



Modern Slavery Statement 2020

abrdrn.com



All forms of modern slavery – from human trafficking and forced labour, to bonded labour and child slavery – have no place in our society. We are committed to doing all we can to help tackle these issues and are continually looking for opportunities to promote best practice in our operations, supply chain and the companies we invest in.

We know we can have a greater impact when we work with others, so we collaborate with peers and through cross-sector initiatives such as the Find It, Fix It, Prevent It collaboration.

Mike Tumilty

**Global Chief Operating Officer
& executive sponsor**

Introduction

Our latest statement, published in accordance with the UK Modern Slavery Act 2015, sets out the steps our company* has taken during the year ending 31 December 2020 to help prevent modern slavery in our operations and supply chain. The statement also covers our investment approach as this is the biggest impact we can have, through engaging with high-risk companies and encouraging better practices.

In line with the United Nations (UN), we define modern slavery as an umbrella term including forced labour, human trafficking, and forced marriage. Whilst the UK financial services industry is not considered a high risk sector for modern slavery, we are not complacent.

All companies must recognise the possibility that modern slavery issues could exist in their supply chain. As a result, we take an active approach and work across our operations, with individual suppliers, through our investments and with the wider asset management sector to drive positive change.

Our approach to modern slavery is continuously reviewed and improved by our modern slavery working group. The group is comprised of cross-business expert representatives including procurement, legal, sustainability, risk, compliance, company secretariat and ESG investment. Mike Tumilty, Global Chief Operating Officer, is the Executive Sponsor. By consulting expert stakeholders, we ensure the local contexts of our operations, supply chains and investments are understood.

What we've done this year at a glance


99% of UK & Europe employees completed training on modern slavery and recognising warning signs

Engaged a leading consultancy firm to support our Procurement Transformation programme and the redesign of our approach to third party risk assessment

Continued driving wider action through The Investor Forum and the "Find it, Fix it, Prevent it" collaboration

Engaged with investee companies on modern slavery issues and transparently reported on our discussions

 [See our global locations](#)

 [See our group structure](#)



Part i

Business overview

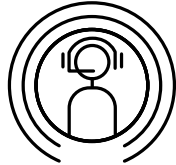
Our business

We structure our business into three areas – and together they reflect the focus we have on enabling our clients to be better investors:



Investments

We work with clients to create solutions across markets, asset classes and investment strategies – combining our global network of investment professionals with research, data and technology.



Adviser

We offer platform technology and tools that enable UK wealth managers and financial advisers to look after the diverse needs of their clients.



Personal

We help people throughout the UK plan for their financial futures, through our financial planning business and our digital direct-to-consumer services.

A FTSE 100 company

Headquartered in Scotland and listed in London

December 2020

Around

6,000

Employees globally

Offices in over

50

Locations worldwide

Colleagues represented

83%

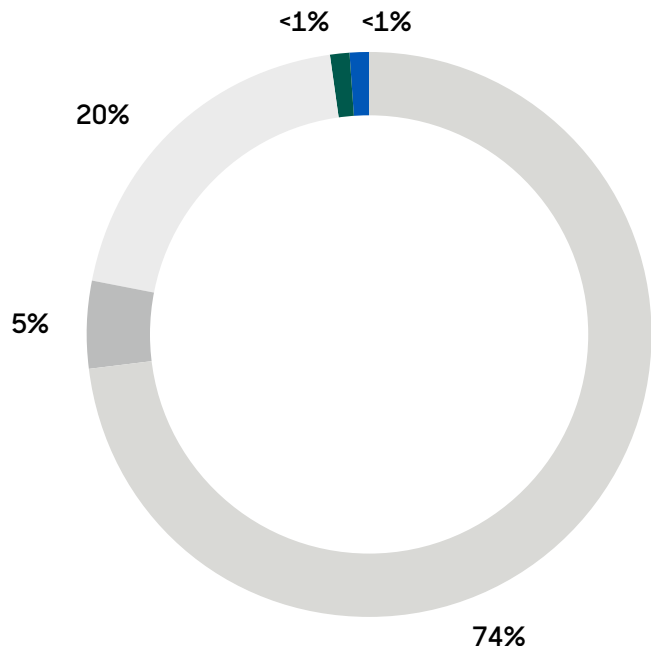
By an association or trade union

Worker type

We work with around 5,000 suppliers who provide us with various goods and services.

The majority of our spending is with suppliers of fully managed outsourced services, IT, professional services, and goods and services related to management of our premises.

