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Diversity, equity and inclusion (DEI)

Our approach
for investments

November 2023



abrdn.com

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Introduction



The case for making companies more diverse, equitable and inclusive should no longer have to be made. We believe it is fundamental to the success of a modern-day business, and essential for the good of its clients, employees and the societies that it operates in.

The United Nations Sustainable Development Goals (SDGs) recognise gender equality (SDG 5) as a key global goal to accomplish by 2030. DEI across a wide scope is important, however, this document primarily focuses on gender and ethnic* diversity where data is more readily available.

For investors, DEI has become an important sustainability issue to consider as part of the investment decision-making process. Diverse workforces and more inclusive workplaces can help contribute to the financial stability and growth of the companies in which we invest.

*We acknowledge that language used to describe ethnicity, race, and cultural background varies depending on the region. For the purposes of this document, we have chosen to use the word "ethnicity" as this is the language used by the UK government, where abrdn is headquartered.

Is DEI financially material?

Incorporating DEI into business is not only the right thing to do, but there is evidence that indicates it has financial materiality, too. Studies such as *The Diversity Bonus: How Great Teams Pay Off in the Knowledge Economy* (2017)¹ and *How and Where Diversity Drives Financial Performance* (2018)² find a positive relationship between diversity and financial returns. There are also studies that produce conflicting results, with varied focus and scope. Edmans et al's *Diversity, Equity, and Inclusion* (2023) finds that DEI is associated with higher future accounting performance across a range of measures, higher future earnings surprises, and higher valuation ratios – but has no link to future stock returns.³ We are therefore embarking on a joint project with the University of Edinburgh to examine how gender and ethnic diversity affects financial materiality in more detail.

Policymakers and regulators are stepping up on DEI

Corporate disclosure regulations require companies to report on DEI related matters. These regulations and disclosure requirements vary greatly globally. In the UK, for example, the Financial Conduct Authority (FCA) requires companies to disclose in their annual financial report if they have met board diversity targets. The recent consultation paper launched by the FCA and Prudential Regulation Authority (PRA) aims to improve diversity and inclusion in financial services to "support healthy work cultures, reduce groupthink and unlock talent".⁴ In the US, regulation requires certain private sector employers and federal contractors to submit workforce demographic data, which includes reporting on race, ethnicity and gender (EEO-1 report).

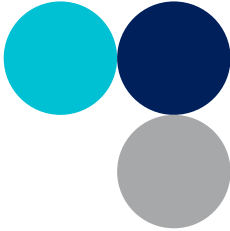
¹ Princeton University Press, *The Diversity Bonus: How Great Teams Pay Off in the Knowledge Economy*, Scott E. Page, September 2017.

² *How and Where Diversity Drives Financial Performance* (hbr.org).

³ DP18137 *Diversity, Equity, and Inclusion* | CEPR.

⁴ The FCA and PRA propose measures to boost diversity and inclusion in financial services | FCA.

Introduction



The state and quality of these disclosures are expected to improve over time due to changes in regulatory requirements, including the Corporate Sustainability Reporting Directive (CSRD) in the EU and the International Sustainability Standard Board (ISSB) rules. Furthermore, in the first half of 2024, the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is set to commence and is likely to cover DEI related issues.

As policy makers continue introducing hard and soft gender and ethnic diversity quotas around the world, evidence to better understand how gender and ethnic diversity affects firm outcomes becomes ever more pressing. For example, recent events such as the U.S Supreme Court ruling prohibiting affirmative action policies to raise the number of underrepresented minority students in universities illustrates the need to provide evidence on the effect of racial diversity on the financial outcome for firms.

At abrdn, we believe that making progress in diversity, equity and inclusion is critical for the long-term success of companies and economic growth. We have set clear targets for ourselves as outlined in our **corporate report** and are committed to make progress on these.

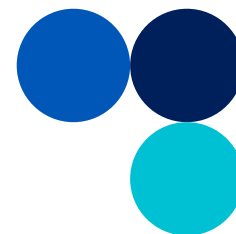
We were delighted to be recognised for the progress we made on gender diversity by winning three Citywire Gender Diversity Awards 2022– Best Gender Representation, Regional Leader Europe, and Regional Leader US. As an industry we need to hold ourselves to account, to understand the role we must play in improving a society that struggles with inequality affecting different groups. It is critical to incorporate and promote diversity and inclusion in our investment activities. The purpose of this paper is to outline our approach for doing this.



We regularly see that diverse workforces and more equal workplaces help contribute to the financial stability and growth of the companies in which we invest.

Amanda Young
Chief Sustainability Officer

Our approach

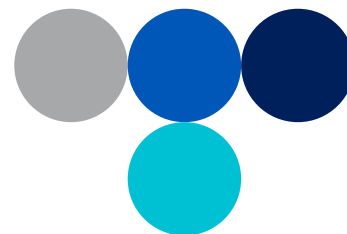


Our focus on DEI provides us with high-quality insights into trends, risks and opportunities. This feeds into our decision-making, helps drive positive outcomes for our clients and demonstrates our commitment to promoting DEI best practice.

Our DEI approach for investments is built around four areas of focus: We show our main objectives for each area below.

Focus	Objective	Examples of action in practice
Research	Provide high-quality DEI insights and thematic research. This draws on corporate and economic research.	<ul style="list-style-type: none"> • University of Edinburgh project • A Woman's Place research • Investment desk research on DEI
Investment integration	Understand the potential financial impacts of DEI risks and opportunities across regions and sectors, integrate these into our investment decisions and understand the implications for our portfolios.	<ul style="list-style-type: none"> • We incorporate relevant DEI metrics and questions into our decision making process to understand financially material risks. For example, failing to consider DEI has implications for the quality of decision making on boards which can impact financials.
Active ownership	Better understand investee management of DEI risks and opportunities. Use leverage to challenge investee practices and encourage improvements through engagement and voting.	<ul style="list-style-type: none"> • Engagement and voting on DEI matters • Statement on employee wellbeing in the mining industry • Region specific DEI voting policies
Solutions	Understand client expectations in relation to DEI issues and incorporate this into our solutions. Additional research supports capital-allocation decisions.	<ul style="list-style-type: none"> • Impact strategy • Alternative investments gender strategy • Customised approach to investing in diverse and emerging managers • Fixed income strategy
abrdn plc DEI strategy		
Setting DEI targets for our own operations, providing transparency on progress, and collaborating across the industry.		

