matching donations that our people chose to make to causes on an individual basis. This is in addition to our existing matching schemes for employee fundraising and payroll giving. We also worked with charities that needed specific support to adapt the ways they worked. This included:

- Support for a financial education initiative to develop free online resources for children and their families
- Helping food banks and supper clubs to be able to cook and deliver hot meals
- Funding helplines for dementia carers

Our environment

The pandemic has highlighted the impact of human activity on our environment, particularly climate change and biodiversity loss.

We believe that aligning our operations and investments to a net zero future is essential for long-term performance, and are fully supportive of the recommendations of TCFD. These encourage companies to disclose material climate-related risks and opportunities and outline how these are governed and managed. We publish a report showing how we align our climate change disclosures to the TCFD framework, while encouraging the companies we invest in to do the same.

Our approach to managing our operational emissions is to reduce as much as we can, and we have long-term targets in place to achieve this. We then offset what remains. A dramatic change in the nature of our carbon footprint took place in 2020 as a result of the pandemic. Emissions from our offices and business travel reduced, and emissions from home working became our biggest emission source. You can read more on our carbon footprint, and our environmental metrics and targets, on page 28.

Every year, we offset our greenhouse gas emissions by purchasing carbon credits through our partnership with ClimateCare. We support accredited projects that help people to engage with and protect nature, and to support habitat and wildlife restoration. This in turn promotes wellbeing, builds community and helps wildlife and ecosystems thrive for generations to come.

Our business has pledged support to the Gola Rainforest in Sierra Leone, a global biodiversity hotspot, as well as a renewable wind and solar power project in India. This helped us to achieve our aim of becoming carbon neutral in 2020.

Climate change in our investment decisions

Climate-related risks and opportunities are wide reaching and evolving quickly. We have a responsibility to understand the impact of climate change on asset values to make better investment decisions. As asset managers, the most material climate change risk for us is the potential for climate change to negatively affect the performance of investments we make on our clients' behalf. We also need to make sure that clients are able to invest in ways that reflect their values and expectations. You can read more on page 16 about our commitment to this in 2021.

The transition to a net zero world means we have to be able to assess which companies and assets will perform well in a net zero environment. This includes identifying where we need to influence to drive best practice. In 2020 we kept up engagement with peers and policymakers, and collaboration with industry associations and initiatives.

For example, as members of the Institutional Investors Group on Climate Change. we contribute to their Paris Aligned Investment Initiative and the Net Zero Investment framework. We are using this as a foundation for developing net zero solutions for our clients. The insights help our industry invest in ways that aim to keep the global average temperature rises to well below 2°C and ideally 1.5°C. We are also a founding signatory of Climate Action 100+, a campaign group that works to improve standards, influence regulation and develop capital allocation strategies. In 2020, we led the group's engagements with energy companies such as E.On and Fortum.

Thought leadership

Insight and thought leadership plays an important role in helping to influence how the ESG agenda evolves. In 2020 we were recognised at Investment Week's Sustainable & ESG Investment Awards, winning the prize for Best Thought Leadership Paper. *Strategic Asset Allocation: ESG's New Frontier* focuses on climate change. It sets out how an ESG-enhanced process for strategic asset allocation can increase capital available for socially and environmentally important projects, without compromising returns.

A fair and inclusive future

We support initiatives that allow people to overcome barriers and reach their potential. We drive positive change to support fair and inclusive work, promote equality of opportunity, and connect with those isolated from society.

Our commitment to the Living Wage

Even before the pandemic, over five million workers in the UK had low-paid, insecure work. There is a growing body of evidence that the inequalities this causes negatively impact overall economic growth.

We have been a UK Living Wage employer for some time. In 2020, we became one of the first employers accredited as a Living Hours employer. The Living Hours programme sets a new standard for employers who want to do more than provide a Living Wage. Accredited employers agree to offer decent notice periods for shifts, as well as the right to a guaranteed minimum number of work hours each week. This commitment covers our employees, interns and suppliers on our premises.

We also supported the 'toolkit for responsible investors' initiative from the Living Wage Foundation and ShareAction. This helps investors in UK markets understand why and how to encourage portfolio companies to adopt the real Living Wage.

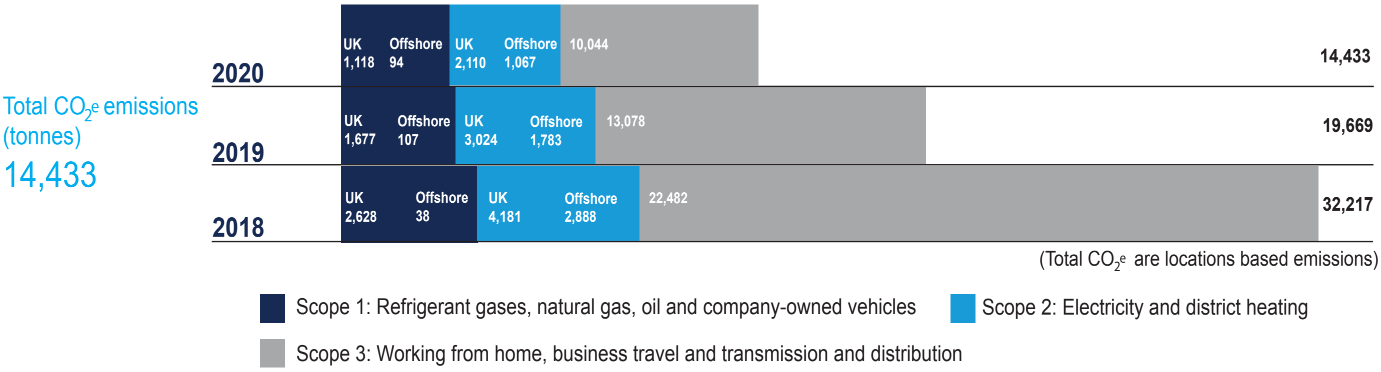
Investing in young people

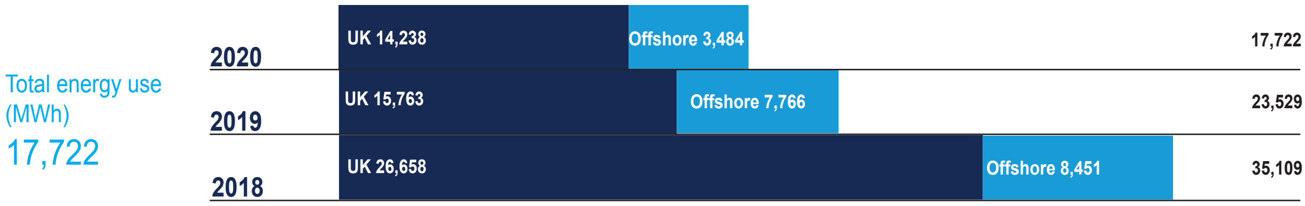
Today's environment is challenging for many workers, but particularly for young people starting out in their careers. We believe that investing in young people is critical for long-term economic recovery. Alongside our internship and graduate recruitment programmes, we are continuing to recruit from schools and colleges through our traineeship programme. We offer salaries above the real Living Wage, with structured training and the opportunity to gain qualifications. We also continue to collaborate with partners such as Career Ready to support young people to build skills, confidence and connections.

Through our colleague-led network Unity, we partnered with and funded charities that help young people from disadvantaged and ethnic minority backgrounds. In the USA, we supported Oliver Scholars and EmbraceRace. In the UK, we supported the Amos Bursary, Stephen Lawrence Charitable Trust and Youth Community Support Agency. Through the Standard Life Aberdeen Charitable Foundation, we also supported The Sutton Trust's Pathways to Banking and Finance programme.

A responsible business

Our environmental metrics and targets





Data has been independently assured by Bureau Veritas. Bureau Veritas assurance can be found at **www.standardlifeaberdeen.com/annualreport**

Our operational carbon footprint

We have been measuring our operational carbon footprint since 2006, and our data is independently assured. More recently, in 2018, we set targets for 2030, and our 2018 figures act as the baseline against which we report our progress in reducing emissions.

In 2020 we had reduced our total greenhouse gas emissions by 55%. Our emissions per full-time equivalent (FTE) employee had fallen by 53% from 1.57 to 0.73 tonnes of CO_2e per FTE (Scopes 1 and 2). We had also reduced our energy use globally by 50% from 35,109 MWh to 17,722 MWh, and in the UK by 47%, from 26,658 MWh to 14,238 MWh.

Emissions from travel

The nature of our carbon footprint has changed drastically because of the pandemic. Travel, which made up 65% of our footprint in 2019, represented only 14% of emissions in 2020. Globally, our business went from making 4,000 air and rail journeys a month in February 2020, to fewer than 40 in May.

By building on the technology we have become accustomed to, we can reduce the need for business travel in the future.

Emissions from premises

We have continued to roll out efficiency measures in our largest offices, and we are demanding efficiencies in any new spaces we lease.

However, in 2020, we went from having under 1% of our colleagues working from home, to over 95%. This meant energy use in our offices reduced, but home working became our single largest source of emissions, accounting for 55% of our carbon footprint. While our offices are mostly efficient, people's homes, generally, are less so.

Making home working more energy efficient

We believe that home working is likely to be a lasting feature of working life from now on. We have therefore started to develop a strategy to tackle home-working emissions.

This is important, because our policy has always been to tackle the largest emission sources first so that we can make the greatest impact.

We have calculated our working from home emissions based on accepted, robust and audited models. We have also partnered with eco-tech business, Pawprint, to monitor emissions from home working. A representative sample of 500 colleagues from around the world will be using the Pawprint for Business app to help them measure, understand and reduce their carbon footprint. The data from this will supplement the models we use and help to improve their accuracy. It will also help us to offset home-working emissions.

Our next TCFD Report is available in Q2 2021. Read the current version at **www.standardlifeaberdeen.com/annualreport**

Global code of conduct

Our global code of conduct describes the standards of behaviour we expect in our business. It is reviewed and updated annually, and all our employees are expected to read, agree and adhere to its principles.

The code focuses on doing the right thing and putting our clients at the heart of our business. If employees have any concerns about issues covered, such as bribery and corruption, environmental or human rights issues, we encourage them to speak to their manager first. If they feel they cannot raise their concern this way, or they want to raise it anonymously, there is an independent and confidential hotline for them to use.

In 2020, 93% of employees completed the online training module to confirm they had understood and would comply with the code. Where employees fail to complete mandatory training, we have taken steps to ensure that managers and HR are made aware. This has led to an improved completion rate for the updated module, launched in December 2020, with 99% completing this by the end of January 2021.

Working with third parties

We strive to build effective and supportive relationships with our third parties. Our global third party code of conduct sets out the minimum standards and principles we require third parties to follow, and that we expect them to demand from their own supply chains.

On a regular and risk-proportionate basis, we carry out due diligence of our third parties, covering key social issues such as modern slavery, equality and environmental issues. We review the outcomes, and if any issues emerge, we escalate them through our supplier relationship managers or the service owners responsible for the goods or services being provided.

We understand the importance of treating our third parties fairly. This includes a commitment to paying them on time, and to react in the right way to environmental and social events, such as the pandemic. As part of our response, we have worked to ensure that our ESG responsibilities and commitments to, and via, our third parties continue to be met.

Modern slavery statement

In 2020 we continued to help tackle human trafficking, forced labour, bonded labour and child slavery. In total, 99% of UK and Europe colleagues completed training on modern slavery issues. We found no instances of modern slavery in our supply chain. However, we have robust processes in place which would allow any future issues to be escalated and remedied.

We further integrated considerations for tackling modern slavery into our investment process. This included implementing a global programme targeting companies in high-risk sectors and geographies. We have also used our expertise to support cross-industry, anti-modern slavery collaborations. Our 2020 statement and outcomes reinforce our commitment to this important issue, and it can be found on our website.

Human rights policy

Our policy summarises our approach to identifying and upholding the human rights of our people, clients, communities and everyone impacted by our suppliers, partners and the companies we invest in. As an investor, we use our internally developed Human Rights Index to help identify high-risk geographies – and we have published position statements on integrating human rights into our investment approach. We assess the management of human rights impacts and, whenever appropriate, engage to highlight issues and promote good practice. We publish the outcomes of our ESG engagements with investee companies in a quarterly summary, which is available on our website.

Financial crime prevention

We have a legal and regulatory duty to prevent, detect and deter financial crime including bribery and corruption to protect our business and our clients' information and assets. We aim to work with the highest levels of integrity, so our approach to managing financial crime risks, within our business and among suppliers and partners, involves:

- Systems and controls – to assist in managing the risk
- Staff training and awareness – ensuring that everyone understands the risks presented and how to manage them
- Client Due Diligence – to ensure we understand our clients
- Ongoing monitoring – of both our systems and key processes to ensure these are working as expected
- Routine risk assessments – to ensure we understand the risk in each area and can improve processes where required
- Robust policies and procedures – to ensure a consistent approach in managing the risks

In 2020 we had no breaches. An independent assessment of our anti-money laundering framework was completed in 2020. We are now following the recommendations that came out of the review, and will have an even stronger control framework as a result.

Non-financial information statement

Standard Life Aberdeen aims to comply with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. This information is intended to help stakeholders better understand how we address key non-financial matters. This aligns with the work we already do in support of the Taskforce on Climate-Related Financial Disclosures, UN Global Compact and UN Sustainable Development Goals. Further details of the activities we undertake in supporting these frameworks are available on our website. Details of our principal risks and how we manage those risks are included in the Risk management section.

Reporting requirement	Relevant policies and publications	Where to find more information
Environment	**Our environment and our environmental metrics and targets**	Our society (page 27) Non-financial information (page 28)
Employees	**Global code of conduct**[1]	Non-financial information (page 28)
	Employee policies	Our people (pages 22 to 23)
	Anti-bribery and corruption	Non-financial information (pages 28 to 29)
Human rights	**Human rights policy**[1]	Non-financial information (page 29)
	Modern slavery statement[1]	Non-financial information (page 29)
Social matters	**Social policies**	Our society (pages 24 to 27)
	Third party code of conduct[1]	Non-financial information (page 29)
Other matters	**Business model**	Our strategy and business model (pages 9 to 13)
	Non-financial KPIs	Our people (page 21) Non-financial information (page 28)

1 Group policy published on our website at **www.standardlifeaberdeen.com/annualreport**

Delivering for our shareholders

Stephanie Bruce, Chief Financial Officer

Managing our capital for the benefit of shareholders

Since the merger in 2017, we have returned a total of £3.9bn to shareholders as we focused on integration and transformation. During this same period, reflecting the pressures on the industry and lower performance in key investment strategies, the business has not been growing. In 2020, while we made progress on investment performance and addressing our cost base, the impact of the pandemic on valuations in the mid part of the year, together with a change in mix of flows with a higher proportion of lower yielding assets constrained fee revenues which were lower by 13%. Fee revenue yields overall were 26.9bps (2019: 27.9bps). Adjusted operating profit at £219m was down 27% on the prior year. Conversely, our capital position has been strengthening through the sale of further tranches of our Indian investments, even after committing to a share buyback programme of £400m which has now been completed. Our capital surplus over regulatory requirements grew to £2.3bn at 31 December 2020, adding both to our resilience and strategic options.

Financial aims of our strategy

The aim of our new strategy is to drive client led growth through focus on our priorities as Stephen has outlined. Through a combination of organic revenue growth, focus on efficiency and the prudent deployment of our capital, our aim is to return the company to revenue and earnings growth, such that the earnings profile generates value for shareholders, including a sustainable level of dividends. We have previously been clear that over the period of transformation, we would distribute some of our excess capital through the annual dividend as it was not covered by our underlying earnings. This is obviously not sustainable in the long-term and our strategy aims to address this position.

A key objective of the strategy is to return to revenue growth and increase the diversification of our business, particularly into higher yielding activities such as Wholesale and Private markets (within Investments) and Personal, and to drive benefits from growth in our Adviser business which has a high operating leverage. By focusing on the individual growth strategies within each vector, our aim is to arrest revenue decline in the near term, inflecting to a high single digit three year revenue CAGR over the period to 2023. We expect stabilisation of revenue yield in the near term, subsequently increasing as we meet client preferences for higher yielding assets.