- Employees (permanent, fixed term, interns, secondees, international assignments)
- Contractors
- Outsourced
- Agency
- Other (consultant, external secondee)



Part ii Policies

We support the
principle of freedom
of association and
collective bargaining



Part ii

Policies

We have a number of policies and statements, collectively demonstrating our approach to identifying and mitigating modern slavery risks. Expert internal stakeholders, as well as insights from our Executive Leadership Team and industry bodies are consulted during policy development. We also consult international human rights standards such as the Core Conventions of the International Labour Organisation (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights to ensure alignment to best practice.

The Global Code of Conduct and Global Third Party Code of Conduct are the two key policies which integrate modern slavery principles into our operations and supply chain, in addition to our Human Rights Statement. We are transparent about our approach and all three documents are publicly available so employees and third party stakeholders – including suppliers and business partners – are clear about what is expected of them. They are also hosted internally on our intranet and disseminated through relevant training modules.

Global Code of Conduct

Our Global Code of Conduct outlines the principles and standards that we hold ourselves to. We ask all employees to consider these in every decision and action that they take. The Code specifically highlights our commitment to tackling modern slavery, including human trafficking. Employees receive training on the content and meaning of the Code and are required to confirm they have read and agree to abide by its principles on at least an annual basis.

Global Third Party Code of Conduct

Our Global Third Party Code of Conduct sets out the standards we expect from our third parties. It specifically highlights the UK Modern Slavery Act 2015 as well as our wider interest and focus on ensuring that human rights and labour standards are respected. We ask our third parties to inform us if they have any issues or concerns with the Code.

Human Rights Statement

Our Human Rights Statement defines the potential negative human rights impacts of our activities, and prioritises these based on the severity of their occurrence. Our salient human rights issues are defined by the human rights oversight group, and the statement describes the mitigation actions we are taking to uphold each right.

Other policies (Procurement, Outsourcing and Third Party Management, Corporate Transactions, and People)

These policies form part of our Enterprise Risk Management framework and support our commitment to tackling modern slavery through our interactions with our suppliers, our people, and new business partners. Each policy owner is required to complete and sign-off a quarterly certification confirming the business area's adherence to the policy, and where necessary, develop action plans to resolve any issues of non-compliance with policy standards. Regular updates on policy compliance are reported to our Board-level Risk and Capital Committee.

Human rights: our approach for investments

Our approach to human rights in investments includes six areas of focus – research, investment integration, client solutions, engagement and voting, collaboration, and disclosure. We provide transparency on our approach and the actions we are taking to deliver on our responsibilities as investors.

Our investment positions

Environmental, social and governance (ESG) considerations have formed an integral part of our decision-making process for almost 30 years. We publish our position on a number of responsible investing issues related to labour and human rights on our website. These include statements on business and human rights, labour and employment, and government and human rights.

Part iii - Due diligence and risk assessment

We want to reduce the risk of modern slavery in our operations and supply chain. Heightened modern slavery and human trafficking risks exist in relation to certain territories, and in relation to the production of certain goods and services.



Part iii – Due diligence and risk assessment

Ensuring fairly paid, secure and safe employment through our operations and supply chain is a key way we reduce modern slavery risks. Through employment contracts and accreditations, as a UK Living Wage and Living Hours employer, we commit to fairly paying all of our employees for their voluntary and non-coerced labour, and that working hours are not excessive. Health and safety standards are met in all our offices, and instances of workplace accidents transparently reported. All employees must have a right to work in the country of employment and minimum age standards are always upheld.

In line with our commitments, we require all UK suppliers to also pay employees the Living Wage if they are working on our premises.

We communicate our human rights and modern slavery expectations to employees and third parties through our Global Code of Conduct and Global Third Party Code of Conduct.

In response to the COVID-19 pandemic, we implemented changes to our operating model in order that all employees and third parties could work in a safe environment adhering to local regulations and guidance, and individual's health, safety and wellbeing were of paramount importance. Key suppliers were contacted to ascertain their ability to continue providing contracted goods and services and whether any special measures had been implemented as a result of COVID-19.

During 2020 we engaged with a leading consultancy firm to support our Procurement Transformation programme. As part of these activities we have redesigned our approach to the risk assessment of third parties. We will implement stronger risk identification and risk mitigation processes as we continue to develop and enhance compliance with our regulatory obligations.


















Whilst in 2020 we did not find any instances of modern slavery in our supply chain, we have robust frameworks in place to ensure this is appropriately escalated and remedied in the event of a discovery. Any issues would be escalated to senior management through the Enterprise Risk Management framework and the resulting actions taken tailored depending on the circumstances. Action could vary from supporting a supplier to make a positive change to terminating the relationship.

