

We are  
futurists

Standard Life  Aberdeen

**Board Charter Part 2**  
Roles and Responsibilities  
of Members of the Board

# 1. Roles and Responsibilities of Members of the Board

## 1.1 The Chair and the Deputy Chair (if appointed)

The role of the Chair is to lead the Board and ensure that it functions effectively. The Chair is the Board's principal spokesperson, and acts also as Chair of General Meetings of members. The Deputy Chair's role, if appointed, is to stand in for the Chair in their absence. Both the Chair and the Deputy Chair are Non-Executive Directors, appointed by the Board.

The specific responsibilities of the Chair are to:

- 1.1.1 set the agenda, style and tone of Board discussions to promote a culture of openness, effective decision making and constructive debate in Board meetings including appropriate consideration of strategic issues affecting the Group;
- 1.1.2 in conjunction with the Chief Executive Officer, where appropriate, represent the Group to external stakeholders, including members/shareholders, customers, suppliers, regulatory and governmental authorities and the community;
- 1.1.3 promote the highest standards of corporate governance within the Group;
- 1.1.4 promote the desired culture of the Group;
- 1.1.5 ensure that the members of the Board receive accurate, timely and clear information on the Group and its activities;
- 1.1.6 ensure effective communication with members and ensure that Directors develop an understanding of their views, issues and concerns;
- 1.1.7 ensure that the Group maintains contact, as required, with its principal shareholders about remuneration, governance and strategy;
- 1.1.8 manage the Board to ensure that appropriate time is allowed for consideration of all issues;
- 1.1.9 ensure that there is in place a properly constructed induction programme for new Directors that is comprehensive, formal and tailored, facilitated by the Company Secretary;
- 1.1.10 take the lead in identifying and agreeing the training and development needs of individual Directors, with the Company Secretary having a key role in facilitating the provision of initiatives to meet needs identified;
- 1.1.11 address the succession and development needs of the Board as a whole with a view to enhancing its overall effectiveness as a diverse and inclusive team and maintaining its collective skills and knowledge;
- 1.1.12 meet with Non-Executive Directors without the executives present;
- 1.1.13 ensure that the performance of individual Executive and Non-Executive Directors and of the Board as a whole and its Committees is evaluated at least once a year and act on the results of the performance evaluation;
- 1.1.14 encourage active engagement by all the members of the Board, promoting constructive relations between Executive and Non-Executive Directors;
- 1.1.15 work closely with the Chief Executive Officer, providing support and advice on matters relevant to strategy and operations while respecting the executive responsibility of the Chief Executive Officer to manage the Group;
- 1.1.16 ensure compliance with the relevant expectations of the FCA's and PRA's Senior Management and Certification Regime (SMCR) (where applicable) for Chairs and Board Members, including any specifically allocated prescribed responsibilities.

The Company will provide office accommodation and administrative support to the Chair as requested.

The Chair is authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when they consider this necessary to discharge their responsibilities. Also, they have access at all times to the Company Secretary and the General Counsel, the external auditors and to other independent advisors.

## 1.2 The Chief Executive Officer

The role of the Chief Executive Officer is to manage the Group's business on a day-to-day basis, subject to the Matters Reserved for the Board and the Matters assigned by the Board to the Committees of the Board, and to assist the Board in carrying out its role by providing advice and recommendations consistent with the agreed corporate objectives and financial and operational risk management and regulatory good practice.

In fulfilling their executive role, the Chief Executive Officer acts within the authority delegated to them by the Board. Their specific responsibilities include:

- 1.2.1 leading the Executive Directors and the Senior Executives in the day to day running of the Group's businesses;
- 1.2.2 developing and presenting to the Board the Group strategy and objectives, and ensuring subsidiary companies' strategies are consistent with them;
- 1.2.3 developing appropriate capital, corporate and management structures to ensure the Group's objectives can be met;
- 1.2.4 monitoring the operational performance and strategic direction of the Group;
- 1.2.5 managing the Group's internal control framework, including approving management and control policies;
- 1.2.6 approving investments/disinvestments and major contracts (within authorised limits);
- 1.2.7 approving the Group's management development and succession plans for senior management, and approving appointments and termination of staff reporting to senior management;
- 1.2.8 reporting regularly to the Board with appropriate, timely and quality information so that the Board can discharge its responsibilities effectively;

- 1.2.9 in conjunction with the Chair, where appropriate, represent the Group to external stakeholders, including members/shareholders, customers, suppliers, regulatory and governmental authorities, and the community;
- 1.2.10 ensure compliance with the expectations of the FCA's and PRA's Senior Management and Certification Regime (SMCR) (where applicable).

### 1.3 The Senior Independent Director and the Non-Executive Directors

#### 1.3.1 Senior Independent Director (SID)

The SID is an independent Non-Executive Director who is available as a trusted intermediary to shareholders and other Directors in particular if they have concerns which contact through the normal channels of Chair, Chief Executive Officer or Executive Director has failed to resolve, or for which such contact is inappropriate. They have the power to call meetings of the Non-Executive Directors should they consider it necessary.