Operating leverage

In 2020, our cost/income ratio remained higher than our peers and we will continue to take action to reduce costs and improve the balance between fixed and variable costs. We are on track to deliver the targeted £400m of synergies and we continued to create further efficiencies in 2020 which will benefit in 2021. In particular our focus is to complete transformation, improving the operational leverage of our business through reductions in operational and technology costs and non-permanent staff, resulting in near term cost reductions. Specific actions also include reorganisations in the US and APAC to address those areas of lower contribution, and the proposed disposals of Parmenion and the Nordics real estate activity. As we move into revenue growth, we expect growth-related increases in certain costs but we will maintain the operating leverage created by the rebalanced cost base. Overall we are targeting to exit 2023 at a cost/income ratio of around 70%. As the transformation and separation processes complete towards the end of 2021, we expect to see a reduction in the associated restructuring charges from current levels to less than £50m in 2022.

Capital strength

In 2020, we continued to strengthen our balance sheet in terms of both capital and liquidity. Our intention is to further strengthen our capital position by monetising the remaining stake in HDFC Life over the next two years. In addition, an improvement in profitability resulting from the successful execution of our strategic plan will drive an increase in adjusted capital generation and strengthen our capital position. However, our surplus regulatory capital dictates the level of capital available for deployment and is expected to reduce with the implementation of the Investment Firm Prudential Regime (IFPR) in early 2022, as other assets are expected to be excluded from regulatory capital. In addition, we will seek to maintain a buffer reflecting our risk appetite for volatility and working capital.

In assessing our priorities for the deployment of our resources, we consider robustly the return profile to ensure delivery of value for shareholders in terms of earnings growth and a sustainable dividend policy. In 2020, our review of our investments against this criteria led to the planned sales of the Nordics real estate activity and Parmenion and the proposed acquisition of Tritax. Our strategy is to deploy our capital both organically and inorganically: organically, in areas such as seeding funds, co-investing in private market opportunities, and the Platforms Experience Programme in our Adviser vector; and inorganically through acquisition opportunities to augment our capabilities in growth areas such as ETFs and private markets, and to accelerate the scale of the Adviser and Personal vectors to improve our market presence. We will apply rigorous hurdle and return rates to any investment and will only invest in an opportunity if it will deliver revenue and earnings growth and help us achieve relevance and scale.

Creating momentum for the future

While the results for 2020 reflect the impact of declining revenue due principally to prior year outflows and market conditions, we have also seen evidence of positive momentum in our performance which will support the execution of the strategy.

- Investment performance drives success with our clients and has improved to 66% on the three year benchmark
- We have seen an 82% improved position in net outflows of £3.1bn (excluding LBG tranche withdrawals), as redemptions are significantly lower than the prior year
- Our cost base reduced by £127m (10%), although the cost income ratio remains too high at 85% due to the reduction in revenue of £209m and the high proportion of fixed costs in our cost base

The following commentary and analysis provides more detail.

KPI

Financial indicators[1]	2020	2019
Fee based revenue	**£1,425m**	£1,634m
Investment performance[2]	**66%**	60%
Cost/income ratio[3]	**85%**	82%
IFRS profit before tax	**£838m**	£243m
Adjusted profit before tax	**£487m**	£584m
Adjusted capital generation	**£262m**	£333m
Adjusted diluted earnings per share	**18.1p**	19.3p
Full year dividend per share	**14.6p**	21.6p
Diluted earnings per share	**37.9p**	8.8p

Analysis of profit

	2020 £m	2019 £m
Fee based revenue	**1,425**	1,634
Adjusted operating expenses	**(1,206)**	(1,333)
Adjusted operating profit	**219**	301
Capital management	**21**	37
Asset management associates and joint ventures	**44**	57
Asset management, platforms and wealth	**284**	395
Insurance associates and joint ventures	**203**	189
Adjusted profit before tax	**487**	584
Adjusting items	**368**	(333)
Share of associates' and joint ventures' tax expense	**(17)**	(8)
IFRS profit before tax	**838**	243
Tax credit/(expense)	**15**	(28)
IFRS profit for the year	**853**	215

All figures are shown on a continuing operations basis unless otherwise stated.

The IFRS profit before tax of £838m increased by 245% compared with 2019, reflecting lower impairments of goodwill and intangibles of £1.1bn (2019: £1.6bn) and increased profit on disposal of interests in associates of £1.9bn (2019: £1.5bn) which included the benefit of a £1.1bn one-off accounting gain.

Adjusted profit before tax of £487m decreased by 17% compared with 2019 largely due to lower revenue. The 13% reduction in revenue mainly reflects 2019 outflows, client preferences changing asset mix and expected LBG tranche withdrawals.

Other business indicators[1]	2020	2019
Gross inflows	**£74.3bn**	£86.2bn
Net flows		
Excluding LBG[4]	**(£3.1bn)**	(£17.4bn)
Total	**(£29.0bn)**	(£58.4bn)
AUMA	**£534.6bn**	£544.6bn

Dividend policy

As referenced in the Chairman's statement, the Board has concluded it should take this opportunity to rebase the dividend to a level from which it is confident the dividend can be grown in due course and is therefore recommending a final dividend for 2020 of 7.3p, bringing the total dividend for the year to 14.6p. It is the Board's current intention to maintain the total dividend at this level (with the interim and final at the same amount per share), until it is covered at least 1.5 times by adjusted capital generation, at which point the Board will seek to grow the dividend in line with its assessment of the underlying medium term growth in profitability.

The recommended dividend of 7.3p (2019: 14.3p) is subject to shareholder approval and will be paid on 25 May 2021 to shareholders on the register at close of business on 16 April 2021. The dividend payment is expected to be £154m. External dividends are funded from the cumulative dividend income that Standard Life Aberdeen plc receives from its subsidiaries and associates (see page 36 for details of cash and distributable reserves). The need to hold appropriate regulatory capital is the primary restriction on the Group's ability to pay dividends. Further information on the principal risks and uncertainties that may affect the business and therefore dividends is provided in the Risk management section.

1 We assess our performance using a variety of performance measures including APMs such as fee based revenue, cost/income ratio, adjusted profit before tax and adjusted capital generation. Further details are included in Supplementary information in the ARA 2020. All metrics within 'Financial indicators' are KPIs except for diluted earnings per share.

2 Percentage of AUM above benchmark over three years. Calculations for investment performance are made gross of fees except where the stated comparator is net of fees. Further details about the calculation of investment performance are included in Supplementary information in the ARA 2020.

3 Excludes the share of associates' and joint ventures' profit before tax.

4 Net outflows excluding LBG do not include the tranche withdrawals relating to the settlement of arbitration with LBG. Refer to Glossary LBG tranche withdrawals.

All fee based revenue, AUMA and flows relate to the Asset management, platforms and wealth segment and are discussed below.

Investments[1]

Institutional and Wholesale

	2020	2019
Fee based revenue	**£922m**	£1,027m
Fee revenue yield[2]	**38.8bps**	42.8bps
AUM	**£251.7bn**	£236.7bn
Gross inflows	**£49.8bn**	£50.9bn
Redemptions	**(£49.5bn)**	(£68.9bn)
Net flows	**£0.3bn**	(£18.0bn)

In 2020, the assets we manage for Institutional and Wholesale clients increased despite the market volatility as a result of COVID-19. We have maintained our focus on serving our clients globally, switching to digital channels to maintain relationships, providing continuing client service, launching products, generating sales and winning mandates. Our focus on delivering for clients is particularly evident through continued robust investment performance.

Our pipeline remains strong with mandates awarded but not yet funded across Institutional and Wholesale of £4.6bn as at 31 December 2020. This includes mandates across a broad range of capabilities including Fixed income, Equities and Multi-asset.

Fee based revenue reduced by 10% reflecting the impact of 2019 outflows and changes in client preferences towards lower risk asset classes such as Cash/Liquidity in 2020. The revenue yield decreased to 38.8bps reflecting the lower proportion of higher margin Equity and Multi-asset AUM. In addition, at FY 2019 we reported that we had won a £5.5bn lower margin US advisory mandate in Alternatives which has had a full year impact on the 2020 fee revenue yield. Despite the volatility in financial markets, the average daily MSCI World Index was 7% higher in 2020 compared with 2019, which benefited revenue in the year.

AUM increased in 2020 by 6% to £251.7bn due to significantly lower redemptions and positive market movements, including robust investment performance in 2020.

In 2020, gross inflows remained stable at £49.8bn driven by demand for our Cash/Liquidity funds where gross inflows were 95%, or £7.4bn higher than 2019. 2019 benefited from a one-off £3.5bn inflow from Virgin Money and the £5.5bn advisory mandate mentioned above. There was also continued strong momentum in our ETF fund range with inflows of £1.9bn (2019: £0.6bn). Gross inflows in 2020 also included £1.8bn (2019: £1.8bn) from new fund launches.

Net inflows improved to £0.3bn driven by a marked improvement in redemptions. Redemptions in 2020 were the lowest seen since the merger and represented 21% of opening assets (2019: 29%). Equities and Multi-asset redemptions were 26% and 61% lower than 2019 respectively.

Insurance

	2020	2019
Fee based revenue	**£224m**	£317m
Fee revenue yield	**10.9bps**	12.2bps
AUM	**£205.2bn**	£235.8bn
Gross inflows	**£17.6bn**	£26.9bn
Redemptions excluding LBG[3]	**(£24.5bn)**	(£30.3bn)
LBG tranche withdrawals[3]	**(£25.9bn)**	(£41.0bn)
Net flows excluding LBG[3]	**(£6.9bn)**	(£3.4bn)

Within Investments, Insurance comprises the assets we manage for Phoenix of £171.5bn, as well as those we manage for others, including Lloyds Banking Group. We have a deep understanding of the unique investment needs of insurance companies and a comprehensive range of investment solutions to meet their complex objectives.

As Phoenix's core strategic asset management partner, we received a further £2bn of assets from bulk purchase annuity agreements during the year.

Overall, Insurance AUM decreased due to the LBG tranche withdrawals and net outflows. Gross inflows are dependent on underlying policyholder activity and the £9.3bn reduction is a reflection of the strong new business in 2019 and lower LBG AUM. Redemptions (excluding LBG tranche withdrawals) decreased by £5.8bn and largely reflect maturing insurance business in long-term run-off. The remaining c£3bn of the previously announced tranche withdrawals for LBG are expected to be made by the end of 2021.

Lower revenue from Insurance in 2020 is largely due to the expected LBG tranche withdrawals which accounts for £77m of the decrease.

Adviser[1]

	2020	2019
Fee based revenue	**£137m**	£150m
Fee revenue yield – gross[4]	**26.7bps**	29.6bps
Fee revenue yield – net of cost of sales[4]	**22.3bps**	25.3bps
AUMA	**£67.0bn**	£62.6bn
Gross inflows	**£6.3bn**	£7.0bn
Redemptions	**(£4.4bn)**	(£4.7bn)
Net flows	**£1.9bn**	£2.3bn

In April 2020, we introduced a simplified pricing structure on the Wrap platform to make it more competitive and attractive to advisers. With effect from April 2020, a Drawdown Price Lock feature, the first of its kind in the UK, was made available for Wrap clients. This innovative feature allows Wrap SIPP clients to lock in their platform charges so that the charges will not increase as they draw down on their savings. Our pricing actions on the Wrap platform in 2020 and on Elevate in 2019, combined with an enhanced digital offering have had a positive impact on the number of overall Platform users.

The lower fee based revenue reflects the impact of the Wrap and Elevate pricing changes, as well as the impact of COVID-19 on average UK market levels and activity. AUMA increased due to positive market movements of £2.5bn and continued net inflows of £1.9bn.

Personal[1,5]

	2020	2019
Fee based revenue	**£80m**	£70m
Fee revenue yield[2]	**58.5bps**	59.2bps
AUMA	**£13.3bn**	£12.8bn
Gross inflows	**£1.1bn**	£1.1bn
Redemptions	**(£1.1bn)**	(£1.0bn)
Net flows	**–**	£0.1bn

Personal largely comprises our 1825 financial planning and advice business and our Aberdeen Standard Capital discretionary investment management business.

The integration of Grant Thornton's wealth advisory business and BDO Northern Ireland's wealth management business, which were acquired in 2019, was a key focus during 2020. This added presence in 14 new UK locations and 34 financial advisers. We also achieved organic growth in terms of new clients for both 1825 and Aberdeen Standard Capital despite the challenging market conditions.

Fee based revenue increased due to these acquisitions. This was partly offset by the impact of lower average UK markets during 2020.

AUM in Aberdeen Standard Capital reached a record level of £7.8bn at 31 December 2020 (2019: £7.1bn). The AUAdv for 1825 decreased to £5.5bn (2019: £5.7bn) due to the fall in UK equity markets.

Investment performance

Total AUM ahead of benchmark

1 year	3 years	5 years
71%	66%	68%
(2019: 74%)	(2019: 60%)	(2019: 67%)

Three-year investment performance saw further improvement during 2020, with 66% of assets under management covered by this metric ahead of benchmark. This reflects continued improvement in three-year performance within Equities and ongoing strong performance in Alternatives, Cash/Liquidity and the majority of Fixed income franchises.

Most Equity classes delivered an improvement over one, three and five years. There is ongoing strength in European, Small Cap and China A shares and in 2020 there was significant progress made in the performance of Global Emerging Markets and Japanese Equities. This is partly offset by weaker performance in Real estate and Quantitatives, reflecting challenging market conditions. Although Multi-asset performance declined overall, our Absolute Return suite continued to deliver strong investment performance.

We have also seen an increase in the number of our strategies receiving positive ratings from investment consultants, bringing the total to 52 strategies (2019: 46 strategies).

Calculations for investment performance are made gross of fees except where the stated comparator is net of fees. Further details about the calculation of investment performance, AUMA and fee revenue yield are included in the Supplementary information section in the ARA 2020.

Analysis of Asset management, platforms and wealth segment	Fee based revenue		AUMA		Net flows[3]	
	2020 £m	2019 £m	**2020 £bn**	2019 £bn	**2020 £bn**	2019 £bn
Investments						
Institutional and Wholesale	**922**	1,027	**251.7**	236.7	**0.3**	(18.0)
Insurance	**224**	317	**205.2**	235.8	**(6.9)**	(3.4)
Adviser	**137**	150	**67.0**	62.6	**1.9**	2.3
Personal[5]	**80**	70	**13.3**	12.8	**–**	0.1
Parmenion	**25**	21	**8.1**	6.9	**1.0**	1.1
SL Asia	**7**	12				
Performance fees	**30**	37				
Eliminations[5]			**(10.7)**	(10.2)	**0.6**	0.5
	1,425	1,634	**534.6**	544.6	**(3.1)**	(17.4)
LBG tranche withdrawals					**(25.9)**	(41.0)
Total	**1,425**	1,634	**534.6**	544.6	**(29.0)**	(58.4)

1 Revenue, AUMA, and flows are now presented on a vector basis. 2019 comparatives restated on this basis. See further details in Supplementary information in the ARA 2020.

2 Institutional and Wholesale fee revenue yield excludes revenue of £9m (2019: £6m) and Personal fee revenue yield excludes revenue of £7m (2019: £7m), for which there are no attributable assets.

3 Net flows excluding Lloyds Banking Group (LBG) do not include the tranche withdrawals of £25.9bn (2019: £41.0bn) relating to the settlement of arbitration with LBG.

4 Adviser fee revenue yield calculated on both a gross and net of cost of sales basis. See further details in Supplementary information in the ARA 2020.

5 Eliminations remove the double count reflected in Investments, Adviser and Personal. The Personal vector includes assets that are reflected in both Aberdeen Standard Capital and Advice businesses. This double count is also removed within Eliminations.

Analysis of profit

The IFRS profit before tax of £838m (2019: £243m) mainly reflects the profit on disposal of interests in associates partially offset by impairments of goodwill and intangibles. Adjusted profit before tax of £487m (2019: £584m) decreased by 17% largely due to the lower revenue.

