

Together

we invest
for a better
future

Standard Life  **Aberdeen**

UK Gender Report 2020

Together we invest for a better future

UK Gender report 2020

We're serious about being an inclusive organisation where gender equality really matters. We are committed to making an impact on gender equality over the long term. Over the past few years we have shared the progress we have made against our gender actions, representation levels and gender pay data. But we don't believe that the pace of incremental improvement is good enough – either in Standard Life Aberdeen or wider society.

Inequalities remain for women in nearly every aspect of life. Add to that the double or triple disadvantage experienced by many due to a combination of factors or identities (such as being a women, and a person of colour, or a women also from a low socio-economic background, or with a disability) and the inequality is much greater. And this does not just affect women, but all genders that are not male.

With the disproportionate impact of COVID-19 on women¹ the need for a gender inclusive workplace, free from systemic bias, has never been greater. We remain committed to making sustainable progress on gender equality in our organisation and across our industry. We have a part to play in changing the system, and we will continue to do it with urgency.

¹ McKinsey Global Institute - COVID-19 and gender equality: Countering the regressive effects (July 2020).

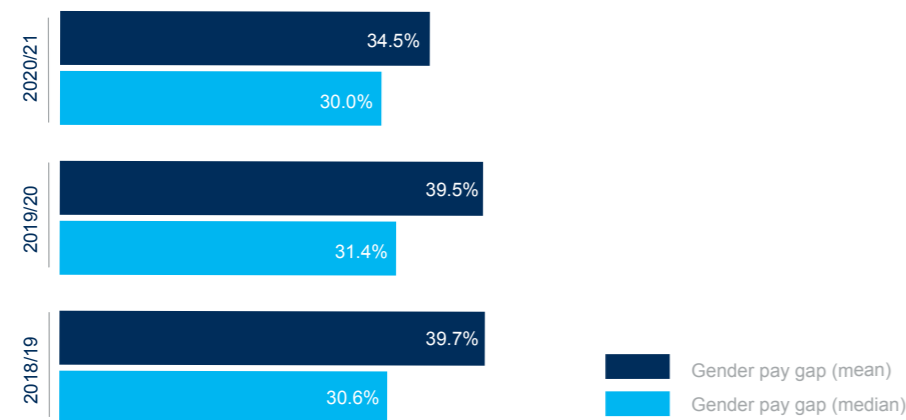
Why is this important?

Our approach to diversity and inclusion helps our business address society's big concerns and makes Standard Life Aberdeen a great place to be, where people are valued for who they are.

Our Diversity and Inclusion framework guides the action we'll take over 2020-21. The framework reflects our most important priorities and replaces previous action plans. There are four parts to the framework which reflect how we take action:

- 1. Making it part of our purpose** - we embed D&I through our commercial and social purpose and influence progress externally
- 2. Inclusive ways of working** - we are working smartly to meet the needs of a diverse workforce
- 3. Diverse talent into and through our company** - we grow a diverse workforce to better reflect our customers and clients – with specific focus on gender, ethnicity and social inclusion.
- 4. Feeling included and valued everyday** - we work in and across teams, and consider how we behave with each other and the conversations we have.

2020/21 Gender pay gap



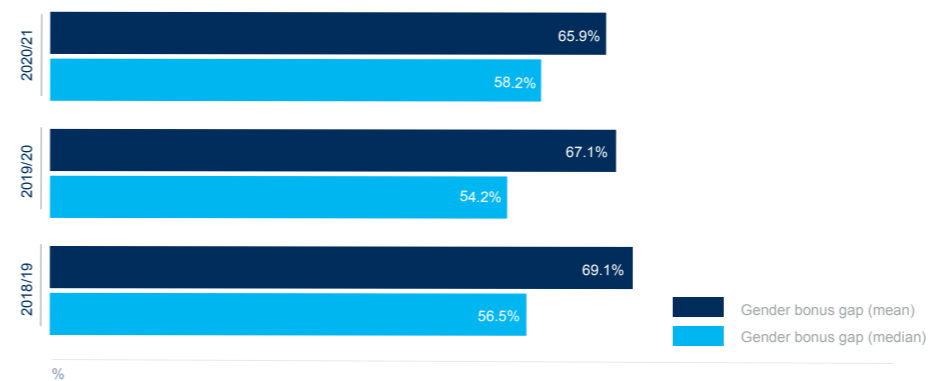
What does this mean?

Both our mean and median gender pay gaps have reduced compared to last year.

We are really pleased with a 5% reduction in our mean gender pay gap this year. 34.5% is still a significant gap but we continue to work relentlessly on our gender actions which we know have a sustainable and longer term impact.