Raising concerns

If our employees identify any issues relating to modern slavery, including labour conditions, we encourage them to report this to their manager. If they feel uncomfortable raising their concern using their normal reporting line, or wish to do so anonymously, an independently managed confidential Speak Up hotline is available.

All concerns raised are taken seriously and anyone raising a concern will not be at risk of losing their job or suffering any form of reprisal as a result, even if the concern is proved to be unfounded. This hotline is also advertised to our third parties who can use it in the same way. Additionally, details of the hotline are available externally. All reports received are investigated and appropriate action taken. In 2020 we received no reports related to modern slavery.

Part iv – Action through our investment approach

Themes	Environmental responsibility	Climate change	Employment rights & community	Human rights & community	Business ethics & governance
Sustainable Development goals	    	  	  	   	 
Topics	Water Waste plastics Circular economy Biodiversity Deforestation Toxic emissions Pollution	Clean energy Carbon footprinting Decarbonisation Transition economy Energy efficiency	Working conditions Health & safety Equal opportunities Staff retention Training & development Labour relations Talent retention Collective bargaining	Modern slavery, Child labour Supply chain issues, Inequality, Lack of access to resources Land rights Food & nutrition Data privacy Community relations	Anti-bribery & corruption, Audit issue Board balance Board diversity Remuneration Business ethics, Director independence Shareholder rights Accountability Cyber security Tax
Sector Research	ESG investment research is aligned with our investment process. As with our investment managers, ESG investment analysts have sectoral responsibility for the sectors where the ESG risks are closest to their area of thematic expertise.				

Part iv – Action through our investment approach

A key way we can drive change is through how we invest. We take our responsibilities as an investor seriously and incorporate ESG considerations into our investment approach across all asset classes. Our expectations for our investments are based on understanding their risk through our internal research, our ESG house score, and bringing together expert stakeholders. We also expect our investments to meet internationally recognised modern slavery standards and industry best practices.

The importance of modern slavery considerations in our investment approach is reflected in our structure. Our ESG investment research team includes two dedicated specialists, one focused on human rights & communities and another focused on labour & employment practices. These specialists provide support to investment managers and analysts who need to consider labour and human rights issues in their daily investment decision-making. They work in collaboration with multiple areas across the business.

We recognise that certain geographies and sectors are higher risk for modern slavery, so we prioritise our investment research and engagement on this basis. We draw upon a number of sources for insights, for example

The Global Slavery Index

and the

US Department of Labor's List of Goods Produced by Child Labor or Forced Labor

Internally, our Research Institute has also developed a global Human Rights Index. The index ranks countries across a range of indicators aligned with the Universal Declaration of Human Rights (UDHR). A number of indicators are linked to modern slavery including access to justice, labour, corruption, transparent laws, civil liberties and civil society organisation participation. The index helps us understand which jurisdictions have an increased risk of modern slavery.

Within our private equity and real estate teams, we issue questionnaires to gauge management of human rights issues. These questionnaires are sent to fund managers, property managers and tenants.

The responses are then aggregated and compared to better understand our exposure to human rights risks and identify the mitigation actions required.

To support our company-level research, we are rolling out our ESG house score. The score is fully transparent for our teams and can be broken down to focus on management of specific ESG issues, including modern slavery risks in direct operations and in the supply chain. We expect companies to report to shareholders regarding policies, practices and the performance of all the steps taken to address modern slavery issues. We also recognise that, as a large global investor, we are often in a position of influence, which can be used to drive positive change. We focus on developing an open and ongoing dialogue with investee companies about their progress. These discussions add valuable insights to our investment view. Where companies may not meet our standards but commit to making improvements, we closely track their progress to ensure it meets our expectations. This can include setting timebound targets and regular checkpoints for speaking with the company. Where our contacts are unwilling to engage or we see insufficient progress, we look for ways to increase our leverage, e.g. by joining collaborative industry groups. Where after extensive engagement we see insufficient progress or lack of commitment to make the necessary changes to address modern slavery issues identified, we may consider selling our holdings.

Over the course of 2020, we implemented a global modern slavery engagement programme targeting companies in high risk sectors and geographies. Progress and insights were shared across our investment teams at regular points through the year, and in the latter half of the year we formed a dedicated Labour and Human Rights Working Group. This group is cross-business and cross-regional, and focuses on identifying, prioritising and implementing our approach to labour and human rights issues in our investment decisionmaking. This includes modern slavery, as well as wider labour and human rights issues that affect or are affected by our investments.