Fee based revenue

Fee based revenue reduced by 13% to £1,425m (2019: £1,634m). The fall in revenue primarily reflects the full year impact of outflows during 2019 and LBG tranche withdrawals during 2019 and 2020, partly offset by a positive impact from higher average market levels following the recovery of equity markets in the second half of 2020.

Adjusted operating expenses

Adjusted operating expenses decreased by 10% to £1,206m driven by the benefits of ongoing transformation activity, lower total staff costs, discretionary spend savings (including COVID-19 related savings) and lower change related spend.

Total staff and other related costs within adjusted operating expenses reduced by £73m to £643m (2019: £716m) mainly due to the planned reduction from transformation and lower spend on agency contractors, variable compensation and recruitment.

Total non-staff costs reduced by £54m to £563m (2019: £617m) including a c£20m benefit from lower discretionary spend including travel and events during this period of COVID-19 restrictions, and also lower consultancy and change costs.

At 31 December 2020, actions have been taken which are expected to deliver £351m of annualised synergies, benefiting 2020 operating expenses by £287m (2019: £234m) with further benefits expected in 2021. Cost synergies have been realised from a reduction in staff costs, rationalisation of premises, and efficiencies in supplier spend, including procurement and other actions to avoid cost increases the benefits of which are not included in the £287m above. We remain on track to meet the overall synergy target of £400m in 2021.

Costs incurred to date to deliver these synergies are £515m, of which £79m were incurred in 2020 (2019: £214m). Our estimate for total costs remains at £555m. These costs are included in restructuring expenses within adjusting items, together with the costs of other restructuring programmes, such as platform transformation and separation from Phoenix. Total restructuring costs in 2021 are expected to remain broadly in line with the current level.

Capital management

Capital management generated a profit of £21m (2019: £37m) from:

- Investment gains of £18m (2019: £26m) including seed capital and co-investment fund holdings
- Reduced net finance costs of £17m (2019: £18m)
- Reduced net interest credit relating to the staff pension schemes of £20m (2019: £29m) reflecting a lower discount rate

Asset management associates and joint ventures

We reduced our shareholding in HDFC Asset Management in December 2019 and in 2020. This was the main factor in the 23% reduction in adjusted profit to £44m (2019: £57m). Profitability was also impacted by adverse movements in exchange rates and market conditions.

Our percentage ownership of HDFC Asset Management at 31 December 2020 was 21.24% (2019: 26.91%) and the value of our holding at 5 March 2021 was £1.4bn.

Insurance associates and joint ventures

	2020			2019	
	Value £bn[1]	**Stake %[2]**	**Profit £m**	Stake %[2]	Profit £m
Phoenix	**1.0**	**14.42**	**163**	19.97	136
HDFC Life[3]	**1.3**	**8.89**	**19**	14.73	36
HASL		**50.00**	**21**	50.00	17
Total	**2.3**		**203**		189

1 Listed value as at 5 March 2021.

2 Ownership as at 31 December.

3 From 3 December 2020, HDFC Life is no longer classified as an associate of the Group.

Adjusted profit before tax in our insurance associates and joint ventures increased to £203m. Our share of Phoenix adjusted profit before tax included a benefit from actuarial assumption changes of £52m (2019: £30m). Our holding in the enlarged Phoenix Group reduced to 14.42% following the completion of its acquisition of ReAssure Group plc.

Our share of HASL profits increased to £21m mainly due to favourable investment returns.

The lower share of HDFC Life profits primarily reflects the reduction in our shareholding following the combined sales of 5.83% in 2020. Following the share sale on 3 December 2020, our remaining shareholding in HDFC Life is no longer classified as an associate of the Group. See Note 16 of the Group financial statements in the ARA 2020 for further details.

Adjusting items

	2020 £m	2019 £m
Profit on disposal of interests in associates	**1,858**	1,542
Restructuring and corporate transaction expenses	**(355)**	(407)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(1,287)**	(1,844)
(Loss on)/reversal of impairment of associates and joint ventures	**(45)**	243
Change in fair value of significant listed investments	**65**	–
Investment return variances and economic assumption changes	**46**	(25)
Other	**86**	158
Total adjusting items	**368**	(333)

See pages 117 and 141 in the ARA 2020 for further details on adjusted profit and reconciliation of adjusted profit to IFRS profit. Further details on adjusting items are included in the Supplementary information section in the ARA 2020.

The profit on disposal of interests in associates of £1,858m includes a one-off accounting gain of £1,051m following the reclassification of HDFC Life from an investment in associates accounted for using the equity method to equity securities measured at fair value (see Note 16 in the ARA 2020). There was also a £540m profit from the sale of 5.83% of the shares in HDFC Life and £263m from the sale of 5.64% of the shares in HDFC Asset Management.

Restructuring and corporate transaction expenses were £355m primarily reflecting ongoing transformation costs for integration, separation from Phoenix and implementing our simplified operating model. 2019 included £49m relating to the repurchase of subordinated debt. Total Phoenix separation costs accounted for to date amount to £282m and include £112m in 2020. Our estimate of the total of these one-off separation costs we expect to incur remains £310m.

The amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts were £1,287m. This includes impairment of goodwill of £915m (2019: £1,569m) relating to an impairment of asset management goodwill and resulted from the impact on reported revenue and future revenue projections of global equity market falls and a change in mix with a higher proportion of lower margin assets. Both the fall in equity markets and the change in asset mix were global market impacts primarily resulting from COVID-19. The asset management goodwill is now fully impaired. The impairment of customer relationship and investment management contract intangibles of £134m resulted from the impact of markets, net outflows and a fall in revenue yield on future earnings expectations. See Note 15 of the Group financial statements in the ARA 2020 for further details.

The impairment of associates and joint ventures of £45m relates to our joint venture with Virgin Money.

The change in fair value of significant listed investments of £65m represents the impact of movements in the listed share price on our 8.89% holding in HDFC Life from 3 December 2020 to 31 December 2020.

Investment return variances and economic assumption changes gain of £46m relates to our share of Phoenix adjusting items.

Other adjusting items of £86m primarily relates to Insurance associate and joint ventures, largely reflecting our share of Phoenix gains relating to the acquisition of ReAssure.

IFRS loss from discontinued operations

The IFRS loss from discontinued operations of £15m (2019: profit £56m) reflects a change in the value of contingent consideration relating to the sale of the UK and European insurance business to Phoenix. The 2020 loss includes the impact of the resolution of certain legacy issues with Phoenix.

Taxation

Our approach to tax plays a significant role in supporting our purpose. Our tax strategy is guided by a commitment to ethical, legal and professional standards and being open and transparent about what we are doing to meet those standards.

The total IFRS tax credit attributable to the profit for the year was £15m (2019: £28m expense), resulting in an effective tax rate of negative 2% on the total IFRS profit (2019: positive 12%). The effective tax rate is lower than the UK corporation tax rate of 19% due mainly to the sale of shares in HDFC Asset Management being subject to tax in India at a lower rate than the UK corporation tax rate and the sales of shares in HDFC Life not giving rise to tax in India due to reliefs available under India's tax legislation and international tax treaties. In addition, the gain relating to the HDFC Life reclassification did not give rise to a tax charge. These factors are partially offset by impairment losses on goodwill which are not deductible for tax purposes.

The tax expense attributable to adjusted profit before tax totalled £76m (2019: £115m), which includes £38m (2019: £46m) representing equity holders' share of tax which is attributable to our share of the profits of associates and joint ventures. The effective tax rate on adjusted profit is 15.6% (2019: 19.7%). This is lower than the 19% UK rate primarily due to the reversal of planned reductions in the rate of UK corporation tax. This has a beneficial effect in increasing the value of our deferred tax assets. There was also a lower rate of tax on profits from associates and joint ventures.

Total tax contribution

Total tax contribution is a measure of all the taxes Standard Life Aberdeen pays to and collects on behalf of governments in the territories in which we operate. Our total tax contribution was £484m (2019: £526m). Of the total, £203m (2019: £211m) was borne by Standard Life Aberdeen whilst £281m (2019: £315m) represents tax collected by us on behalf of the tax authorities. Taxes borne mainly consist of corporation tax, employer's national insurance contributions and irrecoverable VAT. The taxes collected figure is mainly comprised of pay-as-you-earn deductions from employee payroll payments, employee's national insurance contributions, VAT collected and income tax collected on behalf of HMRC on platform pensions business.

You can read our tax report on our website
www.standardlifeaberdeen.com/annualreport

Capital and liquidity

Our strong capital position and balance sheet supports ongoing investment in the business and delivering shareholder returns.

Adjusted capital generation

Adjusted capital generation of £262m reduced as a result of the lower revenue in 2020 and lower dividends received. Further information on adjusted capital generation is provided in Supplementary information in the ARA 2020.

	2020 £m	2019 £m
Adjusted profit after tax	**411**	469
Less net interest credit relating to the staff pension schemes	**(20)**	(29)
Less associates' and joint ventures' adjusted profit after tax	**(209)**	(200)
Add associates' and joint ventures' dividends received	**80**	93
Adjusted capital generation	**262**	333

Net movement in surplus regulatory capital

The key measure of available resources is surplus regulatory capital less an appropriate buffer, rather than cash.

In addition to the adjusted capital generation, £0.9bn of additional capital was generated in 2020 through the sale of shares in HDFC Life and HDFC Asset Management. The £2.3bn indicative capital surplus below includes a deduction to allow for the final dividend which will be paid in May 2021.

Analysis of movements in surplus regulatory capital	2020 £bn	2019 £bn
Opening 1 January	**1.7**	0.6
Sources of capital		
Adjusted capital generation	**0.3**	0.3
HDFC Life and HDFC Asset Management sale proceeds	**0.9**	1.7
Uses of capital		
Restructuring and corporate transaction expenses (net of tax)	**(0.2)**	(0.3)
Dividends	**(0.3)**	(0.5)
Share buyback programme	**(0.4)**	(0.4)
Other	**0.3**	0.3
Closing 31 December	**2.3**	1.7

Other in 2020 includes a £0.5bn increase relating to HDFC Life following our shareholding falling below 10%.

The Group's capital resources include c£0.8bn (2019: c£0.3bn) from holdings in insurance entities that it is expected will no longer be eligible following the implementation of the IFPR from 1 January 2022. The IFPR is also expected to introduce constraints on the proportion of the minimum capital requirement that can be met by each tier of capital. As a result, it is estimated that c£0.3bn of existing Tier 2 capital, whilst continuing to be reported within the Group's capital resources, would not be available to meet the current minimum capital requirement from 1 January 2022.

Note 46 of the Group financial statements in the ARA 2020 includes a reconciliation between IFRS equity and surplus regulatory capital and also details of our capital management policies.

Cash and liquid resources

Cash and liquid resources remained robust at £2.5bn at 31 December 2020 (2019: £2.7bn). These resources are high quality and mainly invested in cash, money market instruments and short-term debt securities. Cash and liquid resources is an APM, see Supplementary information in the ARA 2020 for further details.

IFRS net cash inflows

Net cash inflows from operating activities were £56m which includes outflows from restructuring costs, net of tax, of £232m.

Cash inflows from investing activities of £1,014m includes net proceeds of £616m from the sale of shares in HDFC Life and £265m from the sale of shares in HDFC Asset Management.

Cash outflows from financing activities of £1,064m primarily relate to the purchase of shares as part of the buyback programme of £361m and £479m for dividends paid in the year.

The cash inflows and outflows described above resulted in closing cash and cash equivalents of £1,358m (2019: £1,347m) as at 31 December 2020.

IFRS net assets

IFRS net assets were stable at £6.8bn (2019: £6.7bn) with profits offset by dividends and the share buyback.

Intangible assets reduced to £0.5bn (2019: £1.7bn) as a result of impairments and amortisation. See Note 15 in the ARA 2020.

The principal defined benefit staff pension scheme, which is closed to future accrual, continues to have a significant surplus of £1.5bn (2019: £1.1bn), with the increase resulting from asset returns and non-economic assumption changes offset by changes in economic assumptions. See Note 34 in the ARA 2020.

Financial investments increased to £3.1bn (2019: £2.1bn) as a result of HDFC Life being reclassified from an associate to an investment. Financial investments also include holdings of £277m (2019: £275m) in newly established investment vehicles which the Group has seeded and co-investments of £86m (2019: £84m). Additional detail is provided in Note 38 in the ARA 2020.

Earnings per share

Adjusted diluted earnings per share reduced by 6% to 18.1p (2019: 19.3p). This reflects the 12% reduction in adjusted profit after tax, partly offset by the benefit of 6% from the ongoing share buybacks. Diluted earnings per share increased to 37.9p (2019: 8.8p).

Return of capital and distributable reserves

On 7 February 2020, we announced a share buyback of up to £400m. We completed this buyback in February 2021, with 158m shares repurchased at an average price of £2.53 per share.

At 31 December 2020 Standard Life Aberdeen plc had £2.1bn (2019: £2.3bn) of distributable reserves.

Viability statement

The assessment set out below is based on information known today.

Longer-term prospects

The Directors have determined that three years is an appropriate period over which to assess the Group's prospects. In addition to aligning with our business planning horizon, this reflects the timescale over which changes to major regulations and the external landscape affecting our business typically take place.

The Group's prospects are primarily assessed through the strategic and business planning process which considers our business model and how this is designed to deliver efficient, sustainable growth. The assessment also reflects the Group's strategic priorities as set out on pages 10 to 11.

In forming this assessment, the Directors have also taken into account:

- The Group's strong regulatory capital position as set out on page 36
- The substantial holdings of Group cash and liquid resources as set out on page 36
- The Group's holdings in listed associates and other listed equity investments as set out on page 34
- The Group's principal risks as set out on pages 38 to 40

Assessment of prospects

The Directors consider the Group's focus on delivering on its strategic priorities will provide the environment to drive efficient, sustainable growth while maintaining the Group's strong capital position and the dividend policy described on page 31.

Viability

We consider that three years is an appropriate period for assessing viability as this is in line with the horizon used for our business planning and stress testing and scenario analysis processes. In considering the viability statement, the Board performed a robust assessment of the Group's principal risks and took account of these processes, the results of reverse stress testing activity and the impact of COVID-19 as follows:

The business planning process includes the projection of profitability, regulatory capital and liquidity over a three year period, based on a number of assumptions. This includes assumptions regarding the economic outlook which have been reshaped during 2020 as a result of the COVID-19 pandemic.

Stress testing and scenario analysis applies severe, and in some cases extreme, stresses to the business plan to understand the financial resilience of the business.

Our analysis performed in 2020 included the consideration of the impact of scenarios based on a severe economic scenario with adverse flows and overlaid with stresses which reflect our principal risks. This included a stress involving a significant spike in operational errors which was considered relevant in the context of heightened operational risk given the revised working practices adopted across the Group due to COVID-19.

The scenarios we modelled assumed net outflows of 13% of AUMA per annum with global equity markets falling on average around 45% from year-end levels and notable falls in commercial property and corporate bond values. Whilst capital was eroded and liquidity fell under all the scenarios we explored, the largest falls occurred in the scenario where the flow and market stress was accompanied by a stress to basis point fees charged to clients.

The Group had sufficient liquid resources to withstand all of the stresses and the extent of management actions required in those scenarios with regulatory capital shortfalls was moderate given the strength and quality of the Group's financial position. The Group also has a diverse range of management actions available to respond to stressed conditions. This includes management actions wholly within the Group's control and of sufficient scale to ensure that none of the scenarios explored threatened the Group's viability.

Reverse stress testing involves exploring the quantitative and/or qualitative impacts of extreme but plausible risk scenarios which could threaten the viability of our business model. In 2020, we explored two scenarios which were:

- A cyber-attack manifested by a malware deployed on our systems
- An event such as a pandemic, building incident or travel disaster occurs which impacts on the ability of a significant number of critical staff to execute their responsibilities for a period of at least six weeks

A reassessment of reverse stress tests performed in prior years was also undertaken to confirm there has been no material increase in risks to viability.

Whilst the impact of all the scenarios explored meets the definition of reverse stress tests, the scenarios were considered to have a very low likelihood of occurrence. This, and the range of mitigants in place to respond to the scenarios, supports the assessment of viability and no qualification is considered necessary.