We are delighted that the activity we have been focused on to improve the representation of women across all levels in the organisation (including the appointment of our Chief Finance Officer) is reducing our pay gap. For transparency, 3.1% of our mean pay gap reduction is as a result of all of our gender actions. Post-merger transformation continues to influence the design of our organisation and accounts for the remaining reduction in our mean pay gap.

2020/21 Gender bonus gap



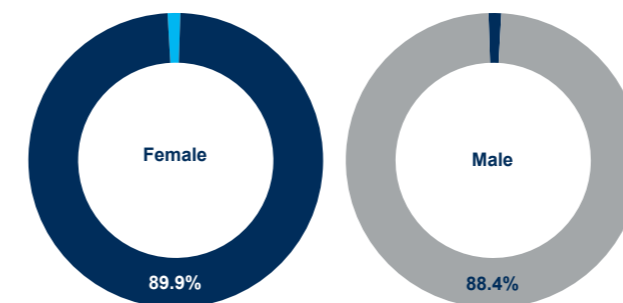
What does this mean?

Our mean gender bonus gap has reduced by 1.2% which is welcomed, but we know there is much more to do here, even though more women than men received a bonus this year.

The bonus figures include any share options exercised during the year. As a result, large individual transactions can have a material impact on the resulting bonus gap figure. This year, like last, we have seen a large transaction distort the figures. Without this transaction the reduction in the gap would have been greater.

The median bonus gap has increased by 4%. This is largely due to the structure of a new employing entity which was added in to the reporting this year.

% in receipt of bonus



Impact of COVID-19 on gender pay reporting

Widespread yearly comparisons are more challenging now due to the Government Equalities Office suspension of reporting requirements for 2019/20 as a result of COVID-19. However despite this, almost half of organisations continued to disclose their 2019/20 data, including Standard Life Aberdeen.

What is the gender pay gap?

The gender pay gap measures the difference in the average pay of men and women, regardless of the job they do. It is not the same as an equal pay comparison, which would compare the pay of men and women who do the same, or similar, work.

The gender pay gap is a measure of gender equality in an organisation, industry or country, with a direct correlation between better gender balance at all levels and a smaller pay gap. Gender pay gap reporting is now into the fourth year in the UK, and public reporting has definitely galvanised companies to take action, although this has not yet had a significant impact on the results.

How do we use mean and median analysis?

Under gender pay gap reporting regulations, we need to publish both mean and median gender pay gap. In our analysis, we generally focus on the mean pay gap rather than the median, because we think this is most representative. This is because the mean gap makes sure any distortion caused by 'outliers' (e.g. the small number of individual men or women with very significant pay levels) is reflected - this is a key aspect of gender imbalance in many organisations. Median can be a useful measure when we're looking at different companies or for an industry/society picture.

How do we calculate our gender pay and bonus gaps?

We run our calculations based on the UK gender pay gap reporting regulations. We have 5 employing entities which we are required to report (breakdown on the final page) and we also calculate the same data for these entities combined, reported as our overall pay and bonus gaps.

2020/21 Pay quartiles

Quartiles	2020			2019			2018		
	Male	Female	Quartile pay gap (mean)	Male	Female	Quartile pay gap (mean)	Male	Female	Quartile pay gap (mean)
Q1 (lower)	38%	62%	-0.3%	36%	64%	0.3%	37%	63%	-1.7%
Q2 (lower middle)	48%	52%	2.6%	50.5%	49.5%	0.9%	49%	51%	1.6%
Q3 (upper middle)	58%	42%	2.4%	60%	40%	1.6%	57%	43%	2.0%
Q4 (upper)	74%	26%	14.0%	75%	25%	19.3%	73%	27%	23.4%

By looking at the gender balance and mean pay gap across four equally sized pay quartiles, we can get a picture of the extent that the structure of our workforce impacts our gender pay gap. We've seen a positive shift of more women in the lower middle, upper middle and upper quartiles since last year. The pay gaps within these quartiles remain low with the exception of the upper quartile where there is still a significant

pay gap. This is, however, reducing year on year. The pay gaps within the quartiles are far lower than the overall pay gap indicating that the distribution of genders across all quartiles remains a significant driver of the overall gap. For example 61% of men are in the upper middle (Q3) and upper (Q4) quartiles compared with 37% of women.

Our new commitments

A key factor driving our gender pay gap is the uneven distribution of men and women in roles at different levels in our organisation. As part of our HM Treasury Women in Finance Charter pledge in 2016 we set out targets for representation of women at different levels. We track and report progress against these targets which complete this year. As at 30 June 2020, our representation of women and men through our organisation was:



Level	Men	Women	Total	Women as a %	2020 Target (WiFC)	Change since Dec 2017
Board*	6	5	11	45%	33%	+20%
CEO-1 and CEO-2**	69	40	109	37%	33%	+10%
UK	2652	2196	4848	45%	50%	-2%
Global	3353	2830	6183	46%	50%	-1%

* Excludes Stephen Bird, CEO who joined the Board on 1 July 2020

** Excludes administrative roles

We achieved our Board and senior level targets ahead of our deadline this year and have now reset our gender commitments and extended our targets beyond gender for the first time, in line with our broader approach to diversity and inclusion. You can find more information about this on www.standardlifeberdeen.com

What are we doing to address the gap?