In 2021, we are launching an enhanced template for recording ESG engagement. This should allow us to report on the number of engagements we've undertaken that include modern slavery discussions over the year. We expect to report this information in our next Modern Slavery Statement.

Part iv – Action through our investment approach

Engagement case study

Procter & Gamble and FGV Holdings

As a large global asset management company, we have the opportunity to engage with companies at multiple stages of an industry's supply chain. This can help us to corroborate information we receive about how companies are interacting with their suppliers on the issue of modern slavery.

For example, we recently engaged with US consumer goods company Procter & Gamble and Malaysian palm oil producer FGV on the issue of modern slavery. FGV is a supplier to Procter & Gamble, and together the companies operate a JV chemical plant that produces the precursors for a palm kernel oil production. The palm oil industry is widely considered high risk for modern slavery, so both our US and Asia Equity Teams engaged with these companies multiple times on the issue over the course of 2020.

Procter & Gamble and FGV have worked together for a number of years to address this complex human rights issue. Positive steps have been taken, for example by bringing in the Fair Labour Association to review and make recommendations to their approach. Procter & Gamble is also strongly encouraging FGV to have 100% of its palm kernel oil certified by the Roundtable for Sustainable Palm Oil (RSPO) by the end of 2022. In March 2020, FGV published an action plan and progress is reported monthly to senior management.

Significant challenges remain in the palm oil industry, and both companies have acknowledged the need and their desire to continue making improvements. Public and regulatory scrutiny is increasing rapidly in multiple regions. While we are encouraged by the progress to date, we will continue to engage with these companies and track their progress on the issue of modern slavery.

Engagement case study

Boohoo

We have been a shareholder in UK based fashion retailer Boohoo since it listed in 2014. Concerns about its supply chain were first raised in 2017 and we have been engaging with Boohoo since then in an attempt improve its ESG standards. This has included visits to its Head Office in Manchester, distribution centre in Burnley, and five supplier factories in Leicester, as well as multiple meetings with management, and we sent letters to the Board asking for specific commitments around supply chain management.

Although progress was slow, we felt Boohoo were taking some positive steps including the 2019 appointment of a CEO with extensive experience tackling the ESG issues clothing retailers face, as well as the appointment of a Head of Sustainability.

We were therefore very disappointed by the serious nature of allegations made in July 2020 with regards to low pay and poor working conditions at Leicester based factories that supply the company. We took immediate action and spoke to Boohoo's management team a number of times in the following week but viewed their response as inadequate in terms of scope, timeliness and gravity.

Following consideration of a number of elements including Boohoo's culture, control mechanisms and business model, the Fund's investment process and its investors' best interests, we took the action to sell all of our discretionary position in the company.

Where companies fail to achieve the standards we expect of them, we have no hesitation in considering divesting. We have now divested from Boohoo in all our actively managed funds and are actively considering how we engage with other businesses that face similar labour-related risks.

Part iv – Action through our investment approach

Engagement case study

Due diligence in Australia

We conducted on–desk due diligence on two Australian companies that are direct competitors and operate in a sector that is at high risk of potential labour and human rights violations due to the type of labour used, including agricultural workers, labour contracts (short-term, casual workers), and geographies (supply chain largely based overseas). Based on their public disclosure we sought to understand how they manage risks related to modern slavery.

As a benchmarking exercise, a simple traffic light system allows us to quickly pinpoint the areas where

- 1) we feel most concerned;
- 2) we would like to further engage with the companies.

Based on this, we found that one of the companies was particularly strong in its disclosure. We also found that both companies appear to lack a robust auditing process, especially for their overseas operations and suppliers that are often based in countries with less stringent labour laws. We found a particular vulnerability that could exacerbate the modern slavery risk due to the pandemic: the companies' inability to conduct audits of overseas factories due to the ongoing and prolonged mobility restrictions.

As a result of our risk assessment we engaged with both companies and put them on our internal watchlist to monitor how they plan to address this risk area.



Driving wider progress

We participate in a number of multi-stakeholders collaborations, including with industry peers and non-governmental organisations, to advocate for better enforcement of anti-modern slavery legislation across the asset management industry and beyond.

In 2020, we became a member of the Investor Alliance for Human Rights. Through this forum, we joined over 100 investors in calling on governments in the United States, Canada and the European Union to implement mandatory corporate human rights due diligence through regulation. Effective human rights due diligence is critical to identifying and mitigating human rights risks, included risks of modern slavery.