Impact of COVID-19

Further to the above, the Directors have explicitly considered the impact of COVID-19 on the Group's viability recognising the measures taken in response to the COVID-19 pandemic as set out on page 3. This highlighted that the Group did not require government support and has demonstrated its ability to operate successfully with the vast majority of employees working from home.

Assessment of viability

The Directors confirm that they have a reasonable expectation that Standard Life Aberdeen will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Identifying and managing risk to help us deliver better outcomes

Our approach to risk management

A strong risk and compliance culture is fundamental to managing our business, and effective, risk-based decision-making is essential for delivering the right outcomes for our clients and other stakeholders. Our Board has ultimate responsibility for risk management, and it oversees the effectiveness of our Enterprise Risk Management (ERM) framework.

Three lines of defence

We operate 'three lines of defence' in the management of risk with clearly defined roles and responsibilities:

- **First line:** Day-to-day risk management, including identification and mitigation of risks and maintaining appropriate controls
- **Second line:** Oversight from our Risk and Compliance function, which reports to the Chief Risk Officer
- **Third line:** Our Internal Audit function, reporting to the Chief Internal Auditor, independently verifies our systems of control

ERM framework

This underpins risk management throughout our business. We continually evolve our framework to meet the changing needs of the group and to make sure it keeps pace with industry best practice and the risk profile of the business. In 2020, improvements to the framework included:

- Strengthening our risk appetite framework by introducing new risk tolerances to support governance and risk management
- Extending and refining our risk taxonomy so we can describe risk more accurately
- Extending the Senior Manager and Certification Regime across all of our UK regulated subsidiaries including the roll-out of training on conduct rules and other support for our senior managers and certified employees

Business risk environment

The major impact of COVID-19 on our operating environment will extend well into 2021. We have shown resilience in the way we have dealt with the effects of the pandemic and we continue to manage its market, operational and financial impacts as we deliver our business plan.

The vast majority of our colleagues are working from home, using the enhanced IT infrastructure that was implemented in response to the pandemic. We have also put strict processes and safeguards in place to protect critical workers who need to be in our offices.

The commercial environment remained challenging during 2020, exacerbated by the impact of the pandemic. While investment performance continued to strengthen and the pace of net outflows was materially reduced compared to previous years, revenue margins across the industry remained under pressure and net revenue declined.

We have strengthened our capital and liquidity positions, while also returning capital to our shareholders through our buyback programme.

In the near term, there is still operational stretch as work continues on the transformation of the business. Phoenix separation activity is complex and has to be managed and coordinated with other transformation work, so that the impact on business as usual is kept to a minimum.

We are actively working to retain talent and to promote colleague wellbeing and engagement and you can read more about this in the people section of this report. We have planned resources carefully, with clear executive ownership and accountability for programmes. This has been achieved as we continued with business as usual activities.

The UK's withdrawal from the EU caused political and commercial uncertainty in 2020 though we had prepared extensively for the UK's exit. This has been partly addressed by the Trade and Cooperation Agreement although questions still remain about the longer-term UK/EU relationship for financial services. We also continue to closely monitor developments and actively engage with industry groups, including the Investment Association.

We maintain heightened vigilance over risks to our operations from financial crime and cyber intrusion. Our dedicated, expert internal teams monitor and manage these risks as they evolve, with the support of external specialists.

Our conduct risk framework is something we strengthen continuously and client interests are at the heart of this work. In 2020, we improved our processes in relation to vulnerable customers.

ESG risks

We have a responsibility to shareholders, clients and all stakeholders to assess, report on, manage and mitigate our ESG risks. For 'Environment', risks are primarily related to climate change and these are an important aspect of integrating ESG considerations in our portfolio management activities. In addition, we continue to review climate-related risks and manage our own business impact on climate change. Our TCFD report provides further discussion. For 'Social', our risks primarily relate to our people engagement, wellbeing, development and diversity and inclusion. For 'Governance', our risks primarily relate to corporate governance, conduct, ethics and cyber-crime. These ESG risks are discussed further under Principal risks and throughout the Annual report and accounts.

We have a materiality review every 2-3 years to ensure we are focusing on the right ESG risks and issues. Our latest review is included in our 2019 Corporate sustainability report.

Emerging risks

We are vigilant to emerging risks that could impact our strategy and operations with a particular focus on our three vectors of growth. The nature of these risks could be geopolitical, economic, societal, technological, legal, regulatory or environmental. We distil internal and external research to model how risks could emerge and potentially evolve, and to inform how we address them as a company. Emerging risks to our business include the availability of talent in our future workplace, new cyber threats, disruptive technologies, unprecedented market shifts, climate change, emerging variants of COVID-19 and indirect impacts resulting from the pandemic.

Principal risks and uncertainties

The risks we face as a business have as much to do with our actions and approaches internally, as they do with the external environment. These risks fall into 12 areas that form the basis of our ERM framework. This framework gives us the structure to assess, monitor, control and govern the risks in our business. Principal and emerging risks are subject to active oversight and robust assessment by the Board, and the principal risks are described in the following table.

Risk to our business and how this evolved in 2020	How we manage this risk
1 Strategic risk	
These are risks that could prevent us from achieving our strategic aims and the successful delivery of our business plans. They could include failing to meet client expectations, poor strategic decision-making, poor implementation or failure to adapt. They could have short and long-term financial impact. Our new CEO and the executive leadership team (ELT) have developed a three year strategic plan, focusing on our vectors of growth. Our ability to deliver for clients will depend on the progress we make against this plan.	The ELT has been reorganised to align with our growth vectors. They are working to establish areas of accountability, milestones, ways of working and specific actions that will deliver against the strategic plan. We actively scan and assess emerging risks so that we can take timely and proportionate action.
2 Financial risk	
This is the risk of having insufficient resources, suffering losses from adverse markets or the failure or default of counterparties. It could be influenced by inflows and outflows, global market trends, as well as margins on investment mandates, platforms and wealth management services. For example, we have seen revenues impacted by reducing margins on flows. Our capital and liquidity position remains strong despite the economic effects of the pandemic. As a result of the impact of COVID-19 and achieving transformation milestones we have reduced non-staff costs.	We hold capital against our risks and review them on an ongoing basis. We stress-test our resilience to market, operational and business risk. As contingency, we maintain external liquidity as part of our liquidity management framework. We manage our cost base and identify opportunities for further cost reduction.
3 Conduct risk	
Our business relies on our ability to deliver fair client outcomes. There is a risk that we fail to achieve this in our strategies, decisions and actions which could lead to customer and client harm, reputational damage and loss of income. In response to COVID-19 we prioritised running our business with minimal client impact while maintaining an effective control environment for remote working.	Our ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. In 2020 we refreshed our Global Code of Conduct, for all employees. Drawing on the UK Senior Manager and Certification Regime, we rolled out training to our teams to understand how to apply our conduct rules in their roles.
4 Regulatory and legal risk	
High volumes of regulatory change can present implementation and interpretation challenges. This can lead to a risk of failing to comply with, or allow for changes in, law and legislation, contractual requirements or regulations, globally. This in turn could lead to sanctions, reputational damage and loss of income. With the impact of COVID-19 we engaged closely with our regulators throughout 2020 and were able to provide assurance around our ability to serve our customers and clients without interruption. The risk of regulatory uncertainty arising from Brexit was another important issue to manage.	We monitor the regulatory landscape globally so that we can engage in potential areas of change early. We also invest in compliance and monitoring activity across the business. Our relationships with key regulators are based on trust and transparency while our Legal team supports senior managers across our business.

Operational risks (5-12)

5 Process execution and trade errors	
This is the risk that processes, systems or external events could produce operational errors. During 2020 there was a rise in events requiring investigation and remediation. This has not led to material adverse impact on clients. We dealt with potentially important systems outages using established incident management processes. Senior risk committees have been reviewing the impact of COVID-19 on these processes.	We monitor underlying causes of error to identify areas for action, promoting a culture of accountability and continuously improving how we address issues. We also continue to update and improve the ERM framework. In addition, we have set up a taskforce to fast track issues that have the potential to impact clients.
6 People	
Engaging with our people, and supporting their wellbeing, is critical to our strategy and the overall success of the business. However, there is a risk of resources and employment practices failing to align with strategic objectives. During the pandemic, new risks emerged including the potential impacts on people's physical and emotional wellbeing. We monitored and took steps to mitigate them.	From the early stages of the pandemic, we successfully established new ways of operating with most colleagues moving to home working. We provided tools to support remote working and collaboration and moved our learning and development offer online. We also offered support for wellbeing, such as counselling, and asked colleagues to use their entire 2020 holiday allocation.

Risk to our business and how this evolved in 2020	How we manage this risk
7 Technology	
There is a risk that our technology may fail to adapt to business needs. There is also a risk of unauthorised users accessing our systems, and of our systems being subject to cyber attacks. This risk is relevant to a wide range of potential threats to the business including weather events, internal failure, external intrusion and supplier failure. Our current IT estate is complex and will remain so until separation from Phoenix is complete. Our dependence on third party suppliers also needs to be managed in a dedicated way. 2020 only saw minor disruptions to service and improvement plans are now in place.	We have an ongoing programme to invest in, and enhance, our IT infrastructure controls. We benchmark our IT systems environment to identify areas for improvement. IT resilience is monitored at senior executive committees. We maintain a state of heightened vigilance for cyber intrusion, with dedicated teams actively monitoring and managing cyber security risks. We carry out regular testing on penetration and crisis management – including a reverse stress test of a cyber-attack in 2020.
8 Business resilience and continuity	
A wide range of internal and external incidents can impact business resilience and continuity. Environmental issues, terrorism, economic instabilities, cyber attacks and operational incidents could all threaten our business. The risk of disruption from inside the organisation remains broadly stable. However, tools for exploiting IT vulnerabilities are becoming more widely available externally. COVID-19 has been a real test of our business resilience. We have had to adapt ways of working to protect client interests while working effectively from home.	We continue to enhance our operational resilience framework and strengthen our response to disruption. Business continuity and contingency planning processes are regularly reviewed and tested, and have enabled us to minimise disruption for people working from home. We also implemented protective controls to allow critical workers to be in our offices.
9 Fraud and financial crime	
As a business that handles clients' money we are exposed to the risk of fraudulent and dishonest activity. As we engage with a wide number of external parties, we have to be vigilant to the risk that these parties are connected with criminal behaviour, or subject to sanctions by national or global authorities. We have maintained very low levels of fraud in 2020 and we adapted successfully to the operational challenges of COVID-19. We have commissioned an independent review to identify any areas for improvement.	Sound processes are in place to identify client activity linked with financial crime, globally. These include controls for anti-money laundering, anti-bribery, fraud and other areas of financial crime. We continue to invest in controls and processes to improve our monitoring of these risks. Along with other asset managers, a small number of our products were cloned by fraudsters. We worked with the financial authorities and industry peers to assist those who had been targeted by these scams.
10 Change management	
This is the risk of failing to manage strategic and operational change initiatives effectively. In 2020 we closely monitored and managed the impact of the pandemic on transformation timelines, particularly around technology infrastructure. We continued to implement significant change projects relating to embedding ESG principles and the discontinuation of LIBOR. We also maintained a focus on managing the impact of our transformation activity and the associated costs.	We manage major change projects centrally, with clear governance processes and consolidation of our change workload. Second and third lines have clear roles in overseeing progress, and we deliver projects in ways that help us to protect client outcomes.
11 Third party management	
We outsource activities to suppliers with specialist capabilities which means we are exposed to the risk of third parties failing to deliver in line with contractual obligations. It's our responsibility to make sure these firms deliver, so we continue to streamline delivery and reduce complexity. In 2020 we also monitored the potential impacts of COVID-19 and Brexit in our supply chain, to minimise the risk of disruption to the business.	Our aim is to maintain strong relationships with suppliers. During 2020, we rolled out a new programme to rationalise our supplier base and strengthen our oversight of our suppliers. Our Third Party Code of Conduct requires third parties to acknowledge their best practice responsibilities.
12 Financial management process	
Sound and reliable financial reporting informs our company's performance, future planning and disclosures to external stakeholders. Failures in these processes would expose our business and shareholders to the risk of making poorly informed decisions. In 2020, the workforce successfully moved to home working with minimal disruption to financial management processes.	Our financial reporting activities align to external reporting standards and industry best practice. Our Audit Committee reviews, and where necessary challenges, our reporting. Our Chief Risk Officer also provides an independent review of our business plan to support decision-making.

The cover to page 41 constitute the Strategic report which was approved by the Board and signed on its behalf by:

Stephen Bird
Chief Executive Officer
Standard Life Aberdeen plc (SC286832)
9 March 2021

Board of Directors

Our business is overseen by our Board of Directors. Biographical details (and shareholdings) of the Directors as at 8 March 2021 are listed below.

Sir Douglas Flint CBE – Chairman

Appointed to the Board	Age
November 2018	65
Nationality	**Shares**
British	89,369
Board committees:	NC

Sir Douglas' wide-ranging international and financial experience is an important asset to the business as it delivers against its strategy. His strong track record of board leadership as a chairman helps to facilitate open and constructive boardroom discussion.

Previously, Sir Douglas served as chairman of HSBC Holdings plc from 2010 to 2017. For 15 years prior to this he was HSBC's group finance director, joining from KPMG where he was a partner. Between 2005 and 2011 he also served as a non-executive director of BP plc.

In other current roles, Sir Douglas is chairman of IP Group plc and serves as HM Treasury's Special Envoy for Financial and Professional Services to China's Belt and Road Initiative. He is also a member of the Monetary Authority of Singapore's international advisory panel, and of the board of the International Chamber of Commerce UK.

Additionally, he is chairman of the Just Finance Foundation, non-executive director of the Centre for Policy Studies, member of the global advisory council of Motive Partners and board member of the Institute of International Finance. He also chairs the Corporate Board of Cancer Research UK and is a trustee of the Royal Marsden Cancer Charity.

He holds a BAcc (Hons) from the University of Glasgow, a PMD from Harvard Business School and is a Member of the Institute of Chartered Accountants of Scotland.

Stephen Bird Chief Executive Officer

Appointed to the Board	Age
July 2020	54
Nationality	**Shares**
British	500,000*

Stephen brings an established track record of delivering exceptional value to clients, creating high-quality revenue and earnings growth in complex and competitive financial markets, as well as deep experience of business transformation during periods of technological disruption and competitive change.

Stephen joined the Board in July 2020 as Chief Executive-Designate, and was formally appointed Chief Executive Officer in September 2020. Previously, Stephen served as chief executive officer of global consumer banking at Citigroup from 2015, retiring from the role in November 2019. His responsibilities encompassed all consumer and commercial banking businesses in 19 countries, including retail banking and wealth management, credit cards, mortgages, and operations and technology supporting these businesses. Prior to this, Stephen was chief executive for all of Citigroup's Asia Pacific business lines across 17 markets in the region, including India and China.

Stephen joined Citigroup in 1998, and during his 21 years with the company he held a number of leadership roles in banking, operations and technology across its Asian and Latin American businesses. Before this, he held management positions in the UK at GE Capital – where he was director of UK operations from 1996 to 1998 – and at British Steel. He holds an MBA in Economics and Finance from University College Cardiff, where he is also an Honorary Fellow.

Stephanie Bruce – Chief Financial Officer

Appointed to the Board	Age
June 2019	52
Nationality	**Shares**
British	133,741*

Stephanie was appointed Chief Financial Officer on joining the Board in June 2019. She is a highly experienced financial services practitioner with significant sector knowledge, both technical and commercial. She brings experience of working with boards and management teams of financial institutions in respect of financial and commercial management, reporting, risk and control frameworks and regulatory requirements.

Before joining Standard Life Aberdeen, Stephanie was a partner at PwC, a member of the Assurance Executive and led the financial services assurance practice. Her responsibilities included client services, product development, operations and quality assurance across the UK business.

During her career, she has specialised in the financial services sector, working with organisations across asset management, insurance and banking, with national and international operations.

