Standard Life Aberdeen AGM 2021

Douglas Flint:
Good afternoon, everyone. I'm Douglas Flint, chairman of Standard Life Aberdeen, and welcome to our 2021 Annual General Meeting. I hope that you and your loved ones are keeping well and adjusting as best you can as we start to transition out of these unprecedented times. Let me start by saying how sorry that I and your board are not able to welcome you all in person again this year. While last week's announcement of a further easing of restrictions is, of course, very welcome news for those of us here in the U.K., you will appreciate that there are a number of protocols and restrictions that we still have to follow, particularly with regards to the personnel we have on site. Your safety and that of our colleagues remains paramount. And we very much look forward to resuming normal service with a face-to-face meeting when circumstances allow us sensibly to do so. However, I'm pleased that we have the opportunity today to speak to you live and to answer your questions. I'm very grateful for the questions that have already been posed by shareholders through email and written communication. And your board will respond to as many as possible during today's meeting.

Many of the questions cover common themes, so we've also done our best to address these in our prepared remarks. With the appropriate safety and COVID testing measures in place, I'm pleased that members of your board are able to join me here today. Let me introduce them to you. And in the back row starting on your left we have Brian McBride, then John Devine who chairs our Audit Committee, then Jonathan Asquith, our Senior Independent Director and chair of our Remuneration Committee, and Martin Pike, chair of the Risk and Capital Committee. And in the front row starting on your left we have Stephanie Bruce, our chief financial officer; Kenneth Gilmour, the company secretary; and Stephen Bird, our chief executive. We also have members joining on video who have been unable to travel due to the restrictions that are in place, Melanie Gee, Cathi Raffaeli, Cecilia Reyes, and Jutta af Rosenborg.

The quorum needed to run our shareholder meeting is met. So, I will turn now to the agenda for today. With introductions complete, I'll start by giving a summary of the year that we've just had, addressing some of the key themes from the shareholder questions already received, and bringing you up to date with the important strategic changes we've made. I'll also ask Stephen to talk in more detail about the progress made against our long-term strategic plans and some of the opportunities and challenges as we look ahead. We will then have the opportunity to answer further questions in the form of a moderated Q&A session. And once the Q&A is over, we will then cover the voting on this year's resolutions before bringing today's meeting to a close. So, that's the agenda for today.

In a few moments, I'll take some time to share in more detail my reflections on the progress that your company has made over the past year. Before I do, I want to reflect on the context in which we continue to operate. The COVID-19 pandemic, the extent of the human and economic loss and the restrictions we have seen on ways of working and living have for all of us been unprecedented. And like all of you, our colleagues have had to find ways to fulfill many other responsibilities such as caring or home schooling on top of the concern that they have for all their loved ones. From our perspective as asset managers, we can also see that turbulent markets and a weaker economy have increased levels of mental stress and uncertainty around the finances and futures of many of our clients and colleagues as well as throughout wider society.

From the very start of this period, we've focused on building the resilience and adaptability essential to continuing supporting our clients. And I'm very proud of the way the leadership of the company, with the support of all our colleagues, stepped up to meet the challenges. With safety and well-being a priority, we have equipped colleagues with the tools and resources needed to work remotely to meet client needs. And we expect that homeworking will continue to play a meaningful part of all our lives. But subject to public health guidance, we are hoping to enable more of a blended working approach during the second half of this year through reconfigured offices and safe new working practices for people who need to collaborate face to face.

While the rollout of vaccines is very encouraging, the route back to a more balanced work-life pattern will not be a simple one. And there will likely be setbacks as we are seeing tragically today in India. Resilience with empathetic support will therefore remain as important as ever. And on your board's behalf, I want to express sincere thanks to all my colleagues for their continuing demonstration of these qualities in these difficult circumstances.

Turning to matters that concern our business in a more conventional sense, the past year has been one of transition on many levels. In terms of board changes, the major change last year was, of course, the appointment of Stephen Bird, who became our chief executive in September after joining the board in July. With Keith Skeoch having led us successfully through the initial stages of the pandemic, Keith and I both felt that the timing was right for change as we look to the longer term. And I want to take this opportunity once again to thank Keith and recognise his accomplished leadership, not just through this uniquely challenging period but throughout his long and successful career.

The board was extremely fortunate to identify and recruit an outstanding successor in Stephen who brings global experience and a great track record from a long and distinguished career at Citigroup. Since his arrival, Stephen has been carefully evaluating our business, taking considerable insights from all our stakeholder groups; and as a result, has been able to present to the board a compelling strategy for long-term growth, repositioning the company around three growth vectors of Investments, Advisor, and Personal while also increasing our commitment to technology-driven investment solutions.

Stephen's emphasis on simplifying how we grow our business has already made a significant impact. We have repositioned our real estate activities through the announced sale of our direct real estate operations in the Nordic Region and through the acquisition of one of Europe's leading logistics real estate fund managers, Tritax. Bringing clarity to our advisor platform strategy, we also reached an agreement in March to sell our Parmenion platform - a transaction that will generate proceeds of around £100 million when completed. You will have seen in February that we also announced the simplification and extension of our strategic partnership with Phoenix Group, our largest client. And this included the sale of the Standard Life brand that had already been licensed to them since 2018. You will all recognize that the Standard Life name has exceptionally strong recognition in the U.K. as a life insurance and workplace pensions brand, essentially the business which is now with Phoenix.