The SID provides a sounding board for the Chair and shall, at least annually, lead a review of the performance of the Chair including a meeting of Directors at which the Chair is not present. At the appropriate time, the SID, on behalf of the Board, leads the process to select a new Chair.

The SID is authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when he considers this necessary to discharge their responsibilities. Also, they have access at all times to the Company Secretary, the General Counsel, the external auditors and to other independent advice.

#### 1.3.2 Non-Executive Directors

The role of the Non-Executive Directors is to participate fully in the functioning of the Board, advising, supporting and challenging management as appropriate. Further details of the role and responsibilities of Non-Executive Directors are set out below.

All Directors are required as members of a unitary Board:

- 1.3.2.1 to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed;
- 1.3.2.2 to set the Group's strategic aims, ensure that the necessary financial and human resources are in place for the Group to meet its objectives, and review management performance;
- 1.3.2.3 to set the Group's values and standards and ensure that its obligations to its members and others are understood and met;
- 1.3.2.4 to promote the desired culture of the Group;
- 1.3.2.5 to bring unfettered judgement to bear on the issues of strategy, performance, resources, key appointments and standards of conduct;
- 1.3.2.6 to be able to allocate sufficient time to the Group to discharge their responsibilities effectively;
- 1.3.2.7 to attend meetings of the Group Board, any relevant Group Board Committees and any general meetings of members of the Company;
- 1.3.2.8 supported by the Chair, to commit to ongoing development of their knowledge of, and engagement with, the Group.

In addition, Non-Executive Directors are required to ensure compliance with the expectations of the FCA's and PRA's Senior Management and Certification Regime (SMCR), including any specifically allocated prescribed responsibilities. This includes the following directly enforceable individual conduct rules:

- 1.3.2.9 acting with integrity;
- 1.3.2.10 acting with due skill, care and diligence;
- 1.3.2.11 being open and co-operative with the FCA, the PRA and other regulators;
- 1.3.2.12 paying due regard to the interests of customers and treat them fairly;
- 1.3.2.13 observing proper standards of market conduct.

The following additional conduct standards are potentially applicable to the chairs of Board Committees:

- 1.3.2.14 taking reasonable steps to ensure that the business of the firm for which they are responsible is controlled effectively;
- 1.3.2.15 taking reasonable steps to ensure that the business of the firm for which they are responsible complies with the relevant requirements and standards of the regulatory system;
- 1.3.2.16 taking reasonable steps to ensure that any delegation of their responsibilities is to an appropriate person and that they oversee the discharge of the delegated responsibility effectively;
- 1.3.2.17 disclosing appropriately any information of which the FCA or PRA would reasonably expect notice.

In addition to these requirements for all Directors, the role of the Non-Executive Director has the following key elements:

- 1.3.2.18 **Strategy:** Non-Executive Directors should constructively challenge and contribute to the development of strategy;
- 1.3.2.19 **Performance:** Non-Executive Directors should scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;

- 1.3.2.20 **Risks:** Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- 1.3.2.21 **People:** Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

**Effective Non-Executive Directors:**

- 1.3.2.22 uphold the highest ethical standards of integrity and probity;
- 1.3.2.23 support Executive Directors in their leadership of the business while monitoring their conduct;
- 1.3.2.24 question intelligently, debate constructively, challenge rigorously and decide dispassionately;
- 1.3.2.25 listen sensitively to the views of others, inside and outside the Board;
- 1.3.2.26 gain the trust and respect of other Board members;
- 1.3.2.27 are well informed about the Group and the external environment in which it operates and the Group's operations;
- 1.3.2.28 promote the highest standards of corporate governance and seek appropriate compliance with the provisions of the UK Corporate Governance Code.

Non-Executive Directors are appointed for specific terms subject to election or re-election by shareholders and to the provisions of the Articles of Association and statutory provisions relating to the removal of Directors.

Non-Executive Directors are authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when they consider this necessary to discharge their responsibilities. Also, they have access at all times to the Company Secretary, the General Counsel, the external auditors and to other independent advice.

All Directors have the right to have any unresolved concerns about the running of the Company or a proposed action recorded in the minutes.

## 1.4 The Executive Directors

Executive Directors have day-to-day management responsibilities in addition to their responsibilities as members of the Board. Their responsibilities as members of the Board are separate from their management responsibilities. Further details of the role and responsibilities of Executive Directors as members of the Board are set out below.