Stephanie is an associate of the Association of Corporate Treasurers. She holds a Bachelor of Laws (LLB) from the University of Edinburgh.

She is also a member of the Institute of Chartered Accountants of Scotland and served as the chair of its audit committee.

Key to Board committees

R Remuneration Committee
RC Risk and Capital Committee
A Audit Committee
NC Nomination and Governance Committee
Committee Chair

* Shares include qualifying awards as described on page 83 of the Directors' remuneration report in the ARA 2020

Jonathan Asquith – Non-executive Director and Senior Independent Director

Appointed to the Board	Age
September 2019	64
Nationality	**Shares**
British	70,000
Board committees:	R NC

Jonathan has considerable experience as a non-executive director within the investment management and wealth industry. This brings important insight to his roles as Senior Independent Director and Chair of our Remuneration Committee.

Jonathan is a non-executive director of CiCap Limited and its regulated subsidiary Coller Capital Limited. He is also a non-executive director of Northill Capital Services Limited and a number of its subsidiaries – Vantage Infrastructure Holdings, Securis Investment Partners and Capital Four Holding A/S. At the end of 2020 he stepped down as deputy chairman of 3i Group plc after nearly ten years as a board member. Previously, he has been chairman of Citigroup Global Markets Limited, Citibank International Limited, Dexion Capital PLC and AXA Investment Managers. He has also been a director of Tilney, Ashmore Group plc and AXA UK PLC.

In his executive career Jonathan worked at Morgan Grenfell for 18 years, rising to become group finance director of Morgan Grenfell Group, before going on to take the roles of chief financial officer and chief operating officer at Deutsche Morgan Grenfell. From 2002 to 2008 he was a director of Schroders plc, during which time he was chief financial officer and later executive vice chairman.

He holds an MA from the University of Cambridge.

John Devine – Non-executive Director

Appointed to the Board	Age
July 2016	62
Nationality	**Shares**
British	28,399
Board committees:	A NC RC

John's previous roles in asset management, his experience in the US and Asia and his background in finance, operations and technology, are all areas of importance to our strategy. John's experience is important to the Board's discussions of financial reporting and risk management, and in his role as Chair of our Audit Committee.

John was appointed a Director of Standard Life plc in July 2016. From April 2015 until August 2016, he was non-executive Chairman of Standard Life Investments (Holdings) Limited.

He is non-executive chairman of Credit Suisse International, Credit Suisse Securities (Europe) Limited and a non-executive director of Citco Custody Limited and Citco Custody (UK) Limited.

From 2008 to 2010, John was chief operating officer of Threadneedle Asset Management Limited. Prior to this, he held a number of senior executive positions at Merrill Lynch in London, New York, Tokyo and Hong Kong.

He holds a BA (Hons) from Preston Polytechnic and is a Fellow of the Chartered Institute of Public Finance and Accounting.

Melanie Gee – Non-executive Director

Appointed to the Board	Age
November 2015	59
Nationality	**Shares**
British	67,500
Board committees:	A NC

Melanie brings to the Board significant executive experience in creating successful businesses and leading teams of bankers in various roles. This experience was derived from her career in financial services, where she has specialised in advisory and corporate finance work. She has also had a particular focus on the evolution of cultures and working practices, and is able to draw on these insights as our designated non-executive Director for employee engagement.

Melanie was appointed as a Director of Standard Life plc in November 2015. She is also a non-executive director and chair of the healthcare company Syncona Limited, a FTSE 250 company. She was appointed a managing director of Lazard and Co. Limited in 2008 and became a senior adviser in 2012.

Previously Melanie held various roles with UBS, having been appointed a managing director in 1999 and served as a senior relationship director from 2006 to 2008. She was a non-executive director of The Weir Group PLC between 2011 and 2017 and the Drax Group plc between 2013 and 2016. She was also chair of Ridgeway Partners Holdings Ltd from 2019, and of its wholly-owned subsidiary Ridgeway Partners Limited from 2016, until 2020. She holds an MA in Mathematics from the University of Oxford.

Brian McBride
Non-executive Director

Appointed to the Board	Age
May 2020	65
Nationality	**Shares**
British	Nil
Board committees:	R

Brian brings a wealth of digital experience and global leadership experience in both executive and non-executive directorship roles. His direct experience of developing digital strategies and solutions in consumer-facing businesses, in rapidly evolving markets, is of great benefit to the Board's discussions.

Brian is currently chair of Trainline PLC, non-executive director of Kinnevik AB, and the lead non-executive director on the board of the UK Ministry of Defence. He is also a senior adviser to Scottish Equity Partners.

In his executive career, Brian has worked for IBM, Crosfield Electronics and Dell before serving as chief executive officer of T-Mobile UK and then managing director of Amazon.co.uk. As a non-executive director, Brian has served on the boards of AO.com, the BBC, Celtic Football Club PLC, Computacenter PLC and S3 PLC, and as chair of ASOS PLC.

He holds an MA (Hons) in Economic History and Politics from the University of Glasgow.

Martin Pike –
Non-executive Director

Appointed to the Board	Age
September 2013	59
Nationality	**Shares**
British	69,476
Board committees:	RC NC A

Martin provides broad commercial insight into strategy and risk to the Board, and to his role as Chair of our Risk and Capital Committee. He has particular knowledge of enterprise-wide risk management. His actuarial and strategic consultancy background brings a strong understanding of what drives success in the markets in which we operate.

Martin was appointed as a Director of Standard Life plc in September 2013. He is also chairman and non-executive director of Faraday Underwriting Limited – where he sits on the audit and risk committee, and chairs the nomination and remuneration committee. In 2021 he was appointed chairman and non-executive director of AIG Life Limited, as well as becoming a member of its audit committee and chair of its remuneration committee.

He joined R Watson and Sons, consulting actuaries, in 1983, and progressed his career with the firm to partner level. His senior roles included head of European insurance and financial services practice, Watson Wyatt from 2006 to 2009, vice president and global practice director of insurance and financial services, Watson Wyatt during 2009, and managing director of risk consulting & software for EMEA, Towers Watson from 2010 to 2013.

Martin holds an MA in Mathematics from the University of Oxford. He is a Fellow of the Institute and Faculty of Actuaries and a Fellow of the Institute of Directors.

Cathleen Raffaeli –
Non-executive Director

Appointed to the Board	Age
August 2018	64
Nationality	**Shares**
American	9,315
Board committees:	R RC

Cathi has strong experience in the financial technology sector and background in the platforms sector, as well as international board experience. She brings these insights to her role as non-executive chairman of the boards of Elevate Portfolio Services Limited and Standard Life Savings Limited. This role provides a direct link between the Board and the platform businesses that help us connect with clients and their advisers.

Cathi is managing partner of Hamilton White Group, LLC which offers advisory services, including business development, to companies in financial services growth markets. In addition, she is managing partner of Soho Venture Partners Inc, which offers third-party business advisory services.

Previously, Cathi was lead director of E*Trade Financial Corporation, non-executive director of Kapitall Holdings, LLC and president and chief executive officer of ProAct Technologies Corporation. She was also a non-executive director of Federal Home Loan Bank of New York – where she was a member of the executive committee, and vice chair of both the technology committee and the compensation and human resources committee.

She holds an MBA from New York University and a BS from the University of Baltimore.

Key to Board committees

R Remuneration Committee
RC Risk and Capital Committee
A Audit Committee
NC Nomination and Governance Committee
Committee Chair

* Shares include qualifying awards as described on page 83 of the Directors' remuneration report in the ARA 2020

Cecilia Reyes – Non-executive Director

Appointed to the Board	Age
October 2019	62
Nationality	**Shares**
Swiss and Philippine	Nil
Board committees:	R RC

Cecilia brings great insight from operating in leadership positions in international financial markets. Her knowledge and many years of direct experience of risk management and insurance investment management are of great benefit to the work of the Board.

Before joining the Board, Cecilia was with Zurich Insurance Group Ltd (Zurich) for 17 years where she was most recently its group chief risk officer, leading the global function comprising group risk management and responsible for its enterprise risk management framework.

Prior to that, she was its group chief investment officer, responsible for the execution of the investment management value chain – including analysis, development and global implementation of the investment strategy for the group's investments. In both positions, she was a member of Zurich's executive committee.

Cecilia started her career at Credit Suisse, following which she held senior positions at ING Barings, latterly as head of risk analysis, asset management. She is also the founder of Pioneer Management Services GmbH which seeks to develop a non-profit social enterprise.

She holds a BSc from Ateneo de Manila University, an MBA from the University of Hawaii and a PhD (Finance) from the London Business School, University of London.

Jutta af Rosenborg – Non-executive Director

Appointed to the Board	Age
August 2017	62
Nationality	**Shares**
Danish	8,750
Board committees:	R A

Jutta has extensive knowledge of international management and strategy, from sector operational roles in a number of listed companies. Her previous experience, which includes group finance and auditing, risk management and mergers and acquisitions, allows her to offer valuable perspectives to strategic discussions.

Jutta was appointed a non-executive director of Aberdeen Asset Management PLC in January 2013. She is a non-executive director of JPMorgan European Investment Trust plc and chair of its audit committee. In addition, she is a non-executive director of NKT A/S and Nilfisk Holding A/S, and chairs the audit and remuneration committees of both organisations. She is also a member of the supervisory board of BBGI SICAV S.A, where she chairs the audit committee.

Previously, she was the executive vice president, chief financial officer, of ALK Abelló A/S and was chairman of Det Danske Klasselotteri A/S.

A qualified accountant, she holds a Master's degree in Business Economics and Auditing from Copenhagen Business School.

Board diversity

Gender

- Male: 6
- Female: 5

Executive and Non-executive mix

- Non-executive: 9
- Executive: 2

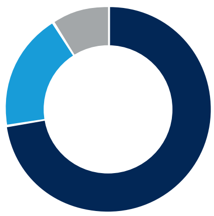
Nationality

- British: 8
- American: 1
- Danish: 1
- Swiss and Philippine: 1

Tenure as at March 2021

- 0-3 years: 7
- 3-5 years: 1
- 5+ years: 3

Ethnicity



- White: 8
- Prefer not to say: 2
- Asian: 1

Stakeholder engagement

Summary of Stakeholder engagement activities

Under s.172, the Directors consider their responsibilities to stakeholders in their discussions and decision-making.

Key stakeholders	Direct Board engagement	Indirect Board engagement	Outcomes
Clients Read more on pages 14 to 19.	• The CEO meets regularly with key clients (virtually when pandemic restrictions are in place) and reports to the Board on such meetings • The CEO has weekly calls with his opposite number at Phoenix Group, our largest client and reports thereon to the Board • The CEO takes part in key client pitches to hear directly from clients on their requirements (again virtually when pandemic restrictions are in place) • The Chairman meets with key clients at international conferences and industry membership boards where he represents the Group • The Board members feed into Board discussions feedback received directly from clients	• The heads of the Growth Vectors report at Board meetings on key client engagement, support programmes and client strategies • Market share data and competitor activity are routinely reported to the Board • Analysis of successes and failures on client proposals is reported to the Board • Results of client perceptions survey/customer sentiment index are reported	• Engagement supported the development of the key client management process, and our client solutions and ESG approaches • The creation of the Growth Vectors was designed to position the business around client needs with performance accountability measured on that basis • Investment processes are driven by understanding client needs and designing appropriate solutions taking into account client risk appetite and sophistication
Our people Read more on pages 20 to 23.	• Meet the NEDs town hall sessions and NED engagement dinners for a diverse mix of staff at all levels (when permitted) allow direct feedback in informal settings • Employee engagement NED in place and active with the employee diversity networks as well as with all employees through their representatives. Reports from the BEE NED are a standing report at each Board meeting. • Chairman and NEDs all mentor one or two CEO-1 or -2 level emerging talent • CEO and CFO 'Town Hall' sessions	• CHRO reports to each Nomination and Governance Committee meeting on key hires and employee issues • CHRO produces a regular report for the Board drawing out key factors influencing staff turnover, morale and engagement • Viewpoints and Pulse surveys collect aggregate, regional, functional and business group trend data which is reported to the Board	• Engagement feedback recognised in Board discussions on new ways of working • Engagement feedback is a key input to succession planning for key roles and design of reward

Key stakeholders	Direct Board engagement	Indirect Board engagement	Outcomes
Society – **Business partners/ supply chain** Read more on pages 24 to 29.	• CEO leads on relationships with key business partners and reports back to the Board • Risk and Capital Committee routinely reviews dependency on critical suppliers and how they are managed • Audit Committee leads on assessment of external audit performance and service provision • The Board received detailed papers supporting the outsourcing of a number of technology services, the renegotiation of the Group's contracts with FNZ in relation to the Platforms business and the revisions made to the Group's relationship with Phoenix	• COO attends each Board meeting and reports on first line key supplier relationships and their role in transition and transformation activities • Supplier surveys undertaken • Tendering process include smaller level firms • Access and audit rights in place to key suppliers • Modern slavery compliance process in place • Procurement/payment principles in place • Certain key suppliers regularly discussed at Audit Committee, Risk and Capital Committee and Board	• Transformation discussions have included a focus on the quality, service provision, availability and costs of relevant suppliers • The overriding guidelines for business partnerships have been established as working for both parties and creating world-class operations • The Board sought assurance on the ability of key suppliers to continue to operate during the pandemic
Communities Read more on pages 24 to 29.	• Chairman/NEDs/EDs present at relevant events and conferences • Chairman/EDs represent the Group on public policy and community organisations • Additional provision made for local charitable giving in COVID-19 circumstances	• Stewardship/sustainability teams report regularly to the Board • Feedback on annual Stewardship and TCFD reports • Review of charitable giving strategy • ESG commercialisation presentations to the Board	• Considered as input to the Group's culture and strategic drivers • Engagement drives the expression of our purpose
Regulators/ policymakers/ governments Read more on pages 24 to 29.	• Regular engagement with CEO, Chairman and Committee Chairs • FCA presents to the Board • 'Dear Board/CEO' letters issued from regulators • Relevant engagement with regulators in overseas territories	• Chief Risk Officer (CRO) updates at every Board meeting • Reports on the results of active participation through industry groups	• Relevant Board decisions recognise regulatory impact and environment
Shareholders – **Strategic partners** Read more on pages 30 to 37.	• CEO has taken on detailed handling of the Phoenix relationship with regular meetings with his opposite number • ED representation on HDFC boards during 2020 • ED direct meetings with core supplier relationships	• Specific updates in CEO report • As appropriate, reports to Board/ Committees from representative Directors • One ELT member serves on the Phoenix Board	• The development of our business through our relationships with Strategic partners is a critical element of the Board's strategy
Shareholders Read more on pages 30 to 37.	• Results, AGM presentations and Q&A • Chairman, CEO and CFO meetings with investors • Remuneration Committee Chair meetings with institutional investors • Chairman/CEO/CFO direct shareholder correspondence	• Regular updates from the EDs/ Investor Relations Director/ Chairman/ Chairman of Remuneration Committee summarising the output from their programmes of engagement • Analyst/Investor reports distributed to the Board • As relevant, feedback from corporate brokers • Publication of Shareholder News • Dedicated mailbox and shareholder call centre team	• Engagement supported various decisions including the proposed remuneration policy approved at the 2020 AGM

Remuneration

Jonathan Asquith

Directors' remuneration report

Remuneration Committee Chairman's statement

This report sets out what the Directors of Standard Life Aberdeen were paid in 2020 and how we will pay them in 2021, together with an explanation of how the Remuneration Committee reached its recommendations. Where tables and charts in this report have been audited by KPMG LLP we have marked them as 'audited' for clarity. This is a summary of the Directors' Remuneration Report. The full report is included on pages 73 to 95 of the ARA 2020.

Approval

The Directors' remuneration report was approved by the Board and signed on its behalf by

Jonathan Asquith
Chairman, Remuneration Committee

9 March 2021

Dear Shareholder

On behalf of the Board I am pleased to present this summary Directors' Remuneration Report for the year ended 31 December 2020. This report sets out what the Directors of Standard Life Aberdeen were paid in 2020 and how we will pay them in 2021, together with an explanation of how the Remuneration Committee reached its recommendations.