So, the sale of the brand was a logical step and one that contributed to our agreeing a more expansive relationship with Phoenix. Significantly, this also gave us the opportunity to launch our new single client facing brand for all our businesses. And so in April, we announced to the market our intended new name, abrdn plc. And this is the start of a modern unifying brand identity that will support our next stages of growth and will replace five different brand names that have each been operating independently. This change doesn't require shareholders to take any action. We will begin the process of rolling out the new name and visual identity in the summer alongside a full program of stakeholder engagement to help manage the transition. In the meantime, we will continue to operate under our existing brand until the name change comes into effect, which we expect will be prior to our half year results in August this year.

I'll shortly pass to Stephen for his update in the progress being made in our businesses. His experience of managing through many transformations and economic downturns including the global financial crisis means he is exceptionally well placed to lead the business through the challenging economic backdrop caused by the pandemic. These conditions meant that we did not build revenue in 2020 as we had hoped, but we did make encouraging progress in other areas. We reduce net outflows; we improve both consultant ratings and investment performance; and we met major milestones and delivering the technology framework that's needed to underpin future growth. Our capital resources and our liquidity position also remain strong.

As we entered this year, capital resources stood at some £3.4 billion, an excess over regulatory requirements of some £2.3 billion. We also returned around £500 million to shareholders through dividend, and a further £400 million by way of the share back that was announced in February last year, that we completed in February this year.

Let me turn now to the final dividend for 2020 that your board is recommending for your approval at this meeting. Your board is committed to delivering a dividend that is sustainable over the medium term. When we reflected on current operating profitability and industry trends, together with residual economic and market uncertainties as the global economy deals with the pandemic, the board concluded it should take the opportunity to rebase the dividend to a level from which we are confident it can be grown in due course. This decision also reflects the board assessment of opportunities to deploy the group's current capital strength and growth opportunities as it builds the strategy around our three growth vectors. The board is therefore recommending a final dividend of 7.3 pence per share, which brings the total dividend for the year to 14.6 pence per share, which is a 32 percent reduction from the total dividend of 21.6 pence that was paid in respect of 2019.

As detailed in our annual report and accounts, it's the board's current intention to maintain the total dividend at this level, with the interim and final dividends at the same amount per share, until it is covered at least one and a half times by adjusted capital generation. At that point, the board will seek to grow the dividend in line with its assessment of the underlying medium-term growth in profitability. Let me now pass to Stephen to talk about our strategic progress in more detail, including a closer look at the growth vectors and more about the background to the brand change. Stephen.

Stephen Bird:
Thank you, Douglas. I'm pleased to be talking with you for the first time since becoming chief executive in September last year. I look forward to being able to personally meet with more of you in the future when we get back to a more normal environment.

When I joined the company in the summer last year, I met with and listened carefully to our clients, colleagues, and shareholders so that I could understand the expectations they had of us. I wanted to get a realistic picture of our strengths and weaknesses and understand our opportunities and threats. It was clear to me that although we have the same challenges as other asset managers and we have been losing assets and revenues since the merger of Standard Life and Aberdeen, but we do have clear market opportunities and strong people. And the key was to get focused and organized so that we could do fewer things more effectively and arrest this period of decline and drive high quality growth.

Our clients are facing a complex array of challenges as they invest for the future and enabling them to make better investments is our mission and one we're very capable of delivering. We have a broad set of global capabilities, full suite of asset classes and strategies, strong client relationships, and a network of partnerships across the world. Importantly, our investment performance has been steadily improving. And this improves our asset retention and flows. And supporting this, we have a strong balance sheet and deep capital resources.

On the other side, there had been an over reliance on a small number of what they call Hero funds in GARS and Global Emerging Markets. We had undervalued our advisor platforms business and high potential U.K. savings and wealth business. The net effect of this was we had declining revenues and our costs were too high, hence our cost income ratio was uncompetitive.

We have significant opportunities. Client-led growth is the right type of growth. And we need it to be organised to reflect the buying behavior of our different clients in different markets. Our business needed to be simplified, and we had to focus on fewer things and do them better. I also saw that the industry itself was, and remains, under pressure from margin compression due to the shift to passive investment and the commoditisation of traditional asset management. Like us, our competitors are seeking to build scale to compensate for the decline of traditional asset management and the decline of fees. Consolidation in this industry will continue. And there is disruption. The emergence of new data-driven digital competition who use new technology to deliver services directly, and typically more efficiently.

One of my first actions was to structure the leadership team to align with the different types of buying behavior among our clients. Here you can see our three vectors of growth: Investments, Advisor, and Personal. Investments is our core and largest business serving the full range of clients from governments, pension funds, insurers, banks and charities, as well as individual investors. We continue to invest in agile technology here: advanced data analytics and next generation computing, to enhance the investment process and improve investment outcomes. Responsible investment and ESG are core to everything we do. And our long-term approach to ESG is now beginning to pay off as awareness and demand increases.

Our Advisor business is a real hidden gem. This is a market leading and undervalued business in the U.K., serving wealth management firms, IFAs, and their clients. We have a growing asset pool of £67 billion. Half of the UK's 27,000 IFEs already use one of our platforms. Our vision is to continue to bring institutional grade research, investment, and technology to the U.K. wealth market. Our goal is to be the platform that makes it easiest for advisors to service their clients and grow their business. Our Personal vector is a small but growing group of businesses with over £13 billion in AUM that addresses the U.K. retail advised savings and wealth market. Our offering ranges from simple self-service technology to bespoke trust and estate planning for the high net worth. This vector, given its relatively smaller size and importance, is an area where we may also invest inorganically.