We know that the fundamental changes needed to reduce our gender pay gap are part of cultural change, which takes time. But we closely track and report progress against the actions which drive or contribute to these culture changes to make sure we sustain focus and keep pace and momentum.

Making it part of our purpose

Hardwiring gender equality through our HR processes

Designing our systems and processes for inclusion removes the chance of making biased decisions much more effectively than relying on people not to act on any unconscious bias they might have.

This year, we've been minimising bias at the systemic level in HR processes and policies by

- critically analysing all parts of our employee journey like recruitment, leadership and talent, performance management
- working with a behavioural anthropologist to add 'nudges' to our processes to change behaviours
- working with our gender balance employee network to consider the impact of our processes, policies and procedures from a gender perspective

Making sure pay is fair

We match all our people to an external market survey to ensure we're paying them appropriately for their role, experience and contribution. During the annual compensation review, our HR teams review manager proposals for consistency and fairness and challenge anything inconsistent with equal pay principles.

Inclusive ways of working

Supporting inclusion through COVID-19

We launched a new smarter working policy for all colleagues in the UK, setting out our aim for people to feel equal and trusted. Smarter working supports all genders and is relevant for roles which may have always been done in a certain way, moving away from the more traditional part-time working mothers and back office roles stereotype of flexible working.

This put us in a strong place when our ways of working had to change due to COVID-19. Like most businesses we've found ourselves having to address the challenges and complexities of many of our colleagues being required to work remotely. Our employee networks have provided helpful insights into topics like balancing work and caring, mental wellbeing, medical scenarios, time off, ergonomics and technical logistics.

Changing societies expectations of gender – through our policies

We developed ambitious progressive HR policies which came into effect on 1st January.

- Our **Parent Leave policy** was developed to lead how UK companies support families of every type and be at the forefront in responding to changing societal expectations. It is a tangible step to ensuring becoming a parent doesn't limit anyone's career progression.
- Our **Special Leave and Smarter Working policies** transform how we support our diverse and multi-generational work force and encourage greater gender diversity. Through these we support various life experiences and expectations of our employees' e.g. older workers, sandwich generation, carers and early careers.

Since launch, we have seen 126 colleagues make use of the flagship parent leave policy, the majority of them men (55% men, 45% women). Of the men who have taken or are on leave, the average time off is 95 days.

Bringing diverse talent into and through our company

A fairer recruitment process

As part of the work to embed systemic D&I nudges into all our HR processes, we've made a number of changes so far to our recruitment process which are changing gender outcomes.

1. We use software to make sure our job adverts and job descriptions are free from gendered language. Before implementing this software our average gender bias on job adverts was towards more masculine words or phrases (41% masculine, 32% neutral, 23% feminine). We have steadily reduced this using the software and by end June, our adverts were using language that is more feminine toned or appealing (3% masculine, 7% neutral, 90% feminine).
2. We only work with suppliers who support our gender diversity aims, either as search agencies who have signed our diversity requirements or partners who can reach candidates of all genders who might not normally be attracted to our industry or organisation.
3. We have added reporting functionality for our recruiters so that they can see the gender mix at every stage of recruitment and understand real time impact on applications.

Inclusive nudges and changes to our recruitment process have contributed to a 5% increase in offers made to women over the last 12 months (from 46% to 51%).

Gender analysis shapes our talent development offering

Last year we carried out analysis to understand how men and women join, progress through and leave our organisation. This was to allow us to make data-driven decisions about our gender actions and determine where any gaps may be.

We used the data to help shape our female talent proposition. We knew we had made good progress at Board and very senior levels, but the analysis confirmed we had more to do for women at all levels of our talent pipeline. In particular, more men than women were promoted at all levels in our organisation – while this is a commonly seen trend in the market at senior levels, it's less common at mid and early career stages.

Building on senior leadership development and mid-career development solutions that were run in 2019, the talent team reviewed our female development offering alongside this analysis.

Our new offering addresses these findings, with tailored programmes at early, mid, senior career stages and providing a framework of how the offerings fit together.

Looking to the future we will be reviewing the effectiveness of these programmes alongside evolving our approach to talent identification and development – building greater transparency and ensuring inclusivity is embedded at each stage.

