



# Our sustainability journey

Sustainability snapshot 2010

Standard Life

# Welcome

## A message from our Chief Executive

**“We are championing increased financial capability across communities and promoting financial inclusion in our society.”** David Nish, Chief Executive, Standard Life

### Standard Life is

**a leading provider of long-term savings and investments based in Edinburgh. We have more than 6 million customers worldwide.**



It's been another eventful and exciting year for our company. Our financial performance for 2010 was strong and we are beginning to see the benefits of our investment programme. The business has made a huge amount of progress in building a strong platform for sustainable and profitable growth.

To deliver sustainable, long-term success we need to meet the expectations of our stakeholders. We take our responsibilities as an employer, investor and corporate citizen seriously. It's through building the sustainable business strategy that we feel we can best support the delivery of our business goals.

In the UK, only 53% of people aged 18 to 65 are actively saving. Only one in six believe they are saving enough for retirement. We want to change this and help people address the savings gap.

We also recognise our responsibility to shape and influence what's happening around us and are committed to championing increased financial capability across communities and promoting financial inclusion in our society.

I look forward to the challenges and opportunities that 2011 will bring. Customers are at the heart of our business. We're working to give them the service and support they need for the future, supported by technology that makes it easier for them to deal with us. We're building a business that is in the best possible position to prosper in the months and years ahead.

Of course none of this is possible without the great people who work for us and I thank them for all their enthusiasm, innovation and commitment during the last year.

## Our sustainability journey

Our goal is to increase shareholder value by being a customer-focused business.



### Listening and responding to our customers

**Building trust and helping our customers to manage their money better.**



### Operating and growing responsibly

**Investing responsibly and with integrity, reducing and managing risk, and responsible sourcing.**



# Listening and responding to customers

**We want our customers to be our greatest supporters, so we're listening more closely to what they tell us and putting them at the heart of our sustainable business strategy.**

**"The online service is excellent. It's user friendly and easy to use. Thank you!"**

Mr Sirisena from Sussex

## Putting customers first

By working closely with the people who save and invest with us, we hope to understand what's important to them, respond effectively and strengthen our relationships with them.

Our approach has four main pillars:

- ▶ Offering propositions that are easy to access and understand, and have tangible, long-term benefits.
- ▶ Being completely transparent about how our propositions work, and what charges are involved.
- ▶ Helping customers handle their finances effectively and empowering them to make informed choices.
- ▶ Making sure we're easy to deal with and responsive to customer needs.

## Responding to feedback

In 2010, 16,371 people took part in our research activities. Our executive team and non-executive directors also participated in listening sessions with groups of customers. Based on what customers told us, we have improved our services and introduced some important new propositions in 2010. For example, we refined our telephone system's voice recognition to keep customers informed of waiting times and help them use the system better, and changed some of our 0845 customer service numbers to 0800 numbers.

We also launched [standardlifelistens.com](http://standardlifelistens.com), where customers can share their experiences, and improved the content, structure and design of [standardlife.co.uk](http://standardlife.co.uk).

## Customer satisfaction

We keep a close eye on our relationships with customers, to quickly find out where we could do better. For example, twice a year, we carry out a satisfaction survey with UK customers who have recently contacted us. In 2010, our customer satisfaction rating rose to 84% in our first survey and 87% by the second.

We've won a number of awards for good customer service, and remain committed to the Financial Services Authority's Treating Customers Fairly principles.

Dealing with customer complaints fairly, swiftly and effectively is extremely important to us, and helps us to build trust and improve our services. In 2010, we received 5,262 complaints, down significantly from 13,014 in 2009.

## UK customer satisfaction level



# Operating and growing responsibly

**To us, operating and growing our business responsibly means investing responsibly and with integrity, reducing and managing risk, and responsible sourcing.**

**“I believe Standard Life Investments is a very deserving recipient of the first Scottish Financial Services Award.”**

Mark Tennant, Chairman, Scottish Financial Enterprise (SFE), commenting on the Award for Activity in promoting Stewardship of Investments.

## Good governance

We believe it's good for companies and long-term investors to have relationships based on accountability, engagement and trust. Standard Life Investments supports the principles of good stewardship set out in the Financial Reporting Council's UK Stewardship Code.

We're accountable for the stewardship of our clients' assets, so we're open about the way we deal with the companies in their portfolios. We listen to what our clients think, and their feedback shapes our views and approach.

## Investing responsibly

We take our responsibilities as a long-term investor seriously. Considering the environmental, social and governance policies and practices of companies is an integral part of our investment process and, where possible, we use our influence to encourage best practice standards at the companies we invest in. Standard Life is also a signatory to the United Nations Principles for Responsible Investment.

To help protect and enhance the value of our clients' investments, we voted at 1,954 shareholder meetings in 2010 and had 557 engagements with companies in which we have an interest, to discuss environmental, social and governance issues.

## Managing risk

We have a dedicated Risk Management team to measure and monitor levels of risk across our investment portfolios, and to ensure our clients' assets are managed in a way that supports their attitude to risk.