Our strategy is based on investing in areas of higher growth, and we have six clear strategic priorities. We are very focused on growing in Asia, where the Aberdeen brand is well known and we have a good footprint. We will grow through our own regional presence and through stronger emphasis on distribution partnerships, particularly with banks. Solutions is where we design specific outcomes to meet many complex client needs, and where we model our clients' multi-year obligations on a whole of portfolio and asset agnostic basis. Private market assets are forecast to grow at 10 percent per annum over the next five years with the strongest growth in Asia, Europe, and the U.S. We will continue to strengthen our capabilities in this area as we did with this successful acquisition of Tritax, Amazon's largest landlord.

The development of our client ecosystem is vitally important to our future. This is where our trusted partners act as an extension of our own capabilities and allow us to access new and growing customer segments through being digitally connected to our partners and to their customers. Making the best use of technology is a critical success factor in this business. Advanced data analytics, machine learning, and cloud computing allow our investment teams to better serve our clients now and in the future.

Let me turn to the U.K. advisor and consumer market where we have the opportunity to bring our tools and technologies to an underserved and growing market. Increased longevity and expanded pension freedoms as well as the upcoming intergenerational wealth transfer are all factors that support the case for this business. The World Economic Forum predicts that people in the U.K. will outlive their savings by more than 10 years. And as a consequence, over 20 million U.K. adults need financial advice to address this challenge.

The foundation of our strategy is to invest responsibly to build a better world. Through the products we create, we help clients transition to more sustainable investment portfolios. We engage directly with the companies that we invest in to encourage more responsible corporate behavior. And of course, we too are fully committed to achieving a net zero footprint. ESG is not a hygiene factor and is not a bolt-on activity.

When you're committed to being true futurists, ESG is core to everything we do. The world is changing quickly, not only for environmental reasons but social and political structures are changing. Global trading relationships and supply chains are having to adapt, and there is disruption in industry after industry. This is happening as buying behaviors change and more and more business is done directly.

We are clear on our strategic priorities. We're equally clear on the operating model that supports our strategy. Structure follows strategy. And we are continuing to execute strongly against each of the key enablers shown here. This allows us to build a structure of brand, platform, people, process, and technology that will allow us to add scale at lower incremental cost through time. As we make this journey, we are supported by a strong balance sheet, which we will invest wisely to strengthen our competitive position and deliver consistent returns for our shareholders.

I'd like to spend some time now talking about our new brand, which is a new visual identity of the Aberdeen brand and share with you the rationale for the change. We knew, indeed, many of you told us, that we had brand confusion and it was of course inefficient to maintain five brands. We needed a change, and a single master brand was the best way to provide a consistent experience for our clients, employees, and shareholders.

Standard Life Assurance Limited was sold to Phoenix back in 2018, because we wanted to commit our future to being a global investment manager and a U.K. advisor and wealth management business. Because Phoenix were using the standard life brand under license and we were continuing to use the name, customers were confused as to who really was Standard Life. Selling that brand to Phoenix earlier this year solved this. And at the same time, we extended our investment mandate with Phoenix to at least 2031. Phoenix are a key client and they're very happy with the work that we do for them. We also own 14 percent of the company.

When considering our new brand, we needed to capture the strength of the name recognition built up over the years through Aberdeen Asset Management and Aberdeen Standard Investments. If we'd chosen to create an all-new brand name completely removed from our legacy, we knew, and were advised, that this would be both expensive and risky.

Given the importance of developing our digital business in the future, our new identity had to be distinctive and unique - and allow us to own the digital domains. Our new refreshed name does all of those things. And we now own adrdn.com, abrdn.co.uk, all of the digital domains, and we own copyright and trademarks globally. We'll also be more operationally efficient. And every pound or dollar we spend on our efficient growth effort will yield a bigger bang for the buck than spending it across five different brand names. Most importantly, the brand and the name abrdn is modern, digital and is shared by our team. One team focused on client-led growth.

Here on this slide is our business model. We are pursuing efficient and sustainable client-led growth. And by doing that, we will create shareholder value. Our strategy is rooted in understanding client outcomes driven by needs, wants, and aspirations which in turn allows the delivery of intuitive and satisfying client experiences. We've designed our business model to be able to address a compelling set of growth opportunities.

We are futurists. This means we harness the compounding power of time. We research the trends such that our clients can act now to benefit in the future. We leverage technology to connect with our clients and to invest intelligently. And we channel through relentless curiosity of our team, so that we keep learning and improving every single day. We are driven to enable our clients to be better investors.

Our business is made up of three vectors that reflect our client's interaction with us. And these vectors are supported by our technology, our brand, our research, and our partnerships. We're building a base here of a multi-year growth journey that will allow us to put this business in its best possible shape as we begin our third century in 2025.

I hope you share my and the board's enthusiasm and conviction for bringing this business to its full potential. Thank you for your time and investing with us. And I'll now hand back to Douglas.

Douglas Flint:
Thank you, Stephen. Let me turn now to the role that we play in supporting objectives critical to our society and ensuring that your company is governed in the interest of all stakeholders from clients, shareholders, and employees to society and our planet as a whole. Because, while many issues and inequalities that are evident today have been present since before we encountered COVID-19, they have been starkly highlighted and with concerns deepening as a result of the pandemic. The negative impact is clearly greater within some groups than others with women, younger workers, and minority ethnic communities, among those suffering disproportionately. We're very conscious of the wider contribution that we can make for the benefit of all society including these groups. And we're investing in the skills of the next generation that will be critical for long-term economic recovery.