Here, we detail the actions that we take to deliver against our objectives across the four areas of focus for DEI.



High-quality research that drives investment decisions and positive outcomes is a core component of our investment strategy. Our Investments Sustainability Group regularly produces thematic notes that discuss the implications of ESG trends across asset classes which is supported by on-desk research. Investment desks undertake DEI related research to support their decision-making. We also have a partnership with the University of Edinburgh and have embarked on an academic research project to assess the financial materiality of DEI.

University of Edinburgh DEI project

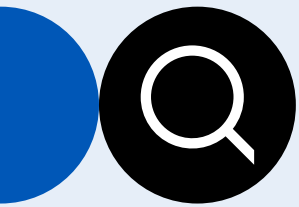
We are embarking on a joint project with the University of Edinburgh to examine the extent that gender and ethnic diversity affects financial materiality. Understanding to what extent women and ethnic minorities affect firm outcomes is important given that companies, investors and policy makers are taking important steps towards increasing gender equality and ethnic diversity in the workplace. We will use state-of-the-art econometrics techniques to assess the effect of gender equality/ethnic diversity on stock returns and test whether gender-diverse/ethnically-diverse portfolios have a significantly positive alpha, where alpha captures the risk-adjusted return.

Multi-Asset on-desk research

Within the Multi-Asset department, we undertook research on gender equality to identify companies that align to SDG 5: to achieve gender equality and empower all women and girls. Academic research suggests that companies which display greater representation of women in leadership positions have a higher likelihood of financial outperformance.⁵ The key proxies we screened for in our research were companies that actively promote women in leadership positions, seek a pro-gender balance in the workforce, show commitment to pay equality, have innovative parental leave and/or other supportive/protective practices in place. We overlaid this with those that ranked best on our financial screening process based on earnings revisions, momentum and value plus a qualitative analysis of corporate literature produced on the gender equality topic. This produced a rich universe of names that was screened for gender factors as well as financial criteria.

We have also undertaken research with our Quantitative Investment Solutions team to explore a long-short expression of the gender equality thematic with the aim of being long companies with a higher gender equality score and short those with the lowest. The aim is to get as close to factor neutrality as possible to minimise unintended factors driving performance and maximise the gender equality score, a process where the scores are turned into z-scores (a statistical measure of the distance between a data point and the mean using standard deviations) to make them comparable to other style z-scores. This is helpful in multi-asset portfolios where relative value trades are regularly deployed.

⁵ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>



Case study:

A Woman's Place

Our research series **A Woman's Place** explores the factors that influence female labour force participation and won the Funds Europe European Thought Leadership of the Year Award 2021. It provides five recommendations for policymakers and companies to help address barriers to women in work:

1. Ensure men have access to paternity leave
2. Reform taxation systems to reduce tax wedges for second earners and sole parents
3. Consider both the quantity and quality of female work
4. Strengthen the performance and resilience of the overall economy
5. Report more and higher quality data

One of the key takeaways of our 'A Woman's Place' research was that while parental leave policies positively impact female labour force participation, there is a lack of company-level data on these policies. To address this, we surveyed 196 FTSE 350 firms to gather information on maternity, paternity, and parental leave.

Using the insights from the research, we also developed the Gender Equality Index which ranks 29 developed countries on gender equality in terms of:

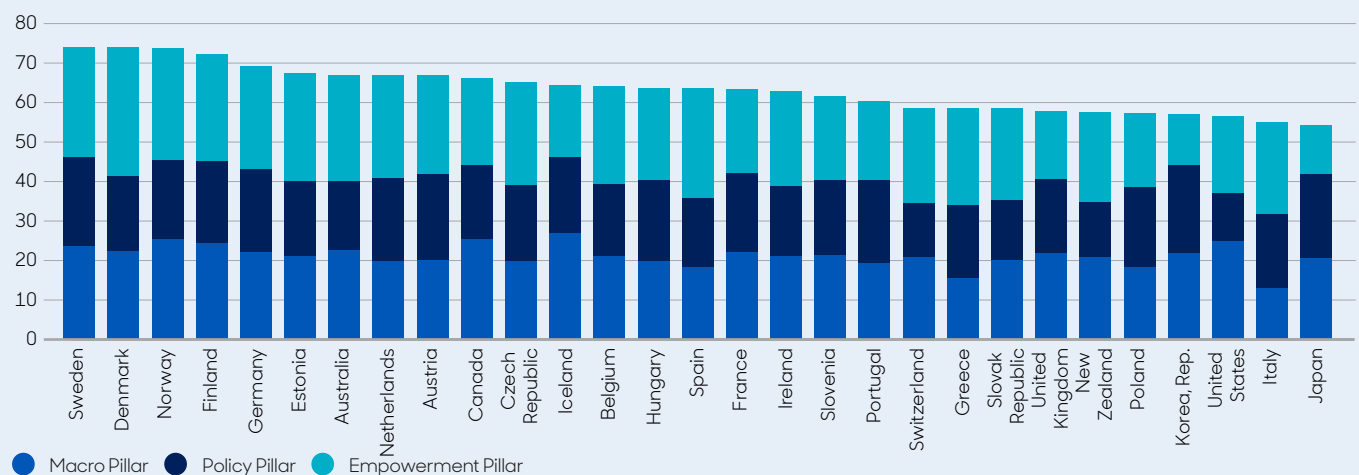
- **Macro fundamentals:** tells us about the current level of gender equality in the workforce across six indicators.
- **Policy:** draws on empirical evidence to identify the seven most important policy factors influencing gender equality.

