



Environmental, Social and Governance (ESG) policy, including shareholder engagement

abrdn Life and Pensions Limited "abrdn Life"

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1. Overview

This policy sets out abrdn Life's approach to ESG investments and shareholder engagement. It outlines the broad policies which the Company believes constitute best practice and provides the framework within which it will enter into engagement with companies in which it invests and implements its voting guidelines and practice.

2. Business overview

The business model for abrdn Life is set out in Section 1 of the **Solvency and Financial Condition Report**. Day to day governance and risk control is delegated by abrdn Life to Aberdeen Asset Managers Limited (AAML) via a formal Management Services Agreement. Investment management is delegated to AAML via a separate Investment Management Agreement (IMA).

There are no investment guarantees on the insurance policies issued by abrdn Life. Benefits payable are linked solely to the performance of internal unit-linked funds (for unit-linked policies) or segregated asset portfolios (for pension fund management insurance policies). abrdn Life's non-linked assets (essentially assets in excess of policyholder benefits) are prudently invested in cash deposits and a highly liquid short term money market fund.

AAML takes account of ESG factors in its research, stock selection and portfolio construction. Through engagement and exercising of voting rights, it actively works with companies to improve corporate standards, transparency and accountability. For real assets – such as real estate – the focus is on sustainability, resource efficiency and socio-economic benefit. By making ESG central to its investment capabilities, AAML looks to deliver robust outcomes for clients – as well as actively contribute to a fairer, more sustainable world.

3. Governance

ESG considerations, including stewardship of investments responsibilities are part of the investment management services provided by AAML to abrdn Life.

AAML votes on behalf of abrdn Life. Voting information is published [here](#).

abrdn is a signatory to the 2012 **UK Stewardship Code**. The **UK Stewardship Code 2020** was published during October 2019 and sets out new expectations about how investment and stewardship is integrated, including environmental, social and governance (ESG) issues. The 2020 Code takes effect for reporting years beginning on or after 1 January 2020. In order for abrdn become a signatory to the 2020 Code they will need to provide a Stewardship Report that sets out how they have applied the Code Principles in the preceding 12 months. This must include

reporting on the activities they have undertaken, and the outcomes achieved. abrdn has filed their Stewardship Report with the **Financial Reporting Council (FRC)** in order to become signatories to the 2020 Code.

The ESG Investment Guidelines and associated documents are reviewed regularly by the AAML Stewardship & ESG Investment team (ESG team) and noted by the abrdn Life Board when any significant change has occurred. This enables the abrdn Life Board to understand how ESG matters, including climate change risk, is being managed in the context of investments in each of the unit-linked funds and segregated portfolios as well as the non-linked assets. As stated in Section 2, non-linked assets are typically invested in bank deposits and money market funds so ESG considerations, including climate change risk and stewardship arrangements, have limited, if any, impact here.

In addition the ESG team periodically provides updates to the abrdn Life Board or Risk Committee to ensure the Company's regulatory responsibilities are always considered.

This [link](#) provides links to a range of documents outlining AAML's approach to responsible investments and engagement policies including the UK Stewardship Code. **The abrdn Life policy is to adopt these documents as standard policy.**

4. Arrangements between abrdn Life and AAML

The investment manager, AAML, provides investment manager services in accordance with the IMA described in Section 2. Moreover, AAML invests unit-linked assets in accordance with the Fund Guidelines for the particular fund and segregated asset portfolios in accordance with mandates agreed with the policyholder.

This [link](#) provides abrdn's approach for investments in relation to Climate Change which applies to AAML and also abrdn Life given delegated investment management arrangements. abrdn Life also has its own **climate policy**.

Assets backing policyholder liabilities are typically invested to maximise returns within the constraints of the relevant Fund Guidelines or investment mandate rather than to meet duration requirements. Segregated pension fund management mandates, however, may include specific duration targets as specified by the policyholder.

abrdn Life's non-linked assets are invested in short-term cash or cash-like assets to provide liquidity and capital stability, matching the nature and term of abrdn Life's non-linked liabilities (expenses). Portfolio turnover costs are monitored by the abrdn Life Board.

For more information visit abrdn.com

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