And as part of our commitment to ensure our leadership and talent pools to better reflect the societies we serve, the board actively tracks progress in meeting our targets on diversity and inclusion with a particular emphasis on improving gender and ethnic diversity in our own business. As an institutional investor, responsible investment and ESG principles remained integral to our decision-making processes, from selecting appropriate investment opportunities to developing products that help clients build more sustainable investment portfolios.

Our direct engagement with companies to influence more responsible behaviors such as facilitating the transition to a sustainable, less carbon intense future is equally important. And indeed, where companies fail to achieve the standards we expect, in the final analysis, we will disinvest. Our industry, and we within it, have a critical role to play in demonstrating leadership and accelerating the transition to a sustainable net zero economy, which is increasingly top of mind with Glasgow preparing to host COP26. Our membership of the net zero asset managers initiative, for instance, sees us committing to working in collaboration with clients in support of their goals for net zero emissions. And as part of our commitment to achieving net zero emissions in our own operations, today we've announced a target of a 50 percent reduction in greenhouse gas emissions by 2025.

We've had long term targets in place for a number of years, and these are detailed in our annual reports and accounts. And this latest target includes all our material emission sources, in particular, business travel and including emissions from homeworking. And we will engage with our supply chain on setting their own net zero targets.

Looking ahead, it's clear that global coordination and sustained cooperation are needed to solve the major challenges that we face as a society. In this context, we have an important role to play in innovating for our clients, providing the capital to help rebuild and re-shape the post-pandemic recovery and in support of global commitments to build back better, ensuring that capital is prioritised to businesses with sustainable futures.

As we look ahead, we also see opportunities. The rollout of the vaccine has brought hope, and economic forecasts in much of the world including notably the U.K., now anticipate a strong bounce back in consumption and activity once progress towards the normalisation of daily life is evident. Many of the geopolitical uncertainties we faced last year, such as the outcome of the U.S. presidential election and the prospect of a no-deal Brexit are now resolved.

The U.S. economy is now projected to bounce back strongly given the extensive fiscal stimulus support that has been approved, and alongside China, will be a key player in driving global economic growth. Some key uncertainties remain including the shape of the U.S.-China trade relationship. And this will remain a key focus of investors across all asset classes.

Within our business, I believe we have everything we need to meet the challenges and opportunities ahead. We have a refreshed leadership team aligned to a revitalised strategic focus. We remain committed to investment in the innovation and talent that will underpin future growth, and we remained resolute in our commitment to delivering sustainable value for all -- for our shareholders over the longer term. Your board is optimistic for the future success of our business and remains extremely grateful for your support as our shareholders.

We'll proceed shortly to the next part of our AGM today, which is the question-and-answer session. Many of the questions received ahead of the meeting were around growth [spelled phonetically] prospects, the brand, ESG matters, and remuneration. Stephen and I have dealt with many of the issues that were raised on the first three areas in our prepared remarks. And we expect that remuneration will feature among the questions that we'll be taking shortly.

We have also summarised our position on the most common themes from your questions in a frequently asked questions document, which is available to view on our website. To allow us to keep today's questions moving effectively our colleague, Katy Hetherington, will be facilitating. She will help ensure that we address as many of the themes as possible, consolidating these where sensible, and keeping an eye on questions that you submit to us live which we will do our best to answer as they come through.

One thing I should say before we begin is that we won't be able to help with individual shareholder questions around their own personal circumstances. These are matters not for other shareholders to hear and are best addressed separately, which we will do so. So, without further ado, let me pass to Katy to get us started. Katy.

Katy Hetherington:
Thank you, Chairman. The first question comes from Alan Williams on behalf of ShareAction. COVID-19 has led to much debate about the future of the AGM. A recent ShareAction paper argued that investors should embrace the value of attending AGMs now and in the future. The AGM is a brilliant opportunity for investors to enhance their understanding of investee

companies' approaches to ESG. Do Standard Life Aberdeen plan to make use of investee companies' AGMs in your stewardship practices this AGM season and in the future?

Douglas Flint:
Thank you for the question. Absolutely. We believe that shareholder engagement with investee companies is absolutely vital. Most of the engagement that we carry out is done throughout the year and not just at the AGM. But I think engagement is increasingly being judged not just in the number of meetings that we have but in the impact we have. And in many instances, we can have a greater impact in certain circumstances by attending AGMs and making our views known alongside other shareholders where there are matters of great concern. At ShareAction, you will know that we were very happy to support a resolution you put forward in relation to one of the globe's largest agri-businesses around biodiversity within the supply chain, and we spoke up at that AGM.

In the first quarter of this year, we've already attended something over 1,200 engagements with shareholders and with companies. And close to half of these were in on ESG matters. So, engagement is vitally important. We measure it by impact and where we can make a greater impact by attending AGMs, we will do so. And we look forward, as I'm sure you all do, to be able to attend in person in next year's AGM season. Thank you, Katy. Back to you.

Katy Hetherington:
Thank you. The second question comes from Mr. Dutch. Mr. Dutch would like a comment from the board, and specifically the Remuneration Committee, on Stephen Bird and his renumeration package. Why did the board feel it was appropriate to employ him on terms which are so much more generous than his widely respected predecessors?