- **Empowerment:** incorporates four indicators that provide insight regarding the culture for female empowerment in the workforce and wider society.

Progressive gender policies in countries can help to address challenges such as aging populations and declining productivity. These issues are significant for pension funds and institutions due to labour supply constraints and the impact of aging populations.

The purpose of this index is to provide investors with a tool to understand the relative strengths and weaknesses of countries across different gender equality metrics, to better inform understanding of the S in ESG and create opportunities to tilt portfolios towards countries with better gender equality scores. We believe that improving gender equality is fundamental to addressing long term social and economic challenges associated with aging populations and low potential growth rates. This index allows us to identify countries that are well set up to face these challenges and those that are lagging, and track changes to the gender equality environment along key indicators fundamental to long term potential growth and, thus, market outcomes.

Gender Equality Index results



Source: Gender Equality Index | A Woman's Place | ASI (abrdn.com)

Investment integration

As part of our ESG integration approach, we consider a range of DEI-related factors in our investment process. This process is supported by data we obtain via company disclosures and information gathered through issuing our own questionnaires.

Where DEI is not properly managed there are risks to consider: reputational risks, implications for decision making due to reduction in diversity of thought, and weaker employee attachment to name a few. Furthermore, lagging on DEI forgoes the opportunities that come with better DEI practices such as potential enhanced innovation and productivity.

Key metrics we may consider to assess risks and opportunities include:

- Does the company have DEI related policies?
- Does the company have DEI related targets?
- % total staff that are female
- % firm owned by women
- % of females on the board
- % gender pay gap
- % total staff from a minority ethnic or racial background
- % of firm owned by people from a minority ethnic or racial background
- % of minority ethnic or racial representation on the board
- % of the total staff that are from another minority group? (i.e., LGBTQ+, veterans, persons with disabilities, etc.)
- % of the firm that is owned by people from another minority group? (i.e., LGBTQ+, veterans, persons with disabilities, etc.)
- Does the company have structures in place, such as employee resource groups, to foster the right culture?
- Does the company have a senior leadership group on culture/diversity, and does this group include members of senior management?

Gender related metrics currently have the highest rates of disclosure and therefore we are more readily able to consider these factors in our investments. As regulations change and corporations become more willing (or required) to disclose information on ethnicity and other DEI related metrics, these will become more easily incorporated into our investment process.

We use a range of tools and databases to integrate DEI into our investments. These include our in-house indices listed below and external data providers such as MSCI and Bloomberg. As active investors, engagement and voting are also key tools used for investment integration as outlined in the next active ownership section.





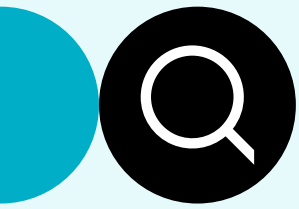
Case study:

Assessing DEI as part of our Fixed Income ESG Risk Rating

Within Public Credit Markets (Investment Grade, High Yield, Liquidity), credit analysts conduct an ESG assessment of a company's credit profile and assign an ESG Risk Rating to each issuer ranging from Low, Medium, High (Low is better – low risk to credit profile). This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key areas of focus are the materiality of the inherent environmental and social risks of the sector of operation and a judgement on the timeframe over which these risks may have an impact. This is combined with an assessment of the sustainability of a company's corporate governance. DEI is considered in the framework where material to the sector.

As an example, when a company is not building a diverse and inclusive workforce and is not upholding commonly accepted labour standards, the credit analyst may consider the factor 'labour practices' to be a high risk and impactful to the credit quality in the short term. Identification of these risks is based on the Sustainable Accounting Standards Board (SASB) Materiality Map, ESG sector risk assessments and 'heat maps' from two of the major credit rating agencies (Standard & Poor's and Moody's) – the ESG analysis is performed in the context of impact to credit profile.





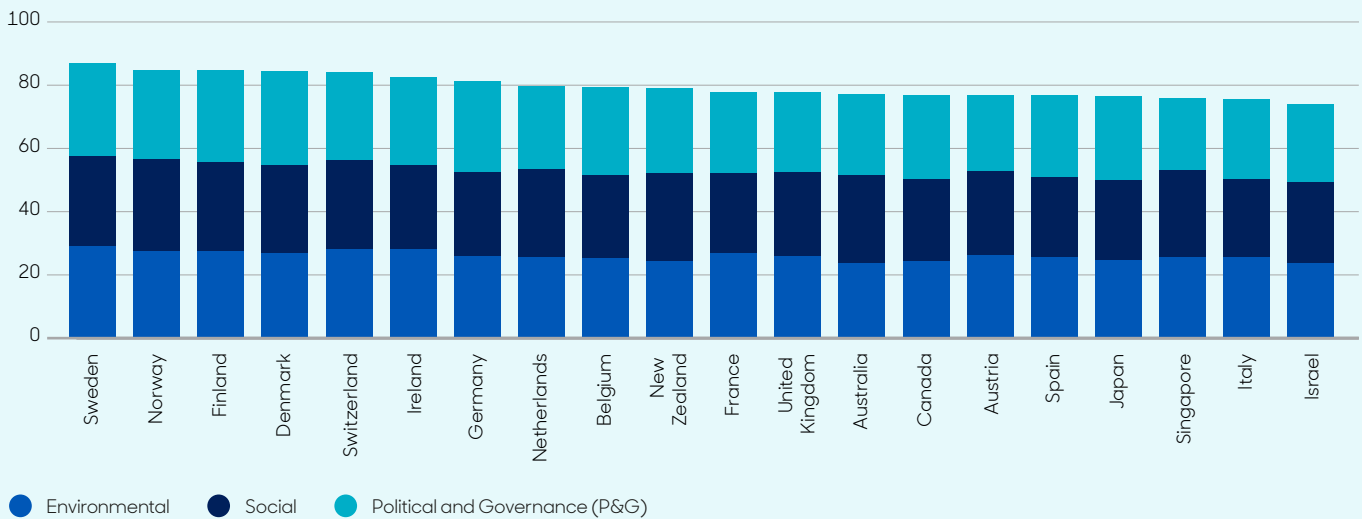
Considering DEI in our country-level ESG assessments

