



# Socially Responsible Investment

## Statement of Principles and Policies

Exceptional investments, extraordinary world



### Overview

Standard Life Investments believes that a company run in the long-term interests of its shareholders should manage its relationships with its employees, suppliers and customers, and behave responsibly towards the environment and society as a whole. Companies that demonstrate a commitment to environmental and social responsibility are likely to enjoy comparative advantage in the long run. Increasingly, companies that fail to maintain adequate processes to manage these issues risk damage to their reputation and consequent negative effects on their brand and image that can directly affect their financial performance.

Because we take our responsibility as an investor seriously, we seek to use our influence to encourage the achievement of best practice standards of environmental and social management at the companies in which we invest with a view to protecting and enhancing the value of the investments held on behalf of our clients.

### General Principles

We will take company policies and practices on environmental and social matters into consideration in the investment process.

We will seek to improve shareholder value through constructive engagement on environmental and social issues with the companies in which we invest.

We will seek to contribute to the development of principles and standards of corporate responsibility.

We will communicate our socially responsible investment principles and policies to customers, intermediaries, and the companies in which we invest.

### Policies

**We believe that companies should:**

- accept responsibility for the environmental impacts of their activities and endeavour to achieve best practice standards in the management and reduction of those impacts
- respect internationally recognised labour rights and provide safe and healthy working environments for their employees
- take reasonable steps to ensure that the impact of their operations should be positive and not violate internationally recognised standards on human rights
- demonstrate a commitment to best practice standards of corporate citizenship and business ethics

- ensure their boards exercise effective oversight and direction in respect of corporate responsibility policies and practices
- inform shareholders of the policies and practices they have adopted to ensure that they meet their obligations to manage their environmental responsibilities.

We recognise that the management of environmental and social responsibilities is affected by and subject to many influences. We will consider companies in context, in relation to their peers, and with consideration for the particular circumstances, industries and locations in which they operate.

# Guidelines for Evaluating Corporate Responsibility

These guidelines have been produced by Standard Life Investments to explain how we evaluate, with flexibility and professional care, the environmental and social policies and practices of companies in which we are, or might be, an investor.

In general, we expect companies to meet internationally recognised standards or industry best practice standards, whichever are higher.

We expect companies to report to shareholders in an appropriate manner on the policies and practices that they have in place for addressing the responsibilities listed below. When we evaluate companies, we will have regard for common reporting frameworks such as the Global Reporting Initiative and the DEFRA Environmental Key Performance Indicators - Reporting Guidelines for UK Business.

## Environmental Responsibility

It is generally accepted that companies are responsible for the impacts of their operations and products on the environment and should take steps to assess and reduce those impacts. Efficiencies achieved by good environmental management can also lead to cost savings. We expect that companies will:

- comply with all environmental laws and regulations
- identify, manage, and reduce their environmental impacts.

## Employee Relations

Companies that respect internationally recognised labour rights and provide safe and healthy working environments for employees are likely to derive positive results from a good quality working environment and a more committed and productive workforce. We expect that companies will:

- comply with all employment laws and regulations
- take affirmative steps to ensure that they uphold good labour standards
- adopt health and safety policies and programmes to ensure the implementation of such policies
- adopt equal employment opportunities policies and a programme for ensuring compliance with such policies
- adopt policies and programmes for employee training and development
- adopt initiatives to attract and retain talented employees, foster higher productivity and quality, and encourage in their workforce a commitment to achieving the company's mission.

## Human Rights and International Operations

Companies operating in or sourcing goods from countries with a record of human rights abuse are exposed to risk to the safety of their staff and operations and the possibility of action by consumers and non-governmental organisations that oppose commercial activities perceived by them to support oppressive regimes. We expect that companies operating in or sourcing goods from such countries will:

- take affirmative steps to ensure that they do not violate internationally recognised standards on human rights and do not benefit from or use the products of others that do
- adopt human rights policy guidelines for employees, contractors and suppliers and a programme for dissemination, training and managing compliance with such guidelines if they are operating in countries which have been rated poorly on civil and political liberties by internationally recognised authorities.

## Corporate Citizenship and Business Ethics

As institutions of wealth and influence, companies have significant impacts on the prosperity of their local communities and the wider world in which they operate. At the same time, a company's community relationships can impact its reputation and image, both of which influence its competitiveness. Reputation and image may also be seriously compromised if companies fail to conform to internationally recognised standards of corporate ethics on matters such as bribery and corruption. We expect that companies will strive to achieve best practice standards of corporate citizenship and business ethics through the adoption and implementation of relevant policies and practices.



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