Executive Summary

2020 has been a year of change for Standard Life Aberdeen which has taken place against the background of the extraordinary societal and economic impact of COVID-19 and considerable market volatility.

Our new Directors' Remuneration Policy was submitted at the 2020 AGM and approved by shareholders with 92% of the vote. I would like to thank shareholders for the strong level of support given to the policy and their continued dialogue on remuneration matters. The policy was designed to drive delivery of our strategy through a simple and transparent structure for executive remuneration with a focus on sustainable long-term performance.

During 2020, with integration following the merger between Standard Life and Aberdeen Asset Management well progressed, we launched the next phase of evolution of the Group aimed at developing and expanding its revenue base. To lead this next phase Stephen Bird was appointed to the role of Chief Executive Officer (CEO) Designate on 1 July 2020 and was appointed to CEO effective 1 September 2020, replacing Keith Skeoch. The remuneration aspects of this transition were handled in conformity with the new Directors' Remuneration Policy.

This was also the year in which Martin Gilbert, previously joint Chief Executive Officer of the Group, stepped down from the Board and subsequently retired in line with the arrangements announced in 2019.

2020 also brought changes on the non-executive Director front. Brian McBride joined the Board as a non-executive Director and we were happy to welcome him as a member of the Remuneration Committee from 1 May 2020.

In this year of challenge and change, the business has experienced a decline in revenues and adjusted profits, while we have continued to drive forward our strategic agenda. Combined with the executive Director changes, this performance has shaped the remuneration agenda for the year. Year-end processes have incorporated a careful consideration of remuneration outcomes in the context of broader stakeholder interests and the complex political, regulatory and social background engendered by the pandemic. Our pay decisions have focused on encouraging and rewarding contributions to the success and sustainability of our business in a uniquely challenging environment. Aside from the measurement of performance in relation to their personal objectives, the annual bonuses of all those serving as executive Directors for any part of the year have been assessed against the performance criteria and targets set for the business scorecard at the start of the year.

Changes to the executive team and Board succession during 2020

On 30 June 2020 it was announced that Stephen Bird would be appointed as a Director of the Group and as Chief Executive Officer Designate (subject to regulatory approval) with effect from 1 July 2020. As detailed in that announcement Stephen Bird's remuneration package comprises:

- Base salary of £875,000
- Cash in lieu of pension of 18% of base salary and other benefits in line with the Directors' Remuneration Policy
- Annual bonus opportunity of up to 250% of salary subject to performance and applicable deferrals (pro-rated in 2020 to reflect his joining the Company part way through the performance year)
- Long-Term Incentive Share Plan (LTIP) award of shares to the value of 350% of salary. Stephen's first LTIP award for the period 2020 to 2022 was granted on 14 August 2020 as reported on page 84 of the ARA 2020. It was reduced pro-rata to reflect his joining part way through the performance period. The award will vest (subject to meeting applicable performance conditions) at the end of the period and is required to be held for an additional 2 years.

The structure and quantum of the CEO's remuneration package is consistent with our Directors' Remuneration Policy and falls below the maximum permitted under those rules. In calibrating his package the Committee considered what it would take to attract the unique skillset and talent required to guide our business through its next phase of development and benchmarked the outcome against the remuneration arrangements for similar roles in asset management peer group companies.

The package adopted differed from that of his predecessor in two key respects. First, the basic salary was returned to a level appropriate for a single CEO; at the time of his departure Keith Skeoch's salary was still based on the reduced level introduced when he moved from being sole CEO of Standard Life to Co-CEO of Standard Life Aberdeen following the merger in 2017. Second, while the total maximum variable pay opportunity (comprising annual bonus and LTIP) of 600% of salary remained unchanged, the Committee shifted the balance between the components from 300%:300% to 250%:350% to increase its focus on long-term performance.

Keith Skeoch's 12 month notice period commenced on 1 July 2020. He stepped down from the Board on 1 September 2020 when regulatory approval for Stephen Bird's appointment was received. Keith will serve as non-executive Chairman of Aberdeen Standard Investments Research Institute until the end of his notice period and during this time will continue to receive his base salary of £615,000 per annum as well as his benefits and allowances in line with the terms of his Executive Service Agreement. His bonus for the 2020 performance year has been pro-rated to 1 September 2020. He is not eligible for any further bonus or LTIP awards. His unvested deferred bonus and LTIP awards will continue to vest in line with the relevant plan rules on the original vesting dates and subject to the applicable performance measures. He will be subject to a post-employment shareholding requirement for two years post cessation of employment of 500% of salary.

Martin Gilbert stepped down from the Board on 12 May 2020 and retired from the Company on 30 September 2020. The terms of his retirement were agreed at the time of announcement of his departure in October 2019. Reflecting his reduction to a four day week from 1 January 2020 he received a base salary of £480,000 per annum and benefits and allowances, which included a pension of 20% of salary, until his departure. His bonus for the 2020 performance year has been pro-rated for time served to 30 September 2020. He was not eligible to receive a 2020 long-term incentive award. He is not eligible for any further bonus or LTIP awards. His unvested deferred bonus will continue to vest in line with the relevant plan rules on the original vesting dates and subject to the applicable performance measures. He will be subject to a post-employment shareholding requirement for one year post cessation of employment of 300% of salary. This is in line with the policy in place at the time of announcement of his departure.

Our performance in 2020 and alignment with remuneration

Against a difficult market background in 2020, the business has experienced a decline in revenues which, alongside a reduced cost base (which still remains high in relation to income), resulted in a fall in adjusted profit before tax. Notwithstanding this, considerable momentum was gained from realigning the business around our three growth vectors, and reduced net outflows, climbing consultant ratings and improved investment performance in the year all set the stage for future growth, while major milestones in our transformation were also met.

How our remuneration policy was applied in 2020

Annual bonus

The 2020 executive Director bonus plan was designed in line with our Remuneration Policy to reward management for the efficient and timely execution of a stretching 12 month plan agreed with the Board, with a majority focus (75%) on financial performance targets. Non-financial performance objectives (20%) made up most of the balance, concentrating on the achievement of desired outcomes in our relationships with our customers and our people. The remaining 5% was reserved to reward the achievement of specific personal targets set for each of the executive Directors.

By the time that Stephen Bird joined us, the market disruptions caused by the pandemic had impacted income and changed the outlook for new business for the year, reducing substantially the chances of meeting a number of the financial and other targets set out in the annual bonus scorecard for the previous management team. He nonetheless elected, as a matter of principle, to be judged by the same scorecard as his new colleagues rather than insisting on a bespoke arrangement; as a result he received a bonus in line with the other Executive Directors despite delivering on all of the personal objectives agreed with the Board at the time of his recruitment.

The Remuneration Committee approved the following outcomes based on performance against targets:

Executive Director	Final outcome (% of max)[1]	Final outcome (% of pro-rated salary)	2020 total bonus (£000s)
Stephen Bird[2]	48%	120%	527
Keith Skeoch[2]	48%	144%	590
Stephanie Bruce	47%	70%	379
Martin Gilbert[3]	47%	96%	344

1 The same measures and scoring for both the financial (75%) and non-financial (20%) metrics were applied to all executive Directors irrespective of the time period they worked during the year.

2 Annual salary has been pro-rated to reflect the period of time spent on the Board.

3 Annual salary has been pro-rated to the date of departure.

The key achievements are set out on pages 79 and 80 of the ARA 2020 and summarised below, together with the range of factors considered by the Remuneration Committee in approving these outcomes.

Financial performance (75%)

- There has been strong investment performance for our clients and customers, as well as effective execution in realisation of value from strategic shareholdings
- The balance of financial metrics in the scorecard has, however, resulted in performance behind target
- In particular, revenue weakness has driven poor results against cost/income ratio targets and shortfalls in annual profit progress in some areas of strategic importance

This has resulted in an overall assessment of 34.21% out of a maximum of 75% on financial measures.

Non-financial performance (25%)

The non-financial measures included objectives around relationships with our People (10%) and our Customers (10%), both of which are important to the sustainability of our business.

- We made good progress in People objectives under our employee engagement target but fell short of our diversity targets
- Customer performance was assessed at threshold, reflecting positive movements in year on year client surveys within what are now the Advisor and Personal Vectors, but targets were not achieved for the Investments Vector

This has resulted in an overall assessment of 8.75% out of a maximum of 20% on non-financial measures.

Details on the Committee's assessment of individual performance against personal objectives, which make up the final 5% of the bonus opportunity, are provided on page 80 of the ARA 2020.

Remuneration Committee assessment

In addition to considering the achievement against the targets under our annual bonus scorecard, the Committee reviewed the individual components which contributed to the delivery of this performance. The Committee also considered the alignment of scorecard outcomes with the experience of a range of stakeholders. This review was undertaken by the Committee to assess whether the awards generated by the scorecard were fair in the broader performance and risk context. The Committee considered:

- The outcome from the perspective of overall company performance including one-off items. The Committee considered that the categories, targets and measurements embedded in the scorecard appropriately captured performance against the Board's plan without the need for discretionary adjustment.
- The impact of the COVID-19 pandemic. This was reflected in reduced revenues for 2020, which directly impacted award outcomes via the scorecard. Note that aside from adapting some personal objectives, no remuneration measures or targets were adjusted as a result of the pandemic; nor was any application made for government support to mitigate the effects of COVID-19, while in the background the company increased its charitable giving and community engagement to support others affected by the pandemic.
- Input from the Risk and Capital Committee and the Audit Committee. There were no items raised by these committees which warranted Remuneration Committee intervention in executive Director outcomes for 2020.
- The mixed shareholder experience during 2020; our 1 year total shareholder return is ahead of all but one of our UK peers, but remains behind the majority of our overseas peers (using the same peer group that applied to the Executive Director 2020 Long Term Incentive Plan). There was a steadily improving share price performance after March 2020.
- The context of incentive funding across the workforce which has reduced from the prior year and been awarded in line with our performance driven policy for variable pay

The Remuneration Committee took these and other considerations into account in its review and concluded that it would not be appropriate to exercise its discretion to amend the outcomes of the scorecard or override in any other way the annual bonus process.

2020 LTIP Award

The first awards under the LTIP plan to Keith Skeoch and Stephanie Bruce were made following the approval of the remuneration policy at the 2020 AGM in May 2020. An LTIP award was made to Stephen Bird after he joined the Company in August 2020. Details of all awards are set out on page 84 of the ARA 2020. Prior to making the awards in May 2020, the Committee reviewed the award levels in the context of share price performance. The Committee determined that there was no requirement to adjust the award size of the 2020 LTIP from the level disclosed in our 2019 annual report. The Committee retains discretion to review award levels at the end of the period; this is to ensure that outcomes appropriately reflect performance and the experience of stakeholders, and to allow consideration as to whether unjustifiable windfall gains may have accrued to participants.

Coinciding with the publication of these accounts, the Group issued today an RNS announcement dealing with future changes to the reporting of Adjusted Profit and Adjusted Profit per Share. The Committee reviewed the impact of these changes on remuneration measures and targets set for in-flight incentive arrangements and determined that it was appropriate to change both the per Share measure and the associated performance targets of those schemes which currently use Adjusted Diluted Earnings per Share as a performance indicator. The revised measure selected as that most adjacent to the original test was Adjusted Diluted Capital Generation per Share (see definition on page 222 of the ARA 2020 and detail on page 52). In accordance with the rules of the various schemes, the underlying principle applied in setting the revised measures and targets was that they should be neither more nor less difficult to achieve than the original targets. Details of the restated targets can be found on page 84 of the ARA 2020.

Stephanie Bruce – One-Off Deferred Award

The Remuneration Committee assessed the performance condition around the vesting of the first tranche of the one-off deferred award made to Stephanie Bruce on her appointment as Chief Financial Officer (CFO) in 2019 and approved the vesting level at 100% of maximum. Further detail is included on page 82 of the ARA 2020. As part of the due diligence process around this determination, the Remuneration Committee received an independent report from the Chief Internal Auditor prior to making their assessment, in line with previous undertakings to shareholders.

Keith Skeoch - Vesting of the 2018 Executive LTIP

Keith Skeoch participated in the 2018 Executive LTIP, the outcome of which was dependent on the achievement of stretching performance conditions by reference to adjusted profit and net flows targets. On assessment of performance against these conditions, it was determined that the award did not meet the required thresholds against either of these measures and the award lapsed in full. Further details of the 2018 Executive LTIP can be found on page 82 of the ARA 2020.

Policy implementation in 2021

This year the Committee has decided not to increase the salaries for the executive Directors or the fees for the non-executive Directors or the Chairman. This follows a Company-wide decision not to carry out a salary review at the beginning of 2021.

In line with the previous practice, we will continue to set stretching targets for the annual bonus and the LTIP to ensure that the maximum opportunity will only be earned for exceptional performance.

The scorecard for the 2021 annual bonus is detailed on page 52 and the targets, which are commercially sensitive, will be disclosed at the end of this performance year in the ARA 2021. The scorecard retains the structure of focusing 75% of opportunity on the achievement of financial targets and 25% on the delivery of non-financial and personal objectives around people, customers, innovation and similar areas.

The threshold and maximum performance targets for the proposed grants under the 2021 Executive LTIP plan are detailed on page 52. In light of the change announced in future reporting of Adjusted Diluted Profit per Share we have changed the earnings based metric for the 2021 grants from that used in 2020.

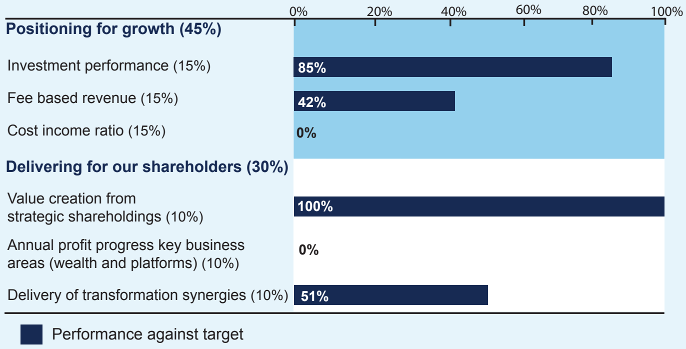
To help you navigate the report effectively, I would like to draw your attention to the sections on pages 51 and 52 which summarise both the outcomes for 2020 and also how the remuneration policy will be implemented in 2021. Further detailed information is set out on pages 79 - 95 of the ARA 2020 for your reference as required.

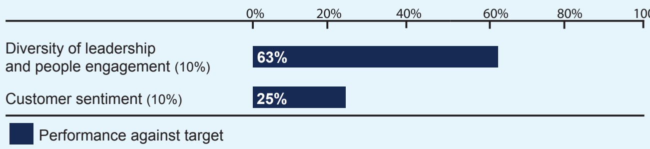
On behalf of the Board, I invite you to read our remuneration report and welcome your feedback.

At a glance – 2020 remuneration policy implementation

2020 Outcome of the financial and non-financial performance metrics

The following charts show performance against the target range for each of the financial and non-financial metrics which govern the annual bonus. Further detail on the assessment of the performance conditions can be found on pages 79 and 80 of the ARA 2020.





Personal performance measures

The outcome of individual personal performance measures (5% weighting) is set out on page 80 of the ARA 2020.

2020 annual bonus scorecard outcome

The following table sets out the final outcome for the 2020 annual bonus, including the personal performance assessment (noting that the same measures and scoring for both the financial and non-financial metrics have been applied to executive Directors irrespective of the periods during which they worked during the year). A detailed breakdown of performance can be found on pages 79 and 80 of the ARA 2020.

	Bonus Scorecard Outcome				Total Bonus Outcome				
	Financial metrics (maximum 75%)	Non-financial metrics (maximum 20%)	Personal performance (maximum 5%)	Board approved outcome (% of maximum)	Annual salary (£000s)	Period worked in 2020 (days basis)	Maximum opportunity (% of salary)	Total award (% of salary)[1]	Total award (£000s)
Stephen Bird[2]	34.21%	8.75%	5.00%	47.96%	875	50%	250%	120%	527
Keith Skeoch[3]			5.00%	47.96%	615	67%	300%	144%	590
Stephanie Bruce			4.00%	46.96%	538	100%	150%	70%	379
Martin Gilbert[4]			4.00%	46.96%	480	75%	204%	96%	344

1 The % is applied to the pro-rated salary for Stephen Bird, Keith Skeoch and Martin Gilbert.

2 Stephen Bird's total opportunity for 2020 was 250% of salary. His award has been pro-rated to reflect his joining date of 1 July 2020.