Douglas Flint:
I think it's appropriate that I pass that question to Jonathan Asquith who chairs the Remuneration Committee. But let me say that terms of Stephen's employment in terms of remuneration were brought to the full board by the Remuneration Committee and were endorsed fully by the full board. It's also worth saying before Jonathan makes his remarks that in recruiting Stephen, we were in fact replacing a situation where we had two chief executives for a long period of time. So, it's important to take that into context when looking at Stephen's own personal arrangements. But Jonathan, if I may, can I turn that question to you?

Jonathan Asquith:
Thank you, Chairman. This is one of a number of questions that have been submitted in advance by shareholders on remuneration matters. Aside from certain factual queries, they've all concentrated on the background to the remuneration package of our new chief executive and on 2020 executive director pay and bonuses more generally. And I'd like, if I may, to cover these two items first.

So, the package adopted for Stephen Bird's remuneration differed from that of his predecessor in two key respects. First, his basic salary was returned to a level appropriate for that of a single chief executive. At the time of his departure, Keith Skeoch's salary was still based on the reduced level introduced when he moved from being sole chief executive of Standard Life to co-chief executive of Standard Life Aberdeen following the merger in 2017. Second, while the total variable pay opportunity, comprising annual bonus and long-term incentive plan, remained unchanged at six times salary, the committee did shift the balance between the short- and long-term components of this package to increase its focus on long-term performance and the creation of shareholder value.

In calibrating Stephen's package overall, the committee considered what it would take to attract the unique skill set and talents required to guide our business through its next phase in development. We benchmark the outcome against the remuneration arrangements for similar roles in asset management peer group companies, both in the U.K. and overseas.

Now on executive director pay more generally, it's worth reiterating the background to variable pay awards. This is set out in considerable technical detail in the annual report and accounts. And I'm glad to have a chance to summarise it perhaps in more approachable terms here. Executive director remuneration here is structured in three parts, conventional salary, and bonuses with an annual bonus for implementing the annual plan and delivering across a range of financial investment and organizational goals, and a long-term incentive plan assessed over a three-year period for delivering long-term sustainable shareholder value.

Regarding the annual bonus element in particular, our remuneration policy is to set a balanced scorecard for executive directors early in the year and to tie annual bonus outcomes to specific measurable targets. In the 2020 balanced scorecard, set before COVID became an issue, 75% of the bonus opportunity was linked to financial metrics, including measures of investment performance, 20%to the delivery of clients and staff targets, and the remaining 5%to the achievement of personal objectives.

The balanced scorecard rewards executive directors for delivering results across a broad range of measures, each of which is calibrated with threshold, target, and stretch goals linking performance to reward. For 2020, the fall in markets as a result of the onset of the pandemic clearly affected the company's ability to hit some of its revenue and profitability targets. But the remuneration committee felt that it would not be appropriate to exercise its discretion to reduce the targets in the scorecard.

The committee also took the view that all executive directors who served during the year should be measured against the achievements of the year as a whole, irrespective of when their service began or ended, rather than attempting to apportion performance between different calendar periods. This stance was robustly supported by Stephen Bird. When he joined us as chief executive designate the middle of 2020, he specifically elected to be judged on the same basis as his colleagues. Even though it was clear by then that the market disruptions caused by the pandemic had impacted income and changed the outlook for new business for the year, reducing substantially the chances of meeting a number of the targets in the annual scorecard. At the end of the year, evaluation of the scorecards drove annual bonus awards for executive directors to a little less than 50 percent of the total opportunity.

Finally, Chairman, I'd like to take this opportunity to deal with a couple of factual queries that have been raised. First one, how many people do we employ on or below the minimum wage?

I'm glad to say the answer to that is none. In fact, all of our employment is above the living wage, and we are registered living wage employers in the U.K. We strive to create the same conditions for our employees overseas.

Second, the question was how does staff turnover this year compared to last? I make two points. First, against industry comparisons, staff turnover at Standard Life Aberdeen is low. Second, whilst not statistically significant, total and voluntary staff turnover percentages for 12 months to the end of April 2021, which are the latest figures that I have, were marginally lower than for the equivalent period of the preceding year. Thank you. Katy.

Katy Hetherington:
Thank you, Jonathan. The next question is to do with the rebrand and comes from Mr. Lee, but also various other shareholders. What is the full estimated cost of the rebrand? And how much has been paid to the consultancy who helped come up with the idea?

Douglas Flint:
Stephen, let me turn that over to you.

Stephen Bird:
Thank you, Douglas, and thank you for your question. I think the first thing to say is that when we created our three-year plan, which we shared at the full year results, you don’t have to change any numbers in that because it included the intention to simplify branding and go from five brands to one. As with any supplier, we don't actually disclose what we pay the supplier for commercial reasons. And I'm sure you wouldn't expect us to. But I can tell you that it was a very reasonable cost. You have told us that we need to improve our cost income ratio as a business. We're very focused on that. Everything that crosses my desk is scrutinised for cost and for value, and this was too. Now, going forward, we fully expect to be able to accrue value from the change because it costs much less to support a single brand than multiple brands. Thank you for your question. Katy.