## Responsible sourcing

In 2010, we spent £351 million on products and services ranging from IT to catering. We have a responsibility to make sure our purchases are sustainable and responsibly sourced.

We have introduced a due diligence questionnaire to ensure our suppliers are financially stable, and we request information on their environmental, health and safety, diversity and social awareness policies.

**1,954**  
shareholder  
meetings at  
which we voted

**557**  
environmental, social  
and governance  
engagements





## Developing and engaging our people

**To achieve our goals we need to create the strongest team. That means continuing to attract new talent and developing our own talented people.**

**“Taking part in Leading for Results was a fantastic experience. Our group really gelled and we’ve continued to meet on a regular basis. We now have a tremendous support network to draw on, which is full of energy and enthusiasm.”**

Jody Lewis, Manager

We changed the shape of our business in 2010 to make it more efficient, faster to market and to improve our customers’ experience. This resulted in an overall reduction of 500 jobs in the UK. We tried to communicate openly with our people during this process and made sure those leaving the business were fully supported at every stage.

### **Attracting and developing talent**

In 2010, we introduced our new resourcing strategy, to help us find new talent from more sources and position us as a leading employer. We are already starting to see the benefits: our profile in the job market is higher and we’re receiving more applications directly from candidates.

To help our people develop and give their best, we offer a wide range of training and self-development courses, e-learning modules and team challenges. In 2010 we’ll also be operating a new training and leadership centre.

### **Rewarding performance**

We need a high-performance environment that encourages accountability and responsibility at every level of the business. During 2010, we continued to develop our Making Performance Matter programme, which strengthens the link between performance and reward.

Our Transformation Tracker captures our people’s views and attitudes on how we’re transforming our company. The second Transformation Tracker was held in November 2010 and 46% of our people responded. Acting on the results, we’ve refreshed our approach to managing performance across the Group.

### **Effective leadership**

Our investment in leadership development is key to our success. In 2010 we developed a group-wide leadership development framework aimed at building skills, capability and behaviours that are specific to the role the leader is currently in. Last year 59 senior leaders participated in our Accelerated Development Support Programme, which is designed to develop a talent pipeline across the business.

**9,254**  
is the average  
number of people  
employed by the  
Group during 2010

**59**  
senior leaders  
participated in  
our Accelerated  
Development  
Support Programme

# Protecting our environment

**We want to consume fewer resources, recycle more waste and dispose of what remains as sensitively as possible. Our environment policy helps us manage our main impact areas: energy, emissions from business travel, paper use and waste.**

**“We are delighted to have been recognised as one of the top five carbon performers at the prestigious 2010 Green Business Awards, where we were ‘highly commended’ for our energy reduction of more than 40% over the last 10 years.”**

Jackie Cowper, Facilities Manager, Standard Life

## Energy and travel

We are committed to making sure our business is sustainable and prepared for a low-carbon economy. In 2010, our Group carbon footprint was 25,980 tonnes. This is a 20% reduction since 2006 and means we are on track to meet our target of a 50% reduction from 2006 levels by 2020.

The amount of energy we used remained stable in 2010 at 61,060 MWh, but has fallen by 19% since 2006. In 2010, £1.4 million was invested in projects such as energy-efficient technology in our data centres and low-energy LED lighting across our head office estate to help reduce our energy consumption further.

Investing in better video and teleconferencing facilities helped reduce our UK air miles by 38%. However, our Group air miles increased by 14%. We have set targets to reduce air miles for our UK business by 5% in 2011.

## Resource use

We're committed to reducing waste of all kinds, minimising our impact upon the environment and spending less on waste disposal services and taxes. In 2010, we recycled 58% (1,027 tonnes) of our waste.

We also cut our Group paper consumption by 5% in 2010. We remain on track to achieve our long-term UK target of a 50% reduction in paper by 2012 against our 2006 baseline. We've done this by communicating with more stakeholders electronically, improving our in-house printing and print management, and reducing waste. Our Shareholder Communications team continues to promote online and email communications to our 1.8 million shareholders, and won a Financial World Innovation Award in 2010 for a 37% reduction in paper use since 2007.

## Engaging our people

We use a network of environmental champions, policy owners and Green Teams to raise awareness and roll out environment programmes around the Group. Where possible, we also invite local partners into our buildings to provide practical advice to our people.

**42%**  
reduction in UK paper  
use since 2006

## Group carbon footprint (tonnes)

2010	25,980
2009	25,928
2008	28,185
2007	30,824
2006	32,690





# Contributing to our communities

**Our community work will focus more on helping people develop financial skills, developing employability and getting our employees involved in supporting their communities.**

**“We’re grateful for the practical help that Standard Life gave us through a secondment. We now have a fantastic customer relationship management database, which is making a massive difference to our capacity to deliver our charitable objectives.”**

Stephen Fischbacher, Creative Director, Fischey Music

## Financial capability

Only 53% of people aged 18–65 are actively saving and only one in six thinks they’re saving enough for retirement. We want to change this, and believe we have a responsibility to help people get to grips with long-term financial planning. So, in 2011, we’ll be focusing more of our community programmes on helping people manage their money better.