Global Macro ESG Index

Our Global Macro ESG Index was launched in 2018, based on our Social Capitalism research, to help monitor progress towards the United Nations' 17 Sustainable Development Goals (SDGs). It evaluates 135 countries based on 20 ESG indicators. Amongst these we use DEI related indicators including gender inequality (Human Development Report), income inequality (World Inequality

Database), freedom of expression (IDEA, V-Dem), and social group equality (IDEA, V-Dem). This index is available to investment desks across asset classes and is used to inform investment decisions on countries specifically and/or as part of a screening process that may, for example, wish to exclude the worst offenders.

Global Macro ESG Index results (2022)



ESGP Index

Within our Emerging Market Debt team, we have developed our proprietary sovereign **ESGP framework** to assess the performance of over 90 emerging market issuers across environmental, social, governance and also political elements (ESGP). This index uses indicators that are more relevant to emerging markets, such as access to electricity. The political pillar was added given that political risk in emerging markets tend to be more financially material than in developed markets. In our

ESGP assessment, we align our indicators to nine out of the 17 United Nations SDGs. The framework is embedded into our investment process. There are social indicators used to assess DEI in the index, including income inequality (GINI coefficient) and gender inequality. Gender inequality is measured using a variety of indicators which span across reproductive health, empowerment, and labour market themes using data from the Human Development Report.

Active ownership

We believe companies that make progress in DEI are better positioned for long-term sustainability and outperformance. Diversity of thought, paired with a culture of inclusion, can help companies to tackle increasingly complex challenges and markets. We expect boards to report on how they promote DEI throughout the business and believe that setting targets is important to addressing imbalances. We recognise the importance of adopting a regional approach to diversity and inclusion, allowing us to press for progress with appropriate consideration for the starting point. We have for several years, actively encouraged progress in gender diversity at all levels, and have expanded our scope in relation to diversity and inclusion across geographies. In respect of ethnic diversity, this is coming increasingly into focus as we encourage boards to progress in ensuring that their composition reflects their employee and customer bases. At abrdn, we have a preference for working collaboratively with companies to address concerns and encourage positive change.



Statement on Employee Wellbeing in the Mining Industry

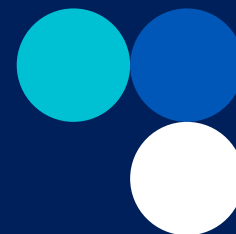
We published a statement on employee wellbeing in the mining industry. This highlighted the unacceptable workplace behaviours that have been occurring in the industry, which include sexual harassment and assault. From an investment perspective, performance that fails to meet stakeholder expectations can lead to operational disruption and reputational damage that can negatively affect investor sentiment and asset values.

Our key conclusion is that mining companies should use all the tools they have available to them – governance, performance incentives such as remuneration, oversight, monitoring and reporting – to improve workplace behaviour, diversity, equity and inclusion, and apply the same rigour of existing health and safety regimes to psychological safety. Many mining companies have demonstrated a strong track record in improving health and safety, embedding aspects into all areas of their organisational cultures and business processes. We believe that employees' psychological wellbeing warrants a similar approach.

In our view, constructive dialogue and engagement with the mining industry offers the best opportunity to support safer workplaces. Over the last two years, we've undertaken focused engagement with our larger mining holdings to understand what actions they are taking to improve performance in these areas and how we can help drive that improvement.

The CEOs of several global mining companies, as well as the International Council on Mining and Metals (ICMM), issued supporting statements to our initiative.

Active ownership



In 2021 we produced a **position statement** detailing what we expect of companies in relation to diversity and inclusion, and we have built upon existing voting and engagement strategies and expanded our scope in relation to DEI across geographies.

We first introduced voting policies related to expectations of minimum board gender diversity in the UK in 2019. Since then, we have expanded this approach to certain other regions, strengthened expectations of minimum female representation within our policies and introduced policies related to ethnic and racial representation on boards in the UK and USA. As part of our implementation of these policies we have undertaken targeted engagement, by writing to selected companies which did not meet our expectations to seek insights into their plans to strengthen diversity at board level.

We support public disclosure of EEO-1 reports in the US market. These forms provide a comprehensive breakdown of the workforce by race and gender in ten employment categories. Making these forms publicly available demonstrates companies' commitment to transparent diversity disclosure. It allows investors and stakeholders to access standardised and comparable data which can help identify disparities or inequalities in hiring and promotion practices. This in turn can support companies to take an informed and targeted approach to address issues. At abrdn, we publish our own EEO-1 reports.

abrdn's Voting Policy

Our regional board diversity policies are:

Gender Diversity

We expect company boards to be comprised of 30% women in the UK, Europe, US and Australia. We will generally vote against the relevant Nomination Committee Chair if this target is not met. This target aims to enhance gender representation and ensure a more equitable distribution of decision-making power.

Ethnic Diversity

- a. **In the UK:** Our voting aligns to the Parker Review's recommended targets. We will generally vote against the Nomination Committee Chair at the boards of FTSE 100 companies, if the board does not include at least one member from an ethnic minority background.
- b. **In the US:** We will generally vote against the Nomination Committee Chair at the boards of S&P 1500 & Russell 3000 companies if the board does not include at least one member from a racial or ethnic minority background.