As founding members of The Investor Forum, we have participated in projects that aim to tackle modern slavery in high risk sectors. Our main action this year was supporting the IF's engagement efforts with the management of Boohoo following their modern slavery scandal (read our case study for more). We provided the IF with our own insights on issues around Boohoo's supply chain management and corporate governance. We also attended their series of workshops on supply chain management with the fast fashion industry.

Last year we reported we had joined the 'Find It, Fix It, Prevent It' investor initiative, launched by CCLA, industry organisations and academics, which encourages UK businesses to find and help victims of slavery within their operations and supply chain. We began by engaging collaboratively with 14 of the largest UK-listed companies in the hospitality sector including Carnival, Greggs, Mitchells & Butlers, Whitbread and TUI Group. We analysed the companies' modern slavery statements to identify areas for improvement and followed up with meetings to express our expectations on the actions to be taken around finding and remedying instances of modern slavery in their own operations and supply chains. Going forward, we will continue monitoring the companies' performance in meeting our expectations, and the initiative will start to engage with companies in the construction sector.

We are also a member of 'Investors Against Slavery and Trafficking APAC' which is an investor-led initiative addressing modern slavery, labour exploitation and human trafficking in the Asia Pacific region. The group was modelled on the work of CCLA and will kick off at the beginning of 2021 focusing on encouraging Australian companies to legally comply with the Australian Modern Slavery Act 2018, and on undertaking collaborative engagement with companies in Asia Pacific on human rights in the supply chain.

Part v Training

To raise awareness amongst our employees of both modern slavery and the Speak Up arrangements available to them, both topics are highlighted in our Global Code of Conduct for employees and our Global Third Party Code of Conduct.

The mandatory Your Conduct eLearning training module, issued annually to all employees, to support the Global Code of Conduct, also references the company's commitment in this area.

In 2020 the standalone modern slavery module was combined into other online training modules, to connect the relevance of modern slavery to wider business processes.

Part vi

Measurement of impact

Three key performance indicators, established in 2018, are used to measure the effectiveness of our efforts to address modern slavery risks. KPIs are reviewed annually by internal experts to ensure they remain relevant.

KPI	Rationale for inclusion	2019 progress as reported in 2019/20 modern slavery statement	2020 progress
Raise awareness amongst employees of modern slavery issues and how to respond.	Equipping employees with an understanding of issues ensures we clearly communicate our no tolerance approach to modern slavery, and we are all able to take action where appropriate.	92% of employees completed modern slavery online training.	<p>99% of UK and Europe employees completed mandatory Anti-Money Laundering training which covers a definition of modern slavery and equips employees to recognise warning signs.</p> <p>99% of employees globally completed the Your Conduct online training, and attested their adherence to the Global Code of Conduct.</p>
Complete modern slavery risk assessment of suppliers.	Enables us to identify supply chain risks and mitigate these effectively.	Completed risk assessments and used a third party service to assess a subset of our suppliers operating in specific sectors and countries.	Our Procurement Transformation programme, supported by a leading consultancy firm, redesigned our approach to third party risk assessment. We will continue to implement stronger risk identification and risk mitigation processes in 2021.
Integrate modern slavery considerations into our investment process.	Our investments are the biggest potential impact we can have on modern slavery so must integrate concerns.	Described integration of modern slavery, cross-industry collaboration and provided engagement example.	<ul style="list-style-type: none"> · Published our Human Rights: our approach for investments document to clarify our approach for clients. · Developed an internal Human Rights Index to identify high risk geographies. · Actively participated in UK The Investor Forum and the Find It, Fix It, Prevent It collaboration, and Investors Against Slavery and Trafficking APAC. · Provided engagement examples beyond the UK to demonstrate our global commitment.

This Statement was approved by the Board of Directors of Standard Life Aberdeen plc² on 3 February 2021 and by each qualifying Standard Life Aberdeen Subsidiary Board between 12 April and 5 May 2021, and is signed by:



Stephen Bird, Chief Executive Officer

This Statement has been approved by the Board of Directors on behalf of the following companies:³

Aberdeen Asset Managers Limited

Aberdeen Standard Capital Limited

Aberdeen Standard Fund Managers Limited

Elevate Portfolio Services Limited

Ignis Investment Services Limited

Standard Life Employee Services Limited

Standard Life Investments Limited

Standard Life Savings Limited

² Standard Life Aberdeen plc renamed to abrdrn plc on 5 July 2021.

³ It is intended that the abrdrn name will be applied to the qualifying subsidiary companies over the following months.

For more information visit [abrdrn.com](https://www.abrdrn.com)

abrdrn plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh, EH2 2LL
© abrdrn plc 2021. All rights reserved.

abrdrn.com