In addition, the Standard Life Charitable Trust (SLCT) focuses on helping people most in need to manage their finances.

## Community investment

We invest in the communities where we work through sponsorships, partnerships and the skills of our people. In 2010, we invested £5.9 million in our communities, an increase of 84%. This was due to a donation of £4 million being made to SLCT.

Our people run workshops in local schools to help develop employment skills. In 2010, we ran 382 Step up in Life workshops, helping thousands of young people with job applications and interviews, and 86 Skills for Life workshops on communication,

problem-solving and customer service skills. We also offer work placements and secondments.

We support a number of initiatives to improve financial capability amongst school-age children. Our On the Money programme introduces primary school children to financial topics through storytelling, we support workshops run by the Financial Education Partnership in Scotland, and young people can experience life as a trader through the Stock Market Challenge.

We also continue to support the City of Edinburgh’s Growing Confidence project, which promotes positive mental health and emotional well-being in children and their adult carers.

## Supporting charities

Fundraising is one of the ways we can support charities that bring lasting benefits to communities. Our people made a valuable contribution to cancer research, disaster relief and projects supporting children and young people last year. Standard Life matches the funds raised and in 2010, together we donated over £1.4 million to our charity partners and emergency disaster relief in Haiti. We recognise the difference our people make in local communities at our annual Chairman’s Awards.

**14,824**  
hours contributed  
by our people

**£636**  
community spend  
per employee

## Total community contribution (£ millions)



# Stakeholder engagement

To be a sustainable business, we need to understand the needs of all our stakeholders. These include our individual and corporate customers, our people, shareholders, partners, regulators, suppliers and local communities.

We're always learning from our stakeholders. We meet with them to find out what they think about our industry and our business, and what issues are important to them, so that we can respond effectively. We also help them to understand our priorities, and the risks and opportunities we face.

During 2010, we sought the views of more than 16,000 people, over half of whom were customers.



## Have your say

We want to know what you think about our sustainability reporting, the progress we've made, the priorities we've set ourselves and the issues that are important to you. Have your say by emailing: [sustainable\\_business@standardlife.com](mailto:sustainable_business@standardlife.com)

## Sustainability awards and memberships



FTSE4Good



## External assurance

PricewaterhouseCoopers LLP completed limited scope assurance procedures on our key sustainability performance indicators during 2010. Please refer to our full online report at [www.standardlife.com/sustainability](http://www.standardlife.com/sustainability) for further details.

## More information

You can find out more information about our range of products and services at [www.standardlife.co.uk/savingsandinvestments](http://www.standardlife.co.uk/savingsandinvestments)

# Our sustainability journey

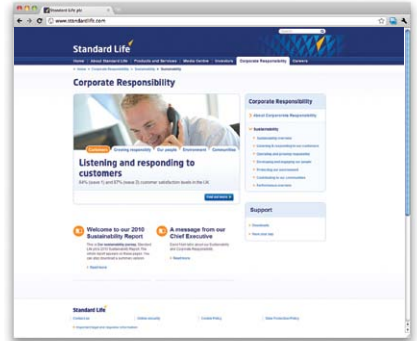
**We've been in business for over 185 years, so focusing on the long term comes naturally. Acting with integrity, being a responsible business, playing an important role in the communities where we work... they're all fundamental parts of how we do business.**

In 2010, we started a group-wide programme to transform our business. We introduced a new leadership structure, invested more in developing our people and focused on improving performance at all levels.

We also developed a new sustainable business strategy that puts how we manage our economic, environmental and social impacts firmly at the heart of our business. It's the next step on our journey. It builds on what we've already achieved and ties our responsibilities to our customers, shareholders, people and communities more closely to our long-term business objectives.

To make sure we're getting it right, we listen to our stakeholders and act on what's important to them – which is good for the long-term sustainability of our business and also helps us make a meaningful contribution to society.

The new strategy was approved during 2010 and work to implement it throughout the organisation will continue during 2011.



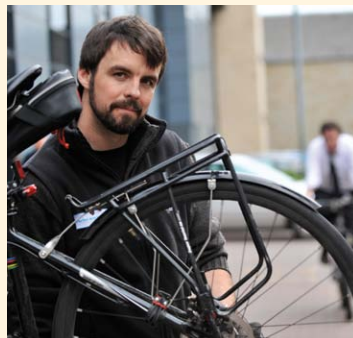
**This brochure is a summary of Our sustainability journey. Read our full 2010 Sustainability Report online at:**

 [standardlife.com/sustainability](http://standardlife.com/sustainability)



## Developing and engaging our people

**Creating an engaging, inclusive culture that encourages and rewards people who embrace our values.**



## Protecting our environment

**Reducing the environmental impact of our business activities.**



## Contributing to our communities

**Using our skills to invest in the long-term future of the communities where we operate.**

**“For me, being a sustainable business means running our business in a way that is constantly improving, delivering what people expect and leaving things better than we found them by making a broader contribution to society. Finding ways to bridge the savings gap is one of the most important issues facing us at the moment.”**

**Gerry Grimstone, Chairman**