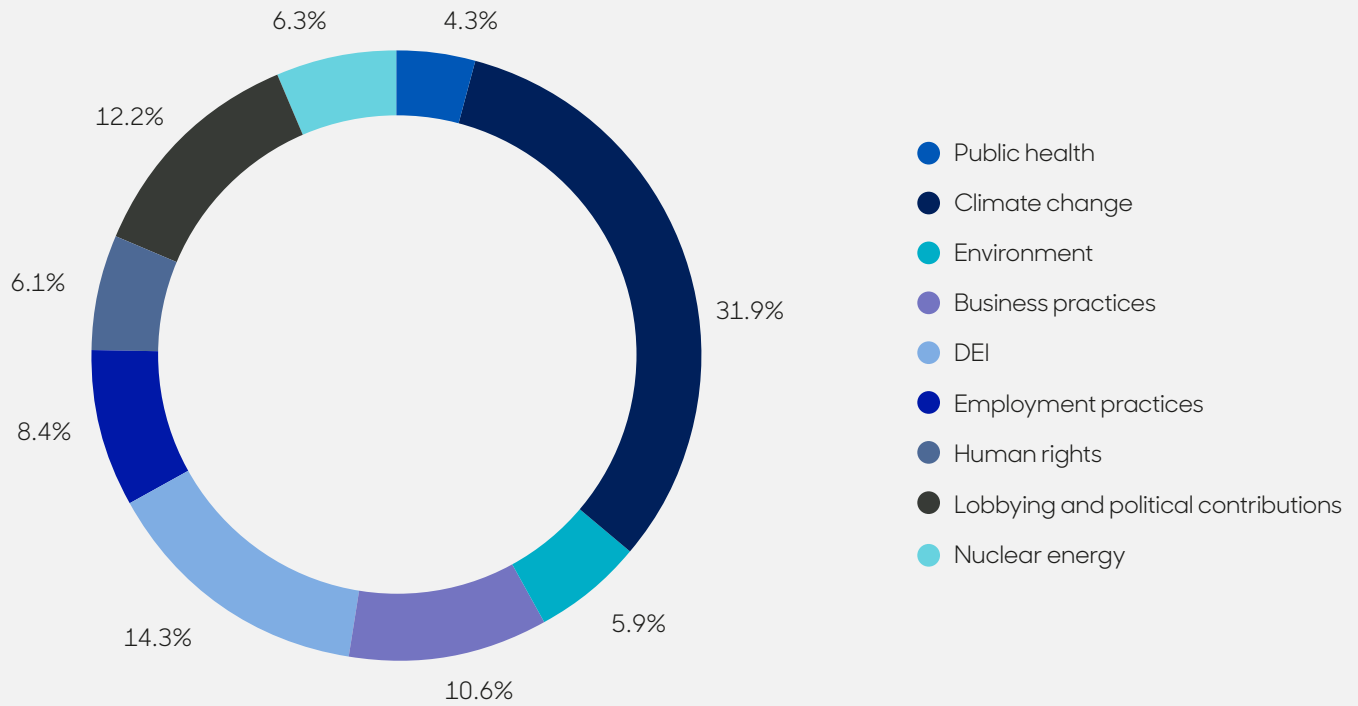
DEI is a significant focus for shareholder resolutions. In recent years resolutions have focussed on a range of topics, including:

- **Racial equity audits** – A racial equity audit is an independent analysis of a company's practices to identify potentially discriminatory effects. It is in the interests of all stakeholders for companies' DEI practices to be efficient and effective. Audits can be an effective way to assess this but they are not without challenges. That is why we evaluate requests for racial equity audits on a case-by-case basis and take into consideration the circumstances of a company.
- **Pay gap reporting** – We consider standardised gender pay gap disclosure to be an important tool for addressing gender inequality. Reporting across global operations may help companies stay ahead of regulations and provide better opportunities and remuneration for women worldwide. Some resolutions also seek racial/ethnicity pay gap disclosure. We are typically supportive of shareholder resolutions requesting pay gap reports; however, companies must be allowed sufficient discretion to report on pay gaps in a way that reflects demographic and legal differences between jurisdictions.
- **Transparent disclosure of DEI metrics.** We are supportive of transparent DEI disclosure, particularly of information that is comparable and subject to limited adjustments. However, resolutions must be well targeted – we would not support requests filed at companies that already have strong disclosure.

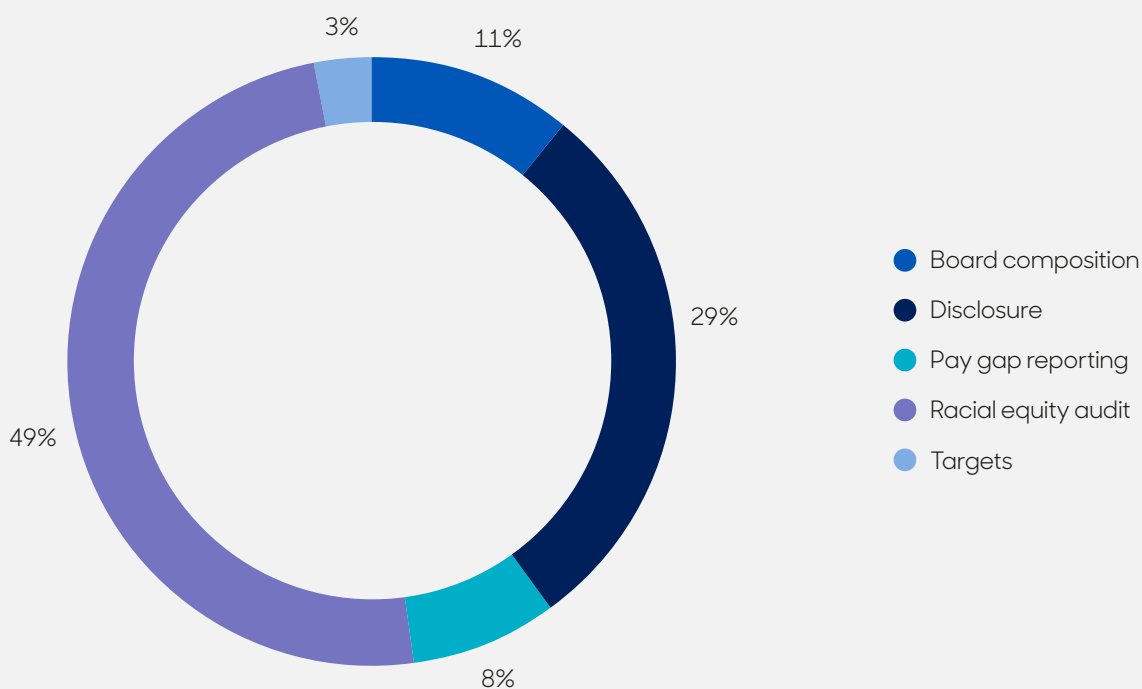
Active ownership



2022 E&S Votes by Theme



DEI Topics in 2022 Shareholder Resolutions





Case study:

A game holding company

This (anonymised) game holding company received high profile allegations of sexual harassment and discrimination. At the company's AGM, the New York State Common Retirement Fund submitted a proposal requesting the preparation of an annual public report on the effectiveness and outcomes of the company's efforts to prevent abuse and discrimination against protected classes of employees.

As part of our active ownership endeavour, we engaged with the company regarding alleged discrimination. We set out several requests including public disclosure of an annual review detailing steps it is taking to uproot sexist and discriminatory practices, and reporting on progress being made against this.

Given the ongoing scrutiny of the company's practices related to sexual harassment and discrimination we were of the view that the report requested by the shareholder resolution would help investors evaluate the company's efforts to address these issues. We therefore voted in favour.

The resolution received majority support at the AGM. We subsequently engaged with the company to discuss progress on the requests we set out, including reporting.

The company continues to make solid progress against several of our key requests. Notable progress includes: publishing its EEO-1 report, the adoption of a zero tolerance policy, quadrupling of ethics and compliance function since July 2021, and introducing mechanisms for employees to provide anonymous feedback about their managers. The company has also hired a VP, Head of Culture, to lead further progress.

How did abrdn vote on shareholder resolutions concerning DEI in 2022?

48%

Overall, we voted in favour of 48% and against 52% of DEI resolutions.

How did abrdn vote on shareholder resolutions concerning gender and racial pay gap reporting?

80%

We supported 80% of resolutions related to pay gap reporting.

How did abrdn vote on shareholder resolutions concerning racial equity/civil rights audits?

55%

abrdn supported 55% of racial equity/civil rights audit resolutions.

How did abrdn vote on shareholder resolutions concerning DEI disclosure?

44%

abrdn supported 44% of disclosure resolutions

Company used for illustrative purposes.

Solutions



In addition to integrating DEI into our investments process, we have a number of funds that are based on the SDGs and are proud to offer a diverse range of solutions that incorporate and prioritise diversity, equity and inclusion criteria.

While SDG 5 is specific to gender equality, DEI more broadly is woven through many of the SDGs, such as SDG 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), and 13 (Climate Action). There is growing evidence that climate change disproportionately affects certain groups, for example, women.



Solutions



Global Equity

Our Global Impact Equity strategy concentrates on investments in publicly traded companies that strive to generate quantifiable positive environmental and/or social outcomes. A key aim is to promote access to affordable and high-quality education while emphasising the importance of diversity and inclusion across all social economic groups. For example, we hold a company which operates a labour transition support. This company promotes the improvement of business skills among people with disabilities who wish to find employment. One part of the business manages social skills and learning classes mainly for children with developmental disabilities. They also have a platform business that provides back-office software to facilities for people with disabilities.

Alternatives

Our Alternatives team has created a strategy concept that tracks an equal-weighted index of hedge funds with female portfolio management expertise. This is an opportunity for us to be a pioneer and thought leader on hedge fund diversity, supporting the female fund manager universe and promoting women as investment professionals. Bias and outdated practices have created higher barriers to entry for women entering and progressing within finance – this lack of diversity is particularly prevalent on investment desks. Women must arguably perform to a higher standard, on average, than their male counterparts to “make it” in a risk-taking function, therefore the average female currently managing risk should be “better” than the average male currently managing risk. A structural premia exists

due to high barriers to entry for women in investment-related roles within the hedge fund industry. Historical data suggests women that are placed in key risk-taking roles, on average, outperform the broad industry return. The smaller size of the “key female risk-taker” universe means that volatility of the index remains attractively high and does not represent a “watered down” portfolio. We also have the capability to create a diversity index featuring minority-owned hedge funds through our platform. We will continue to collaborate with our clients to identify opportunities to promote diverse leadership and increase exposure to diverse and emerging managers within their investments.

Fixed Income

A pillar of one of our SDG fixed income strategies is financial inclusion. Core themes include affordable access to financial services for SMEs and access to financial services for the unbanked.

We specifically purchased a gender equality themed social bond issued by one of the companies. The bonds will fund SME loans that meet the following 3 social criteria:

1. Female CEO
2. 25% owned by women, and
3. Largest stake held by women.



Our abrdn plc DEI strategy



In addition to the four areas of focus for investments, we believe it's critical to walk the talk as a firm and hold ourselves to account. We are transparent about how we are progressing against our strategy, targets and commitments, knowing this drives progress.

We have put strong DEI governance in place from our board to our employees, which helps track accountability and sets strategy. For more details, please see the full Diversity, Equity and Inclusion 2022 report [here](#).

We have a global DEI strategy which was co-created with colleagues at all levels and informed by a Board-led survey, by the SDGs and our data and research. Our strategy has Board oversight and has evolved over time because like most organisations, we have been on a journey. We take a global approach, sharing strategic priorities and diversity targets but empowering leaders to set locally appropriate actions for their context.

Inclusion is our overall aim - an inclusive culture we all have a role in creating, where we're valued for being ourselves, and where we can feel like we belong.