Katy Hetherington:
Thank you, Stephen. The next question is also on behalf of ShareAction, and it comes from Jeanne Martin. Despite significant risks that the loss of biodiversity poses to businesses and investment portfolios, it has so far remained a marginal consideration for the asset management industry at large. Given Aberdeen's support for responsible investment, will you commit to disclose more information on your plan to address this systemic risk posed by biodiversity loss, the tackling of which will be critical to effective climate action. Secondly, make biodiversity one of the engagement priorities for the 2022 AGM season and publish sectoral expectations on the management of biodiversity-related risks and impacts for its investee companies in high impact sectors including banking. And finally, join the finance for biodiversity pledge, with the ambition of setting science-based nature targets by 2024 at the latest.

Douglas Flint:
Thank you. We agree with you. Biodiversity losses is undoubtedly one of the huge challenges facing society and an area where I think the investment community can make a difference. You're absolutely right, biodiversity is linked to climate change. And indeed, many studies are

showing that biodiversity losses linked to the kind of situations that lead to pandemics because of the natural habitat of many of the creatures we share the Earth with. We include biodiversity loss, and it's increasingly a more important part of our engagement with companies that have an impact on the biodiversity in areas where they operate. We recently joined the taskforce for nature-related financial disclosures. And you'll understand a bit like climate change getting a taxonomy of metrics by which we can judge companies in which we invest and how you can judge us is increasingly important.

So, we recently joined that taskforce so that we can have our inputs recognised as they set their priorities and perspectives. And we're engaging on a number of areas and a number of initiatives in this area to improve a taxonomy and to improve a set of metrics and criteria by which we can measure and be judged. So, we absolutely agree. And as I said, one of the areas that we engage with ShareAction was in dealing with biodiversity loss within the supply chain and one of the world's largest agri-businesses. So, we think we've evidence to show that we are, in fact, taking action to improve impact as well as talking about it. But thank you for your question.

Katy Hetherington:
Thanks, Douglas, we now have another question related to the brand. This is from Andrew Gordon. I understand the amalgamation of the brands into one. Can the board please explain the logo as it is not clear. People don't understand it and don't know how to pronounce it. Do the board plan to review the value of the logo or the name?

Douglas Flint:
Thank you for the question. Again, I'm going to pass over to Stephen who led the work on the brand. But let me say it was a six- to nine-month project. The board was fully engaged the whole way through. And one of the things that I think is important to recognise is that, while a number of your directors have been involved in brand changes in the past, one of the learnings we've all had from that experience is that while opinions are important, what is much more important is being guided by the evidence, by the facts and understanding the legal implications of where we get to. And so, it was in the basis of evidence and facts and legal analysis that we were able to judge the many alternatives that were put forward towards us, recommended by Stephen and his team, but embraced also by brand experts. And we were persuaded, very much persuaded, and enthusiastic about the conclusion that we reached. But let me turn to Stephen who was more than intimately involved with this journey. Stephen.

Stephen Bird:
Thank you, Douglas. And thank you for your question, Andrew. Well, I think the first thing to say is that we have had very strong positive reaction from our clients here in the U.K. and in Asia and in the USA. The Aberdeen name was well known in Asia and in the U.S. And of course, that was partly what we were solving for. But I think one of the things that is very true is that new brand, when you make a big change especially from a long form name like Standard Life Aberdeen to a short form, more digital, more financial name with a new icon, of course, you're not going to get everybody, relating to it and liking it on day one. In fact, we've had -- I was chatting yesterday with some employees who said they had done a complete 180 on their impression of the brand, having seen it and thought, "Oh, I'm not sure what this means," to realising it looks more digital, it looks more financial. And it is the same spoken name,

Aberdeen, which of course is what we were solving for.

So, while we continue to review, we will continue to adjust and adapt the way we present our brand, which channels we present it in, how much support we get for understanding and meaning depending on the context, depending on whether you're an existing client or not. Within our institutional business, of course it's a few thousand clients. Because they're major institutions and pension funds and banks, of course, they know who we are. So, it takes much less to be able to communicate a thing such as a name and an icon. But as we develop our digital business, as you well know, there are many tools and techniques that we will use to make sure that we get the relevance and the likeability. So, you can be absolutely assured that we are monitoring this and managing this. And we'll do it to secure value and growth. Thank you.

Katy Hetherington:
Thanks, Stephen. The next question comes from Robert Currie. Why are the shares performing so badly? Are the best managers in place to improve performance? And why change the name especially when there is confusion enough all around?

Douglas Flint:
So again, I'm going to pass the second half to Stephen. One of the reasons to change the name was because of confusion as Stephen said in his remarks, there was confusion as to whether Standard Life was the company that provided life cover and stakeholder pensions and whether it was the company that had with it an investment business. So, we had to change to eradicate that confusion and bring clarity to what the Standard Life brand represented. And in so doing, we were able to negotiate an extension of our investment management agreement with Phoenix to the benefit of both of us which was very good.

You know, share prices are never where we want them to be ever. No matter where they are, we'd like them to be higher. What we can do as a business is make sure that we've got the right people in place, the right strategy in place, and that we communicate that strategy as clearly as we can so that people understand us. They will then make their judgement as to whether they believe the strategy is achievable, whether it's ambitious, and how to value that strategy. And I think having been through this many times in different guises, it takes time for people to recognise through the evidence of benchmarks along the way that changes underway in terms of growth, in terms of performance, in terms of results.

And at this point, I think we have tremendous support from our shareholders that we're on the right strategy, that we've got the right team. But they want to see evidence of delivery. It's our job -- the executives' job to deliver, the board's job to hold them to account for that delivery. And if we do that, then we believe that the market will reward us by representing the value of the shares at a higher level. Stephen, I'm sure you'd like to add to that.