All Directors are required, as members of a unitary Board:

- 1.4.1 to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed;
- 1.4.2 to set the Group's strategic aims, ensure that the necessary financial and human resources are in place for the Group to meet its objectives, and review management performance;
- 1.4.3 to set the Group's values and standards and ensure that its obligations to its members and others are understood and met;
- 1.4.4 to bring unfettered judgement to bear on the issues of strategy, performance, resources, key appointments and standards of conduct;
- 1.4.5 to promote the desired culture of the Group;
- 1.4.6 to attend meetings of the Group Board, relevant Group Board Committees and any general meetings of members of the Company.

In addition, Directors are required to ensure compliance with the expectations of the FCA's and PRA's Senior Management and Certification Regime (SMCR), including any specifically allocated prescribed responsibilities. This includes the following directly enforceable conduct rules:

- 1.4.7 acting with integrity;
- 1.4.8 acting with due skill, care and diligence;
- 1.4.9 being open and co-operative with the FCA, the PRA and other regulators;
- 1.4.10 paying due regard to the interests of customers and treating them fairly;
- 1.4.11 observing proper standards of market conduct;

with the following applying to those Directors identified as Senior Managers under SMCR:

- 1.4.12 taking reasonable steps to ensure that the business of the firm for which they are responsible is controlled effectively;
- 1.4.13 taking reasonable steps to ensure that the business of the firm for which they are responsible complies with the relevant requirements and standards of the regulatory system;
- 1.4.14 taking reasonable steps to ensure that any delegation of their responsibilities is to an appropriate person and that they oversee the discharge of the delegated responsibility effectively;
- 1.4.15 disclosing appropriately any information of which the FCA or PRA would reasonably expect notice.

Directors are authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when they consider this necessary to discharge their responsibilities. Also, they have access at all times to the Company Secretary, the General Counsel, the external auditors and to other independent advice.

All Directors have the right to have any unresolved concerns about the running of the Company or a proposed action recorded in the minutes.

## **1.5 Statutory Responsibilities**

The Companies Act 2006 sets out the seven general duties that the directors owe to the Company. These are:

- the duty to act in accordance with the Company's constitution;
- the duty to promote the success of the Company;
- the duty to exercise independent judgement;
- the duty to exercise reasonable care, skill and diligence;
- the duty to avoid conflicts of interest;
- the duty not to accept benefits from third parties; and
- the duty to declare interest in proposed transactions.

In exercising these duties, each director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between the members of the Company.

Each of the duties is described in more detail in the relevant section of the Companies Act 2006. Further guidance on these provisions may be obtained from Group Secretariat.

## **1.6 Conflicts of Interest**

As established in the Conflicts of Interest Policy, Directors are required to avoid situations in which they have, or could have, a direct or indirect interest that conflicts with or may conflict with the interests of the Company. In order to satisfy this duty, the Directors must proactively identify conflicts of interest arising from their appointment as Directors and disclose such conflicts of interest.

Directors owe this duty separately to each company in relation to which they act as a director. In particular, where a Director concludes that the interests of the Group Companies to which they are appointed as a director are not aligned and that this results, or could result, in a conflict of interest between those companies, they must report that conflict or potential conflict in accordance with the Directors' Conflicts of Interest Policy Procedure Notes and should consider whether it is necessary to take any further action to mitigate any actual conflict of interest or prevent any potential conflict of interest from arising. In such circumstances, it would usually be appropriate for the Director in question to recuse themselves from discussions or votes relating to the matter in respect of which the conflict or potential conflict of interest arises.

## 2. Glossary of Terms

<b>“Board”</b>	The Board of Directors of the Company
<b>“Board Committee”</b>	A committee of the Board
<b>“Chair”</b>	The Chair of the Board
<b>“Chief Executive Officer”</b>	The Chief Executive Officer of the Company
<b>“Company”</b>	Standard Life Aberdeen plc
<b>“Company Secretary”</b>	The Company Secretary of the Company
<b>“Conflicts of Interest Register”</b>	The register of identified and authorised conflicts of interest
<b>“Constitution”</b>	The constitution of the Company
<b>“Executive Director”</b>	An Executive Director of the Company
<b>“Deputy Chair”</b>	The Deputy Chair of the Board
<b>“Director”</b>	A Director of the Company
<b>“FCA”</b>	The Financial Conduct Authority
<b>“General Counsel”</b>	The General Counsel of the Company
<b>“General Meeting”</b>	A General Meeting of the shareholders of the Company
<b>“Group”</b>	The Company and its subsidiaries
<b>“Group Company”</b>	Any company within the Group
<b>“Matters Reserved”</b>	The schedule of matters reserved for the Board contained in the Board Charter
<b>“Non-Executive Director”</b>	A Non-Executive Director of the Company
<b>“Outside Appointments Register”</b>	The register of notified outside appointments
<b>“PRA”</b>	The Prudential Regulation Authority
<b>“Senior Independent Director”</b>	The Senior Independent Director of the Board
<b>“Senior Management Certification Regime”</b>	The PRA’s and the FCA’s Senior Managers and Certification Regime