Making diversity, equity and inclusion part of our purpose

Maintaining inclusive ways of working

Attracting and developing diverse talent

Ensuring that our people feel included and valued everyday

Embed DEI into how we work as an employer and an investor

Local leader-led commitments measured through scorecards and goals

Hybrid working to grow our global business and help our people work at their best

Expand out well-established colleague-led communities

Use targets to focus efforts, remove barriers to progression

Sustain focus on better gender balance, ethnic diversity and social inclusion through specific action plans

Develop leaders to build inclusive environments to enable a high performance culture

Create inclusion at all levels and in all teams

Our abrdn plc DEI strategy



Our Targets for 2025

Our targets keep us on track through transparency and accountability for progress. Below is a snapshot for 2022. We are working on our 2023 figures which will be available in our Corporate Sustainability Report.

We achieved our first gender targets for representation of women at board and senior leadership in 2020 (both targets were 33%) and built on this progress with new targets from January 2021, including an ethnicity target for the first time. As our data grows, we are committed to set further targets.

		Position at 31 December 2022	2025 Target
Gender	plc Board	45% women	40% women, 40% men, 20% any gender
Gender	Senior leadership	39% women	40% women, 40% men, 20% any gender
Gender	Global workforce	43% women	50% women (+/-3%)
Ethnicity	plc Board	9% (1 director) ethnic minority	18% (or +1 director) ethnic minority

abrdn's UK gender pay gap 2022

We're committed to reducing our gender pay gap, a key factor of which is that we have more men in senior roles and more women in more junior roles. We have four key actions in place to address this imbalance:

1. We set targets for representation of women at all levels across the organisation.
2. We have a gender action plan in place to focus actions on attraction, retention and progression of women at early, mid and senior career stages.

3. We set a collective industry target to reduce the industry gender pay gap by 50% by 2030, in partnership with the Diversity Project.
4. We were one of the first signatories to the HM Treasury Women in Finance Charter, and through this linked delivery of our targets to pay through our Executive Director scorecard.

We have reduced our gender pay and bonus gaps in 2022 for the fifth consecutive year. We believe we have the right actions in place to address our gender pay gap and we benchmark these every year through the Bloomberg Global Gender Equality Index (achieved a place in the index for the last four years).

Our results

	Mean (average) pay gap	Median (middle) pay gap	Mean (average) bonus gap	Median (middle) bonus gap
2022	28.7%	24.2%	46.2%	47.4%

Percentage of women in each pay quartile

	Lower	Lower middle	Upper middle	Upper
	58%	51%	41%	27%

Attracting and developing talent

Attracting a broad range of talent brings diversity of thought to our teams. Diverse teams make better investment decisions, are more likely spot opportunities, and an inclusive culture delivers innovation and engagement. We know that there are barriers for underrepresented groups at different career stages and segment our actions to support early, mid-level and senior careers. We value diversity in the broadest sense, but to deliver real change we have global priorities of ethnicity, gender and social mobility. Full Global DEI strategy highlighted in the Appendix.

Our abrdn plc DEI strategy



Gender	What's done
Recruitment	We've introduced gender inclusive recruitment practices such as augmented writing software for adverts and job descriptions, running returnship programmes for women who have taken time out of work and developing strategic partnerships to attract more women into roles in our company (e.g. GAIN - Girls are Investors).
Development	We've introduced development offerings for women at early, mid and senior career stages.
Data	We've driven greater accountability by providing leaders with increasingly detailed gender data.
Capability	We've addressed gender-related barriers to career progression, including building inclusive leadership capability, creating safe spaces to share and learn (such as our menopause community), publishing our Career Framework, and producing colleague "Talk about" guides.
Colleague support	We've provided a practical support framework through our colleague network for gender equality balance. Balance supports colleagues throughout the year on a range of topics, from getting on to a Board, to mental health and managing imposter syndrome.
Policy	We offer gender inclusive policies such as our equal parent leave offerings in different regions, including market-leading parent leave in the UK.

Ethnicity	What's done
Attracting, retaining and developing talent	We use inclusive recruitment practices, including a diverse interview pool and software to make language in job adverts simpler and more easily understood by people who's first language isn't English. And we partner with organisations to reach ethnic minority candidates who might not have been attracted to work in our industry - including #10,000 Black Interns, SEO London, Black Women in Asset Management.
Understanding issues	We've celebrated ethnicity and multiculturalism globally, we've held insights sessions, and we've created safe spaces to share and learn about lived experiences. Members of our leadership teams have taken part in reverse mentoring on ethnicity, and reverse mentoring is now expanded across the organisation. We've produced a "Talk about race" guide to help all colleagues feel more comfortable talking about this topic and build inclusion.
Supporting colleagues	We have a global ethnicity and multicultural colleague-led network, exclusive sponsorship and regular events and learning opportunities.
Capability building	We've run cultural awareness workshops and promote the "Human Library" learning opportunities to provide interactive ways for colleagues to build their capability and awareness of race and ethnicity.
Data	We believe transparency helps drive progress initially setting an ethnicity target in 2020. We published our EEO-1 ethnicity data in the US in 2021 for the first time. We have committed to set more targets when we have built more data. We've also committed to improving our data on the proportion of businesses in our supply chain that are owned by minority groups.
Public commitments	We were one of the inaugural signatories to the Race at Work Charter in 2018, joined the Corporate Call to Action: Coalition for Equity and Opportunity (CCA) in 2020 and in 2021 joined Change the Race Ratio. These are not empty promises, they all require us to take actions, which form part of our Ethnicity Action Plan.