Stephen Bird:
Yeah, thank you Douglas. Well, of course, our shareholders do recognizes that, and I studied the fact that this business for the last four years has not been growing. We've had revenue declines of around 12 percent per annum over the last three, four years, asset losses that really drove that. And what we did is we re-evaluated our business, our growth opportunities, what I shared when

we first began the session today. Now, we took all of our shareholders and all the analysts through our strategy that said that we would position the business in areas of high natural growth, high exogenous growth. We will position the business in Asia. We will position the business to expand in private markets, and have already executed the transaction with Tritax, that we would build our solutions business as we do so well for the UK's largest insurer, which is Phoenix and we also are now doing for other insurers here in the U.K.

The analysts, and I'm sure you have read and studied the analyst pieces as I have, have got agreement right across the industry in terms of our strategy as the right strategy. What they're saying to us -- they've given us a price target higher than where we are. They've got a price target of around -- I think an average of around £3 and 10 pence. And we're intent on growing the business in the long term by positioning it in the right places to drive client value for the long term.

Now, I made reference to the last four years. I don't have any ownership of that. I've been here for eight months. And of course, during that eight months, I think that you would want to hold me to account for making changes. Because the definition of insanity is doing the same things over and over again and expecting a different result. So, we are making changes. Three vectors of growth, new leadership in very key roles, strengthening the partnership with Phoenix Group, extended all the way to 2031. Acquisitions of very strong businesses such as Tritax in the areas of high exogenous growth, and a simplified identity that not only simplifies who we are but signals that the future is a digital one, a connected one, but also unifies this entire team that came from the merger under a common name and a common badge.

Now, we know brands are empty vessels. They need to be filled with delivery of performance, delivery of service, consistent execution. That's our mission. I'm eight months in, and I'm confident that our team have got the bit between their teeth and they're keen to demonstrate to you the full potential of this franchise. And I hope the evidence of the accelerated changes, as our major institutional holders have told me, is very encouraging. And I hope you find it encouraging too.

Katy Hetherington:
Thanks, Stephen. The next question relates to COVID-19 and it comes from Andrew Richardson. The effects of the pandemic continue to be on a huge scale and is still unfolding. What change and measures have the board put in place now in terms of strategy compared to when the pandemic first became apparent? And are these measures on track?

Douglas Flint:
We've learned a lot during the last 15 months because of the measures that were necessary to address COVID-19. In the first instance, the leadership team did a fantastic job in addressing the well-being of our colleagues, making sure they had the resources, the equipment, the technology, and the security to be able to conduct their interactions with clients and colleagues safely and effectively. I think it was inspiring to see the way colleagues stood up to recognise that each of our colleagues had a different set of circumstances to deal with, depending on whether you had family, depending on whether you had a dependent relative, depending on whether your children that needed homeschooling. And people were amazing in terms of stepping up and taking on

additional responsibilities to help colleagues that were challenged with additional responsibilities that others didn't have.

We've clearly recognised that going forward, we will travel less. I mean, apart from the fact that will be cost effective and part of a contribution to a lower carbon future. When you stand back now, traveling for six or seven hours to go to a meeting and back again for maybe an hour and a half's meeting isn't necessarily the smartest thing to do. I myself have, I think, done four conferences in China in the last year. All of them on video conference, which would just simply not have been possible to do, certainly that number, and would have been a much greater use of time had I traveled all the way to do that and back again. So, I think we will travel less. I think we'll use video conferencing more because it's been very effective to engage with teams on a global basis. I think we've been more effective than we might have been in traveling in certain circumstances and engaging with clients. And I'm going to turn to Stephen in a minute because he led the initiative to repurpose our offices. And that's something else that we've taken the opportunity to do during the pandemic. So, there are a bunch of learnings.

But I have to say all of us look forward to the day when we will see more people in the office. Because collaboration, particularly for many of our younger people that have not had the opportunity or the experience that we more senior folk have had in building their careers and building relationships and getting the sort of on-the-spot mentoring and coaching that you get from being around people that have been there, done it before. I think we want to get people back in to have that experience. But let me turn to Stephen to talk about what we're doing in the offices.

Stephen Bird:
Thank you, Douglas. Yes, we've taken the opportunity to really re-design our offices such that our offices can be more open and more easily facilitate collaboration and groups coming together. I think the simple view that we need to make our offices very attractive places for teams to be able to collaborate and come together and create, you know, solutions for our clients and solutions for the future of our company. So, we have already completed –this in Bow Bells House in London, a full floor. It was a very large floor plate where we have different designed areas where, four people can work, six people can work, eight people can work. Whiteboarding, open kitchens, lots of plants. We've tried to create an environment where it is attractive and conducive for our colleagues to enjoy working together and solving problems.

But I would make one other point that I think is very, very important. Because we've learned a huge amount in the pandemic, and it's been very tough for many, many people, including many of our colleagues. We know that certain jobs now can be done very effectively through technology on a distributed basis. And we're not intending to forget those lessons. We will apply those fully to our hybrid environment through the flexible working. The benefits of flexible working are preserved. The pandemic has had a huge impact on individuals, companies, countries, and it's had a differential impact. And that's really the importance of an active management process, an investment process.