3 Keith Skeoch stepped down from the Board on 1 September 2020. His award has been pro-rated to reflect the period of time he served on the Board.

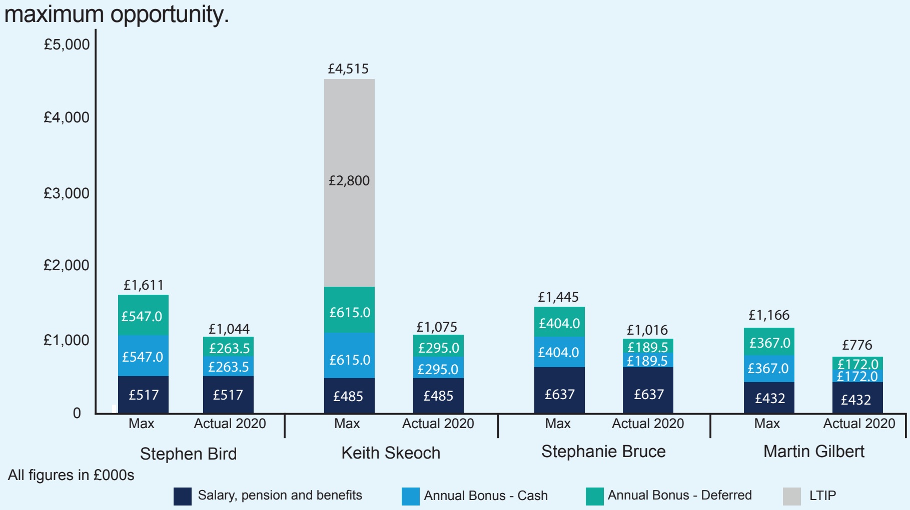
4 Martin Gilbert's total opportunity for 2020 was 204% of salary. His award has been pro-rated to reflect his leaving date of 30 September 2020.

Long-term incentive award outcome in 2020

Keith Skeoch was granted an LTIP award in 2018 under the Executive LTIP, with a performance period ending 31 December 2020. Performance did not meet the minimum threshold required to vest and the award lapsed in full. More detail is set out on page 82 of the ARA 2020.

Total remuneration outcomes in 2020

The chart below shows the remuneration outcomes for each executive Director in 2020 based on performance compared to the maximum opportunity.



1 The figures for Stephen Bird, Keith Skeoch and Martin Gilbert have been pro-rated to reflect time served as set out in the footnotes to the 2020 bonus outcome chart above.

2 The maximum opportunity for Keith Skeoch includes his 2018 Executive LTIP which was awarded with a maximum value at grant of £2,800,000. The Committee assessed that performance had not met the minimum threshold required to vest. Details can be found on page 82 of the ARA 2020.

2021 remuneration policy implementation

This section sets out how we propose to implement our remuneration policy in 2021 including the performance measures that will be used to determine outcomes under the annual bonus and the LTIP. A summary of our Directors' Remuneration Policy can be found on pages 92 – 95 of the ARA 2020. The policy for the Chairman's fees and those of the non-executive Directors is set out on page 89 of the ARA 2020.

Salary

No changes proposed.

Pension

No change proposed. A pension of 18% of base salary applies, in line with the maximum available to the wider UK workforce.

2021 annual bonus

At the beginning of each year the Remuneration Committee sets the performance measures for the annual bonus based on strategic priorities. For 2021, 75% of the measures are based on financial performance, with the remainder based on non-financial performance. The Remuneration Committee retains an appropriate level of flexibility to apply discretion to ensure that remuneration outcomes reflect a holistic view of overall performance. The discretionary assessment will incorporate, inter alia, consideration of compliance, conduct and culture.

The following table sets out the performance scorecard to be used based on the Company's strategic priorities:

Focus area	Weighting	Example performance metrics to be used to assess 2021 bonus
Financial	75%	Investment Performance, Adjusted profit before tax, Net flows, Transformation
Non-financial	20%	Performance against People, Customer and ESG objectives
Individual objectives	5%	Key individual deliverables

Due to commercial sensitivity, actual targets and ranges will be disclosed at the end of the performance period.

The 2021 LTIP award

Under the Remuneration Policy, LTIP awards are subject to at least two performance metrics which are linked to the achievement of the Company's long-term strategic priorities and the creation of long-term shareholder value, with at least one being absolute in nature and one being a relative metric. Due to changes to the accounting for Adjusted Earnings per Share and their effect on the 2020 LTIP target measure of Compound Annual Growth Rate (CAGR) in Adjusted Diluted Earnings per Share, the Committee has decided to move to a new measure for the absolute element of the LTIP metrics for 2021. The new metric of CAGR in Adjusted Diluted Capital Generation per Share (page 222 of the ARA 2020) captures a broad measure of the rate of increase in the company's ability to generate capital to sustain investment and dividend flows. Adjusted Capital Generation comprises Adjusted Profit after Tax (excluding the Group's share of profit after tax of associates and joint ventures) plus dividends from associates/joint ventures/significant listed investments less returns relating to pension schemes in surplus; it is closely aligned to the measurement of management's performance in generating sustainable increases in shareholder value from its growth vectors and strategic relationships, while excluding mark-to-market changes in the fair value of significant listed investments, which are beyond management's direct control. The nominal performance targets for this measure are higher than for its predecessor, reflecting the elevated growth in returns expected from the key operating elements of the Group's business.

The Remuneration Committee proposes to grant awards in the form of nil-cost options under the LTIP plan. Targets for the award will be measured for the three-year period ended 31 December 2023 and are set as follows:

Performance measure	Weighting	Threshold performance (25% vesting)	Stretch performance (100% vesting)[1]
CAGR in Adjusted Diluted Capital Generation per Share	50%	8%	20%
Relative TSR[2]	50%	Equal to the median company	Equal to, or in excess of, the upper quartile company

1 Straight-line vesting occurs between threshold and maximum.

2 Relative TSR will be calculated using a 90-day average share price, both at the beginning and at the end of the performance period. The 90-day averaging will commence 45 days prior to the beginning and also 45 days prior to the end of the performance period. The calculation will be performed on a local currency basis.

The proposed peer group[1] to be used for the relative TSR measure consists of the below global asset management peers:

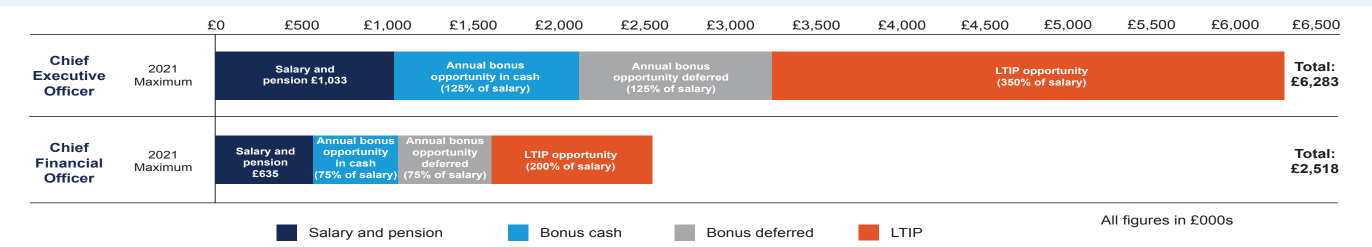
Affiliated Managers	Jupiter Fund Management	Janus Henderson Group
Alliance Bernstein	Man Group	St James's Place
Ameriprise Financial	Schroders	M&G
Amundi	DWS Group	Quilter
Ashmore Group	Franklin Resources	T Rowe Price Group
SEI Investments	Invesco	

1 This peer group will be subject to re-evaluation throughout the performance period to adjust for the effects of corporate events such as mergers and acquisitions, with substitutes introduced where necessary to maintain the approximate size and comparability of the group.

2 Eaton Vance, which is in a sale process, has been removed from the peer group for 2021 awards. No other changes are proposed to the peer group from 2020.

Following the same logic that led the Committee to select the new performance measure of CAGR in Adjusted Diluted Capital Generation per Share for 50% of the 2021 LTIP, the Committee also decided to use its discretion to redefine the equivalent condition in the in-flight 2020 LTIP. This change, of which further details are available (page 84 of the ARA 2020), was implemented on the basis that the new targets set (subject to rounding) would be no less difficult to achieve than those set at the time that plan was agreed.

Total opportunity under the remuneration policy in 2021 (unchanged from 2020)



GOVERNANCE

Single total figure of remuneration – executive Directors (audited)

The following table sets out the single total figure of remuneration for each of the individuals who served as an executive Director at any time during the financial year ending 31 December 2020:

Executive Directors		Basic salary for year £000s	Taxable benefits in year £000s[1]	Bonus paid in cash[2] £000s	Bonus deferred £000s[3]	Long-term incentives with performance period ending during the year £000s[4,5]	Pension allowance paid in year £000s	Other payments £000s	Fixed pay sub-total £000s	Variable sub-total £000s	Total remuneration for the year £000s
Stephen Bird[6]	**2020**	**438**	**–**	**263.5**	**263.5**	**–**	**79**	**–**	**517**	**527**	**1,044**
	2019	–	–	–	–	–	–	–	–	–	–
Keith Skeoch[7]	**2020**	**406**	**1**	**295.0**	**295.0**	**0**	**78**	**–**	**485**	**590**	**1,075**
	2019	600	1	187.5	562.4	0	120	1	722	750	1,472
Stephanie Bruce	**2020**	**535**	**1**	**189.5**	**189.5**	**–**	**101**	**–**	**637**	**379**	**1,016**
	2019	308	–	61.5	184.5	–	62	–	370	246	616
Martin Gilbert[8]	**2020**	**360**	**–**	**172.0**	**172.0**	**–**	**72**	**–**	**432**	**344**	**776**
	2019	600	1	124.6	373.7	–	120	–	721	498	1,219

1 This includes the taxable value of all benefits paid in respect of the relevant year. Included for 2020 are medical premiums at a cost to the group of £606 for all executive Directors.

2 This figure shows the annual cash bonus paid in respect of the year. In 2020 50% of the annual bonus award will be delivered in cash in line with current policy. In 2019 25% of the total bonus award was paid in cash under the 2019 Directors' Remuneration Policy.

3 This figure shows the annual deferred bonus awarded in respect of the year. In 2020 50% of the annual bonus award will be deferred into shares in line with current policy. In 2019 75% of the total bonus award was deferred into shares under the 2019 Directors' Remuneration Policy.

4 For 2019, awards granted under the 2017 Executive LTIP lapsed in full as threshold performance was not achieved.

5 For 2020, awards granted under the 2018 Executive LTIP lapsed in full as threshold performance was not achieved.

6 Stephen Bird was appointed on1 July 2020 – all figures reflect amounts paid/awarded since the date of appointment.

7 Keith Skeoch stepped down from the Board on 1 September 2020 and remained eligible for an award under the annual bonus plan until that date. The values shown represent the emoluments paid for the period spent on the Board to 1 September 2020.

8 Martin Gilbert stepped down from the Board on 12 May 2020 and retired from the company on 30 September 2020. He remained eligible for an award under the annual bonus plan to the date of retirement. The values shown represent the emoluments paid to 30 September 2020.

Single total figure of remuneration – non-executive Directors (audited)

The following table sets out the single total figure of remuneration for each of the non-executive Directors who served as a Director at any time during the financial year ending 31 December 2020. Non-executive Directors do not participate in bonus or long-term incentive plans and do not receive pension funding:

Non-executive Directors		Fees for year ended 31 December £000s	Taxable benefits in year ended 31 December £000s[1]	Total remuneration for the year ended 31 December £000s
Sir Douglas Flint[2]	**2020**	**475**	**27**	**502**
	2019	475	1	476
Jonathan Asquith	**2020**	**139**	**–**	**139**
	2019	46	–	46
John Devine	**2020**	**128**	**–**	**128**
	2019	131	3	134
Melanie Gee	**2020**	**113**	**–**	**113**
	2019	117	4	121
Brian McBride[3,4]	**2020**	**76**	**–**	**76**
	2019	–	–	–
Martin Pike	**2020**	**124**	**–**	**124**
	2019	128	3	131
Cathleen Raffaeli[5]	**2020**	**149**	**–**	**149**
	2019	149	3	152
Jutta af Rosenborg	**2020**	**94**	**–**	**94**
	2019	94	–	94
Cecilia Reyes	**2020**	**94**	**–**	**94**
	2019	24	–	24

1 We have reviewed the approach to disclosure of taxable benefits for non-executive Directors in 2020. This has resulted in removal of certain expenses, in line with reporting requirements.

2 Sir Douglas Flint is eligible for life assurance of 4x his annual fee. For 2020 this figure relates to the full year.

3 Appointed to the Board with effect from 1 May 2020.

4 Total fees include subsidiary Board fees of £30,000 per annum as a member of the Standard Life Savings Limited and Elevate Portfolio Services Limited Boards.

5 Total fees include subsidiary Board fees of £55,000 per annum as Chair of the Standard Life Savings Limited and Elevate Portfolio Services Limited Boards.

Consolidated financial information

Consolidated income statement

For the year ended 31 December 2020

	2020 £m	2019 £m
Income		
Investment return	163	464
Revenue from contracts with customers	1,527	1,743
Insurance contract premium income	31	66
Profit on disposal of interests in associates	1,858	1,542
Other income	30	178
Total income from continuing operations	3,609	3,993
Expenses		
Insurance contract claims and change in liabilities	17	156
Change in non-participating investment contract liabilities	56	265
Administrative expenses		
Restructuring and corporate transaction expenses	297	374
Impairment of goodwill – asset management	915	1,569
Other administrative expenses	1,608	1,651
Total administrative expenses	2,820	3,594
Change in liability for third party interest in consolidated funds	(3)	21
Finance costs	30	36
Total expenses from continuing operations	2,920	4,072
Share of profit from associates and joint ventures	194	79
(Loss on)/reversal of impairment of interests in associates and joint ventures	(45)	243
Profit before tax from continuing operations	838	243
Tax (credit)/expense attributable to continuing operations	(15)	28
Profit for the year from continuing operations	853	215
(Loss)/profit for the year from discontinued operations	(15)	56
Profit for the year	838	271
Attributable to:		
Equity shareholders of Standard Life Aberdeen plc		
From continuing operations	848	210
From discontinued operations	(15)	56
Equity shareholders of Standard Life Aberdeen plc	833	266
Non-controlling interests		
From continuing operations – preference shares	5	5
	838	271
Earnings per share from continuing operations		
Basic (pence per share)	38.5	8.9
Diluted (pence per share)	37.9	8.8
Earnings per share		
Basic (pence per share)	37.8	11.2
Diluted (pence per share)	37.2	11.1

Reconciliation of consolidated adjusted profit before tax to IFRS profit for the year

For the year ended 31 December 2020

	2020			2019		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Adjusted profit before tax						
Asset management, platforms and wealth	**284**	**–**	**284**	395	–	395
Insurance associates and joint ventures	**203**	**–**	**203**	189	–	189
Adjusted profit before tax	**487**	**–**	**487**	584	–	584
Adjusted for the following items						
Restructuring and corporate transaction expenses	**(355)**	**–**	**(355)**	(407)	–	(407)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(1,287)**	**–**	**(1,287)**	(1,844)	–	(1,844)
Profit on disposal of interests in associates	**1,858**	**–**	**1,858**	1,542	–	1,542
(Loss on)/reversal of impairment of interests in associates and joint ventures	**(45)**	**–**	**(45)**	243	–	243
Change in fair value of significant listed investments	**65**	**–**	**65**	–	–	–
Investment return variances and economic assumption changes	**46**	**–**	**46**	(25)	–	(25)
Other[1]	**86**	**(15)**	**71**	158	56	214
Total adjusting items	**368**	**(15)**	**353**	(333)	56	(277)
Share of associates' and joint ventures' tax credit/(expense)	**(17)**	**–**	**(17)**	(8)	–	(8)
Profit/(loss) before tax expense	**838**	**(15)**	**823**	243	56	299
Tax credit/(expense) attributable to						
Adjusted profit	**(38)**	**–**	**(38)**	(69)	–	(69)
Adjusting items	**53**	**–**	**53**	41	–	41
Total tax credit/(expense)	**15**	**–**	**15**	(28)	–	(28)
Profit/(loss) for the year	**853**	**(15)**	**838**	215	56	271

1 The Other adjusting item in 2020 relating to continuing operations includes £66m relating to our share of Phoenix gains relating to the acquisition of ReAssure and the completion of the Part VII transfer of the Legal and General mature savings business. The Other adjusting item in 2019 relating to continuing operations includes £140m received in relation to the settlement of arbitration with Lloyds Banking Group/ Scottish Widows (LBG), refer Note 5 of the Group financial statements in the ARA 2020.