Our abrdn plc DEI strategy



Social mobility	What's done
Fair work	We have been an accredited UK Living Wage employer since 2014 and in 2020 were one of the first companies to be accredited as a Living Hours employer. This means we ensure all our UK colleagues (approx. 80% of workforce) are paid above or in line with the UK Living Wage and that all colleagues are paid above minimum wage in their country of work globally. In the UK we extend this to suppliers on site.
Cost of living	We took steps to support our colleagues due to the increased rise in cost of living globally. We implemented a permanent salary increase of £1,500 (FTE equivalent) from 1st October. This applied to colleagues earning £75,000 or less (or local country equivalent) and/or had not had a significant salary increase (10% or more) since April 2021.
Supporting our communities	In response to cost of living pressures in the UK, we donated £100,000 to the Trussell Trust in the UK, as targeted support for families facing immediate-term pressures to meet essential needs.
Talent attraction	We've established and had great success improving the diversity of candidates attracted to us globally, continuing to use partnerships to reach diversity talent and candidates who might not normally think about our industry (UpReach, SEO, GAIN, Bright Network).
Data	We've begun to deepen our understanding of our new hires by introducing a social mobility questionnaire to the application process. We also took part in a colleague survey by the City of London Socio-Economic task force to establish data about social mobility in our industry.
Capability	We've created a "Talk about class" guide to help colleagues be more self aware about social mobility. We've built awareness and broken down stigma through colleagues sharing stories and events including the "Potential over Polish" speaker series.
Colleague support	Support and role modelling through our "NextGen" colleague led global network has included awareness raising events such as the Brilliant Breakfast, in the UK, with the Prince's Trust, talking talent sessions, and safe space conversations.
Working across our industry	We work collaboratively to make progress on social mobility with groups including ShareAction, Living Wage and the City of London Socio Economic Diversity taskforce. These collaborations help us share best practice, encourage cross industry working and promote sharing of resources.



Our abrdn plc DEI strategy

Addressing disability and neurodiversity⁶

Diversity is more than ethnicity, gender and social mobility. We are working to create a culture where everyone feels they belong. For example, we are addressing disability and neurodiversity, knowing how much these can impact colleagues and customers. We are proud to be a committed Disability Confident employer, helping us demonstrate how important it is to us to attract and develop great talent.

Steps we've taken to ensure we are inclusive and remove barriers for candidates, colleagues and customers who have disabilities include:

- Changes to our recruitment process such as adjustments like additional time, providing interview questions in advance, changes to wording on our adverts and letters;
- Helping colleagues understand different perspectives and experiences (such as training, sharing stories, empathy accessibility workshops, 'Talk about disability' and 'Talk about Neurodiversity' guides);
- Workplace adjustments, flexible working, digital accessibility standards for our websites and customer digital access routes;
- Supporting our vulnerable customers (such as training for customer facing teams, dedicated Vulnerable Customer Representatives);
- Collecting data from colleagues about whether they consider they have a disability so we can understand what needs there may be in our workforce.

⁶ We don't consider neurodiversity to be a disability, but find that many of the barriers in the workplace are similar for people who are neurodivergent, and people who have a disability.



Collaborations & partnerships

We understand the importance of industry-wide collaboration to drive meaningful DEI progress. We continue to engage with others to share best practices, and advance collective DEI initiatives.

Our collaborations and partnerships include:

- **Hello World (Global):** Our powerful partnership with Hello World is delivering a two-year programme to provide access to education for up to 80,000 children and adults in communities across Uganda.
- **Henry Street Settlement (US):** We are supporting Henry Street Settlement to bridge the digital divide in New York City where there is significant inequality relating to access to internet for residents and communities.
- **30% Club investors group (multiple regions):** Aiming to boost the number of women in board seats and executive leadership of companies.
- **Diversity Project (UK):** Leaders in the investment and savings profession deciding to take action to accelerate progress towards an inclusive culture within our industry.
- **La Charte de la diversité (Luxembourg):** Commitment by employers who wish to take a proactive approach to act in favour of diversity.
- **Change the Race Ratio (UK):** Campaign supported by the UK Government backed Parker Review, which aims to increase ethnic minority representation on Boards and in senior leadership teams.
- **Corporate Call for Action (US):** Corporate social justice initiative to confront long standing racial economic disparities in the United States and their impact on the nation's economy.
- **NASP (US):** Organization that helps minorities and women achieve inclusion in the financial services industry.
- **SEO (UK):** Organization that provides internship and mentorship opportunities for students from underrepresented and underserved backgrounds.
- **Supplier.io (Global):** A platform that assists companies in managing supplier diversity programs, enhancing ESG and DEI compliance through centralized data, analytics and reporting tools.
- **CFA DEI Code (US/Canada):** As a signatory of the CFA Institute's DEI Code, we are dedicated to advancing diversity, equity and inclusion within our firm and the broader investment industry. This voluntary pledge is aligned with our ambition to contribute to an inclusive investment industry that values diverse perspectives, better outcomes for our clients and promotes a more equitable work environment.

In 2020, we joined the Corporate Call to Action (CCA) Coalition in the US, which has influenced our regional priorities: supplier diversity, investing in underserved communities, building a diverse talent pipeline, and improving workforce equity and transparency. Since publishing our EEO-1 employee demographic data for the first time in 2021, we have encouraged our US portfolio companies to do the same, as we believe transparency helps drive accountability and equity. In 2022, we launched our micro-internship programme as an extension of our traditional summer internship, successfully introducing undergraduate Black and Hispanic/Latino students to investment management careers, reaffirming our commitment to building diverse career pathways in finance. Our ongoing efforts for progress in the US are driven by collaborations, partnerships, and client engagement.

Please see the full Diversity, Equity and Inclusion 2022 report [here](#).

What's next?

Diversity, equity and inclusion is a sustained and progressive journey which changes and adapts to meet the needs of investors, colleagues, communities, industries and economies around the world. We will continue to evolve our approach to DEI, setting high standards for ourselves and others. There is always more to do. We will continue to:

Engage and vote on DEI issues across sectors.

Consider how we strengthen the integration of research and industry standards into our investment process.

Work with the University of Edinburgh to deliver high quality research and contribute to academic literature in the DEI space.

Develop standards and make progress at abrdn, to enable us to bring more influence to how we invest.

Actively engage with our clients to understand regional priorities, enabling us to adapt and enhance our DEI approach in alignment with their expectations and current areas of focus.

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