So, active managers and investors, today is the time to really prove our worth to be able to understand and answer these questions, what has been the impact of the pandemic? Which companies, which countries are likely to trend better and grow and recover more quickly? And as investors, you want us to be analysing those trends, understanding them, and ensuring that you can invest in the recovery but invest in building better with more resilience and sustainability. And that's our mission. So, I'm confident that our team are focused on doing that. Thank you.

Katy Hetherington:
Thanks, Stephen. We have another question on brand which is, why did you give up such a fantastic brand in Standard Life?

Douglas Flint:
You know, there's a huge amount of emotion to Standard Life. It's a fabulous, fabulous brand. A wonderful heritage goes back nearly 200 years. So, losing that or giving that away was a very, very big decision. But as both Stephen and I have said in different contexts, we had already licensed that brand to Phoenix when we sold the insurance business. And therefore, there was confusion. And also, in recent times, the Standard Life brand resonated very strongly in the U.K. but resonated less well outside of the U.K. And as an international business, it was the Aberdeen name, Aberdeen Standard Investments that resonated. So, giving something up like that can only be done for a good reason. The good reason was the confusion. The fact that it was already licensed to a business that was using it for a different purpose. And we needed to have something that was unique to us that we could protect. Stephen, do you want to add to that?

Stephen Bird:
You know, brands are supposed to be emotional. You're supposed to have a connection, you have to resonate with your target client. And for many of us who've been associated with brands such as Standard Life, and you know, I have -- I came from Citigroup, which is, you know, a 200-year-old institution as well. So, I really understand the affinity and the attachment to brands. And that's entirely natural, and it is to be expected.

We sold Standard Life, of course, in 2018. That was the time to realise that, you know, 4 million pensioners and that business had been sold to Phoenix. But in so doing, we created our largest client. So, we invest today on behalf of those 4 million customers. And we take that obligation very, very seriously. So really, what we did is we repatriated the Standard Life brand with the full permanent license to Phoenix. And it was a great simplification. As I said, they're our largest client. We also own 14 percent of the company, so, we're very invested in the success of Standard Life. And we will continue to be invested in the success of Standard Life and indeed serving the Standard Life pensioners. And we're going to make sure we do that well.

Katy Hetherington:
Thanks, Stephen. I've got another question on nuclear weapons. This is from Neil Chatterjee. As a shareholder I would be concerned to have within my portfolio investments in nuclear weapons and or in the arms industry in general. I would like to think that Standard Life Aberdeen would have similar concerns and be open to discuss these issues. Therefore, does SLA ever discuss some of the ethics around where money is invested in on behalf of shareholders?

Douglas Flint:
Thank you very much for the question. It's a great question and it gets into one of the most

challenging areas which is definitions, because there are many, many aspects all the way from obvious things like nuclear warheads and delivery systems to the componentry in the supply chain that can be used for that purpose. We engage very actively in relation to areas where we are prepared to invest or not invest. And we have permissible investment categories, which really reflects whether we think we've got the skill, the understanding, the risk management, and all these other aspects to be able to understand the risks that we will be taking on behalf of clients.

It's also worth remembering that we are investing on behalf of clients. So, many client mandates will have restrictions, things like nuclear weapons, things like more tobacco, certain other sectors that people do not wish to be associated. And we can shape our segregated mandates to address specific instructions. But there are many institutions that are prepared to be involved in areas that others are not. So, we tailor the mandate to the ultimate asset owners who are investing on behalf of beneficiaries. But there are a number of areas that we do exclude. So, we do understand the question that you're asking. And we do engage with our industry and, indeed, with the clients as to which areas we would put restrictions and constraints and criteria around areas that are sensitive. And armaments, and not just nuclear weapons, but armaments is one of those areas where there is clearly an active discussion.

Katy Hetherington:
Thanks, Sir Douglas. That's all the major themes of the questions covered. There are some specific questions, and we'll come back to shareholders individually on those where we can. But now, I'll pass it back to you, Chairman.

Douglas Flint:
Katy, thank you. And thanks to everyone for all the questions that have been raised. We're now going to move on to the final part of today's meeting, which of course covers the voting on the resolutions. We propose 15 resolutions, and the full details of these are in our published AGM guide. As we did last year, we asked shareholders to submit their voting instructions online ahead of today's meeting. And we're very grateful to those who've done so.

The vast majority of you appointed myself and my position of Chair of the meeting as your proxy when you submitted your voting instructions. And I've confirmed to the registrar that these votes should be cast in the way in which you directed or for those of you who gave me discretion to cast those votes in favor of all the resolutions. I can confirm that if you nominated any of the other directors present as your proxy, your votes have been cast in the same way. The independent scrutineer has verified all the results.

Resolutions 1 to 9 and 12 have been passed as ordinary resolutions. And Resolutions number 10, 11, and 13 to 15 have been passed as special resolutions. You'll be able to find all the voting results on the website. That's www.standardlifeaberdeen.com. But we'll also show you the results on the screen shortly. We're going to start with Resolutions 1 to 5, and the slide will appear. Okay. And then we'll move on to Resolutions 6A to 6J and 7 which are for the election and re-election of directors. So, starting with Resolution 6A to 6F. And then Resolutions 6G to 7. And now, Resolutions 8 to 11. And then finally, Resolution 12 to 15. Thank you for your support.

On behalf of the board, I will now close the business of today's AGM by thanking you, our shareholders, for your continuing support and wish you all a very good afternoon. And stay safe. Thank you.

[end of transcript]