Feeling included and valued everyday

Supporting inclusion through COVID-19

With 450 global members, our gender employee-led network 'Balance' plays an important part in SLA's gender equality efforts. With executive sponsorship, they aim to engage all colleagues in the gender diversity debate to drive positive change towards gender balance across the organisation

In 2020, Balance have played a vital role helping members feel included and valued every day. They increased communication to members, providing a valued source of support, on topics such as physical and mental wellbeing, caring for loved ones alongside working from home, and support for those self-isolating. Feedback has been extremely positive.

Awards

We choose to take part in a selection of awards to recognise our commitment to building a more inclusive and equitable future for our business and wider society.

Award nominations allow us to celebrate achievements of colleagues and teams, and to showcase role models across the organisation.

In 2020, many of our amazing colleagues, networks and teams were nominated for or won awards, including:

- Diversity in Finance
- Employers Network for Equality and Inclusion
- Women in Finance
- Women in Financial Advice
- Women in Banking and Finance
- Women in Investments
- Responsible Business
- Better Society

Underpinned by data

Gender data-driven decisions

We use gender data from inside our organisation and across our industry to help inform decisions in the company. For example, resetting our targets this year has been informed by our own representation data, the detailed gender analysis undertaken last year, and the gender targets we have collaboratively agreed as part of our membership of the Diversity Project



What do others think of how we are doing?

We have been included for the past two years in Bloomberg's Gender Equality Index. The index is a global benchmark on gender equality that was created to drive transparency and provide investors with standardised, comparative information on how companies are advancing women in the workplace.



What's next?

Creating change on the scale that's needed in our organisation and industry for gender equality takes time and relentless attention. Any of the examples of actions shared in this report are not enough on their own to make a difference. But looking at this issue forensically, from the multitude of things that influence gender equality both from a representation and an inclusive culture perspective, and addressing it systemically will make the difference.

We will continue to share gender pay gap progress whether or not we are required to. And we are building our data internally to help us expand our pay gap reporting to other aspects of diversity, such as ethnicity.

We know that even with our gender pay and representation numbers moving in the right direction, the pace feels frustratingly slow. But we also know that the areas we have chosen to focus on benchmark well and address what our data analysis, and our colleagues are telling us. More importantly, our leaders are committed to make this happen, with published D&I plans specific to their business areas, inclusive leadership a core part of our leadership capabilities and role modelling and allyship visibly in place. Encouragingly, we know conversations about gender equality and other aspects of diversity and inclusion are happening all over our organisation at all levels. We all have a part to play at a time when issues of inclusion, equality and fairness have never had more focus.

Statutory disclosures

Under the regulations we are required to separately report our gender pay gap for each of our legal employing entities with more than 250 employees, as at the snap shot date of 5 April 2020.

	Aberdeen Asset Management PLC		Aberdeen Asset Managers Ltd		Standard Life Employee Services Ltd		Standard Life Investments Ltd		1825 Financial Planning and Advice Ltd											
	Median 2020	Mean 2020	Median 2020	Mean 2020	Median 2020	Mean 2020	Median 2020	Mean 2020	Median 2020	Mean 2020										
Gender pay gap	19.35%	↓-1.39%	19.49%	↓-10.23%	37.81%	↓-0.75%	36.15%	↓-5.86%	29.83%	↓-3.46%	28.55%	↓-4.38%	30.92%	↓-4.37%	34.83%	↓-6.57%	42.61%	N/A	44.45%	N/A
Gender bonus gap	30.99%	↓-4.96%	53.14%	↑ 7.00%	72.52%	↓-0.24%	66.05%	↓-7.79%	51.09%	↑11.22%	53.77%	↑1.12%	55.85%	↓-3.06%	60.11%	↓-3.02%	83.02%	N/A	74.11%	N/A

Pay quartiles	Aberdeen Asset Management PLC		Aberdeen Asset Managers Ltd		Standard Life Employee Services Ltd		Standard Life Investments Ltd		1825 Financial Planning and Advice Ltd	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Q4 (upper)	36.0%	64.0%	17.8%	82.2%	35.6%	64.4%	21.3%	78.7%	21.1%	78.9%
Q3 (upper middle)	39.7%	60.3%	34.3%	65.7%	43.6%	56.4%	36.0%	64.0%	48.0%	52.0%
Q2 (lower middle)	58.0%	42.0%	47.9%	52.1%	61.7%	38.3%	42.3%	57.7%	67.1%	32.9%
Q1 (lower)	53.5%	46.5%	50.3%	49.7%	62.1%	37.9%	63.6%	36.4%	68.4%	31.6%
Proportion receiving a bonus										

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

Stephen Bird
Director,
Standard Life Aberdeen plc

Rod Paris
Director,
Aberdeen Asset Managers Ltd and
Standard Life Investments Ltd

Julie Scott
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Brett Tollman
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Services Ltd