The Group's key alternative performance measure is adjusted profit before tax. Refer Note 13 of the Group financial statements in the ARA 2020 for further details.

Consolidated statement of financial position

As at 31 December 2020

	2020 £m	2019 £m
Assets		
Intangible assets	**501**	1,707
Pension and other post-retirement benefit assets	**1,474**	1,163
Investments in associates and joint ventures accounted for using the equity method	**1,371**	1,509
Property, plant and equipment	**236**	266
Deferred tax assets	**131**	74
Financial investments	**3,110**	2,115
Receivables and other financial assets	**621**	560
Current tax recoverable	**9**	9
Other assets	**46**	55
Assets held for sale	**19**	767
Cash and cash equivalents	**1,519**	1,615
	9,037	9,840
Assets backing unit linked liabilities (excluding held for sale)		
Financial investments	**1,395**	1,528
Receivables and other unit linked assets	**8**	10
Cash and cash equivalents	**38**	44
	1,441	1,582
Total assets	**10,478**	11,422

	2020 £m	2019 £m
Liabilities		
Third party interest in consolidated funds	**77**	119
Subordinated liabilities	**638**	655
Pension and other post-retirement benefit provisions	**55**	55
Deferred income	**73**	67
Deferred tax liabilities	**66**	87
Current tax liabilities	**15**	19
Derivative financial liabilities	**13**	3
Other financial liabilities	**1,177**	1,315
Provisions	**93**	102
Other liabilities	**6**	5
Liabilities of operations held for sale	**11**	747
	2,224	3,174
Unit linked liabilities (excluding held for sale)		
Investment contract liabilities	**1,042**	1,152
Third party interest in consolidated funds	**388**	416
Other unit linked liabilities	**11**	14
	1,441	1,582
Total liabilities	**3,665**	4,756
Equity		
Share capital	**306**	327
Shares held by trusts	**(170)**	(134)
Share premium reserve	**640**	640
Retained earnings	**4,970**	2,886
Other reserves	**1,064**	2,845
Equity attributable to equity shareholders of Standard Life Aberdeen plc	**6,810**	6,564
Non-controlling interests		
Ordinary shares	**3**	3
Preference shares	**–**	99
Total equity	**6,813**	6,666
Total equity and liabilities	**10,478**	11,422

Approved by the Board and signed on its behalf by the following Directors:

Sir Douglas Flint
Chairman
9 March 2021

Stephanie Bruce
Chief Financial Officer
9 March 2021

Glossary

Aberdeen Asset Management or Aberdeen

Aberdeen Asset Management PLC, or Aberdeen Asset Management PLC and its subsidiaries.

Adjusted operating expenses

Adjusted operating expenses is a component of adjusted profit and relates to the day-to-day expenses of managing our business.

Adjusted profit

Adjusted profit before tax is the Group's key alternative performance measure. Adjusted profit excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts
- Profit or loss arising on the disposal of a subsidiary, joint venture or associate
- Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method
- Changes in fair value of significant listed investments
- Fair value movements in contingent consideration
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group

Adjusted profit also excludes impacts arising from investment return variances and economic assumption changes in the Group's associate and joint venture insurance entities where they have a policy for determining investment return variances and economic assumption changes. This currently applies only to the Group's investment in Phoenix.

Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates. Coupons payable on perpetual debt instruments classified as equity for which interest is accrued are included in adjusted profit before tax.

Assets under management and administration (AUMA)

AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUMA does not include assets for associates and joint ventures.

AUM is a measure of the total assets that Aberdeen Standard Investments manages on behalf of individual and institutional clients. AUM also includes assets managed for corporate purposes.

AUA is a measure of the total assets we administer for clients through our Platforms. AuAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.

Board

The Board of Directors of the Company.

Capital management

Capital management is a component of adjusted profit and relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.

Chief Operating Decision Maker

The executive leadership team.

Company

Standard Life Aberdeen plc.

Cost/income ratio

This is an efficiency measure that is calculated as adjusted operating expenses divided by fee based revenue. The measure may also be disclosed on a basis that includes the share of associates' and joint ventures' profit before tax.

CRD IV

CRD IV is the European regulatory capital regime (comprising the Capital Requirements Directive and Capital Requirements Regulation) that applies to investment firms.

Director

A director of the Company.

Earnings per share (EPS)

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as share options awarded to employees.

Effective tax rate

Tax expense/(credit) attributable to equity holders' profit divided by profit before tax attributable to equity holders' profits expressed as a percentage.

Executive leadership team

Responsible for providing overall leadership of the business and comprises: Chief Executive Officer; Chief Financial Officer; CEO Aberdeen Standard Capital; CEO Aberdeen Standard Investments Asia Pacific; CEO Adviser Platforms; Chief HR Officer; Chief Investment Officer; Chief Brand, Marketing and Corporate Affairs Officer; Chief Risk Officer; General Counsel; Global Chief Operating Officer; Global Head of Aberdeen Standard Investments; Global Head of Product and Client Solutions; Global Head of Strategic Partnerships; Head of Americas and Head of EMEA and UK.

Fair value through profit or loss (FVTPL)

FVTPL is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains or losses on assets or liabilities measured at FVTPL are recognised directly in the income statement.

FCA

Financial Conduct Authority of the United Kingdom.

Fee based revenue

Fee based revenue is a component of adjusted profit and includes revenue we generate from asset management charges (AMCs), platform charges and other transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the client, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Fee based revenue is shown net of fees, costs of sale, commissions and similar charges. Costs of sale include revenue from fund platforms which is passed to the product provider.

Fee revenue yield (bps)

The average revenue yield on fee based business is a measure that illustrates the average margin being earned on the assets under management, administration or advice. It is calculated as annualised fee based revenue (excluding performance fees, SL Asia, Focus and Threesixty) divided by monthly average fee based assets.

Global absolute return strategies (GARS)

A discretionary multi-asset fund provided under several regulated pooled and segregated structures globally by Aberdeen Standard Investments. The investment objective is to target a level of return over a rolling three-year period equivalent to cash plus 5% a year (gross of fees), and to do so with as little risk as possible.

Group, Standard Life Aberdeen Group or Standard Life Aberdeen

Relates to the Company and its subsidiaries.

Growth vectors

We provide services across three growth vectors:

- **Investments**: Asset management investment solutions for institutional, wholesale and insurance clients
- **Adviser**: Our Wrap and Elevate adviser platforms
- **Personal**: Comprises our 1825 financial planning and advice business and our Aberdeen Standard Capital discretionary investment management business

ICAAP

Internal Capital Adequacy Assessment Process. The ICAAP is the means by which the Group assesses the level of capital that adequately supports all of the relevant current and future risks in its business.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB).

Investment performance

Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. Benchmarks differ by fund and are defined in each fund's Investment Management Agreement (for example, the benchmark for our GARS unit trust fund is six-month GBP LIBOR). The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private markets, execution only mandates and Aberdeen Standard Capital, as well as replication tracker funds which aim to perform in line with a given index. Investment performance is calculated as if Standard Life Group and Aberdeen had always been merged.

LBG tranche withdrawals

On 24 July 2019, the Group announced that it had agreed a final settlement in relation to the arbitration proceedings between the parties concerning LBG's attempt to terminate investment management arrangements under which assets were managed by members of the Group for LBG entities. In its decision of March 2019, the arbitral tribunal found that LBG was not entitled to terminate these investment management contracts. The Group had continued to manage approximately £104bn (as at 30 June 2019) of assets under management (AUM) for LBG entities during the period of the dispute. Approximately two thirds of the total AUM (the transferring AUM) will be transferred to third party managers appointed by LBG through a series of planned tranches from 24 July 2019. During this period, the Group will continue to be remunerated for its services in relation to the transferring AUM.

Net flows

Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients. Gross outflows or redemptions is the money withdrawn by clients during the period.

Phoenix or Phoenix Group

Phoenix Group Holdings plc or Phoenix Group Holdings plc and its subsidiaries.

Pillar 1

Under CRD IV, Pillar 1 focuses on fixed overhead requirements and the Group's exposure to credit and market risks in respect of risk-weighted assets, and sets a minimum requirement for capital based on these measures.

Pillar 2

The requirement for companies to assess the level of additional capital held against risks not covered in Pillar 1.

Pillar 3

This complements Pillar 1 and Pillar 2 with the aim of improving market discipline by requiring companies to publish certain details of their risks, capital and risk management. The latest available Group's Pillar 3 disclosures are published at **www.standardlifeaberdeen.com/annualreport**

Platform

An investment platform (e.g. Wrap or Elevate) which is essentially a trading platform enabling investment funds, pensions, direct equity holdings and some life assurance contracts to be held in the same administrative account rather than as separate holdings.

Pro forma basis

The merger of Standard Life plc and Aberdeen completed on 14 August 2017, with the merger accounted for as an acquisition of Aberdeen by Standard Life plc on that date. Pro forma results for the Group are prepared as if Standard Life Group and Aberdeen had always been merged and are included for comparative periods to assist in explaining trends in financial performance by showing a full 12 months performance for the combined Group for all years.

Reported basis

The merger of Standard Life plc and Aberdeen completed on 14 August 2017, with the merger accounted for as an acquisition of Aberdeen by Standard Life plc on that date. The financial statements for 2017 have been prepared on this basis, with Aberdeen results included only from the date of merger onwards. This is referred to as the Reported basis.

Subordinated liabilities

Subordinated liabilities are debts of a company which, in the event of liquidation, rank below its other debts but above share capital.

Shareholder information

Registered office
1 George Street
Edinburgh
EH2 2LL
Scotland

Company registration number: SC286832

For shareholder services call:
0345 113 0045*

*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Secretary
Kenneth A Gilmour

Registrar
Link Market Services Limited (Link)

Auditors
KPMG LLP

Solicitors
Slaughter and May

Brokers
JP Morgan Cazenove
Goldman Sachs

Shareholder services
We offer a wide range of shareholder services. For more information, please:

- Contact our registrar, Link, who manage this service for us. Their details can be found on the inside back cover.
- Visit our share portal at **www.standardlifeaberdeenshares.com**

Sign up for Ecommunications
Signing up means:

- You'll receive an email when documents like the Annual report and accounts, Half year results and AGM guide are available on our website
- Voting instructions for the Annual General Meeting will be sent to you electronically

Set up a share portal account
Having a share portal account means you can:

- Manage your account at a time that suits you
- Download your documents when you need them

To find out how to sign up, visit
www.standardlifeaberdeenshares.com

Preventing unsolicited mail
By law, the Company has to make certain details from its share register publicly available. Because of this, it is possible that some registered shareholders could receive unsolicited mail or phone calls. You could also be targeted by fraudulent 'investment specialists'. Frauds are becoming much more sophisticated and may use company branding, or email addresses that appear to come from the company. If you get a social or email message and you're unsure if it is from us, you can send it to **emailscams@aberdeenstandard.com** and we'll look into it for you.

You can find more information about share scams at the Financial Conduct Authority website **www.fca.org.uk/consumers/scams**

If you are a certificated shareholder, your name and address may appear on a public register. Using a nominee company to hold your shares can help protect your privacy. You can transfer your shares into the Company-sponsored nominee – the Standard Life Aberdeen Share Account – by contacting Link, or you could get in touch with your broker to find out about their nominee services.

If you want to limit the amount of unsolicited mail you receive generally, please visit **www.mpsonline.org.uk**

Financial calendar

Full year results 2020	9 March
Ex-dividend date for 2020 final dividend	15 April
Record date for 2020 final dividend	16 April
Last date for DRIP elections for 2020 final dividend	5 May
Annual General Meeting – Edinburgh	18 May
Dividend payment date for 2020 final dividend	25 May
Half year results 2021	10 August
Ex-dividend date for 2021 interim dividend	19 August
Record date for 2021 interim dividend	20 August
Last date for DRIP elections for 2021 interim dividend	8 September
Dividend payment date for 2021 interim dividend	28 September

Analysis of registered shareholdings at 31 December 2020

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	63,666	65.24	25,688,131	1.17
1,001-5,000	29,045	29.76	59,210,354	2.70
5,001-10,000	2,778	2.85	18,480,640	0.84
10,001-100,000	1,564	1.60	38,235,469	1.74
#100,001+	538	0.55	2,052,501,022	93.55
Total	**97,591**	**100.00**	**2,194,115,616**	**100.00**

These figures include the Company-sponsored nominee – the Standard Life Aberdeen Share Account – which had 994,615 participants holding 665,021,873 shares.

Forward-looking statements

This document may contain certain ‘forward-looking statements’ with respect to the financial condition, performance, results, strategy, targets, objectives, plans, goals and expectations of the Company and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements are prospective in nature and are not based on historical or current facts, but rather on current expectations, assumptions and projections of management about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. For example but without limitation, statements containing words such as ‘may’, ‘will’, ‘should’, ‘could’, ‘continue’, ‘aims’, ‘estimates’, ‘projects’, ‘believes’, ‘intends’, ‘expects’, ‘hopes’, ‘plans’, ‘pursues’, ‘ensure’, ‘seeks’, ‘targets’ and ‘anticipates’, and words of similar meaning (including the negative of these terms), may be forward-looking. These statements are based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the Group’s control, including among other things: the direct and indirect impacts and implications of the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects; UK domestic and global political, economic and business conditions (such as the UK’s exit from the EU); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by the Company or its affiliates and/or within relevant industries; the value of and earnings from the Group’s strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the Group being subject to cyberattacks); operational information technology risks, including the Group’s operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events (including the impact of the coronavirus COVID-19); climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets); exposure to third party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities (including changes in response to the coronavirus COVID-19 and its impact on the economy); and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations (including changes to the regulatory capital requirements that the Group is subject to or changes in connection with the coronavirus COVID-19) in the jurisdictions in which the Company and its affiliates operate. As a result, the Group’s actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

Persons receiving this document should not place reliance on forward-looking statements. Neither the Company nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of the Company and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, the Company’s or its affiliates’ future results.

Contact us

Got a shareholder question? Contact our shareholder services team.

UK and Ireland

phone	0345 113 0045*
	(01) 431 9829*
	+44 (0)20 3367 8224*
email	questions@standardlifeaberdeenshares.com
visit	www.standardlifeaberdeenshares.com
mail	Standard Life Aberdeen Shareholder Services C/o Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL

Germany

phone	+49 (0)69 9753 3030*
email	fragen@standardlifeaberdeenshares.de
visit	www.standardlifeaberdeenshares.com
mail	Standard Life Aberdeen Aktionärsservice Postfach 2705 36243 Niederaula Germany

Canada

phone	1-866-982-9939
email	questions@standardlifeaberdeenshares.ca
visit	www.standardlifeaberdeenshares.com
mail	Standard Life Aberdeen Shareholder Services PO Box 4636, Station A Toronto M5W 7A4 Canada

* Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

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Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 31 December 2020 (unless otherwise indicated).

This document has been published by Standard Life Aberdeen plc for information only. It is based on our understanding as at March 2021 and does not provide financial or legal advice.

Standard Life Aberdeen plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh EH2 2LL.

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Standard Life Aberdeen

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