

# Standard Life International DAC

LEI: MU1J7DTC8IC8VMFT8818

Statement on principal adverse  
impacts of investment decisions on  
sustainability factors

30 June 2025

## Why choose Standard Life?

Standard Life is a life savings company. That means we provide pensions, retirement, solutions, savings, investments and funds for each stage of your life journey. At Standard Life International we can trace our origins back 190 years, and today help over 500k customers across Ireland, Germany, the UK and Austria manage their financial futures. We are now one of Ireland's leading pension and investment providers, with a head office in Dublin backed by the strength and reach of Phoenix Group.

### Global investment expertise

Aberdeen Investments manage the majority of our funds. Headquartered in Edinburgh, they are a leading global specialist asset manager and manage over €429 billion of assets for clients. With hundreds of talented and experienced investment professionals in over 25 locations globally, they are deeply rooted in every market in which they invest.

Source: Aberdeen Investments, 31 March 2025.

Standard Life is part of the Phoenix Group, the UK's largest long-term savings and retirement business. You can find out more about the asset management partnership between the Phoenix Group and Aberdeen Group at [www.thephoenixgroup.com](http://www.thephoenixgroup.com)

Vanguard is one of the world's largest fund managers with over €10 trillion in assets under management. They established the world's first index fund for individual investors in 1976 and have been one of the leaders in low-cost index investing ever since.

Source: Vanguard, 31 January 2025.

Vanguard manage the underlying funds in our Standard Life Global Index and Standard Life Vanguard range of funds, and the passive underlying funds of the Standard Life Ireland MyFolio Market funds.

### You have a wide choice

You can choose from a wide range of funds. You also have the option of deposits and execution-only stockbroking.



We'll provide regular information on your investment and if you need help at any stage, call us on (01) 639 7000.

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## Summary

Standard Life International dac ("Standard Life") (MU1J7DTC8IC8VMFT8818) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Standard Life International dac (SLI dac) .

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

### Note on coverage of this statement:

The primary purpose of this PAI Statement is to disclose the data indicated in the tables below ("PAI Indicators") in accordance with the requirements of the Sustainable Finance Disclosures Regulation ("SFDR").

This requires us to provide measurements or information to the extent available to us, but it is not always possible to do so accurately or completely due to the nature of our investments and the lack of accurate or available data.

While the metrics in this PAI Statement relate to the majority of our investments (the following investments have been excluded:

- Assets which are invested in funds / strategies managed by fund managers which are not part of the Standard Life's asset manager partners (Third Party Funds" and "Third Party Managers" respectively). These are not included in the assets which are considered under this PAI Statement because there are challenges around obtaining the necessary data from such Third-Party Managers.
- Investments for which there is insufficient or inadequate data.

The majority of SLI dac's investments are managed asset manager partners Aberdeen Investments.

Aberdeen Investments has a framework for considering principal adverse impacts (PAI).

## Aberdeen Investments Principal Adverse Impacts Statement

SLI dac also offer a number of investment funds that are managed by Vanguard.

## Vanguard's Principal Adverse Impacts Statement

We believe an investment manager investing on our behalf should publish a PAI disclosure statement.

Phoenix Group's responsible investment philosophy guides our investment decisions on sustainability factors, aligned to our position as an asset owner with investment management activities delegated to a our asset management partners.

# Description of the principal adverse impacts on sustainability factors

The mandatory indicators under SFDR, in relation to the principal adverse impacts of our investment decisions on sustainability factors, are set out in Table 1 below. For each of these indicators we have outlined the actions taken thus far and our intended plans to avoid or reduce the principal adverse impacts identified. This information covers the reference period of 1 January 2024 to 31 December 2024. The impacts are calculated as the quarterly average of impacts on 31 March, 30 June, 30 September and 31 December 2024 of each reference period.

Details on the impacts compared to the previous year are also published in this statement and will be continuously updated on an annual basis.

Standard Life have used the same data provider in both 2023 and 2024. ISS ESG has reviewed the Regulatory Technical Standards (RTS) pertaining to the EU SFDR and mapped the principal portfolio adverse impact requirements to data points covered by its proprietary ESG data.

**Table 1 – Mandatory PAIs**

## Indicators Applicable to investments in Investee Companies

Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - Greenhouse Gas Emissions</b>						
1 GHG Emissions*	GHG Emissions - Scope 1 per Mio EUR Enterprise Value	43.13%	351,480.96 (t)	149,630.19 (t)	The value increased due to a combination of market movements, portfolio trading activity, increase in 2024 Assets under Administration (AuA), changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	Standard Life understands the role it can play in decarbonising capital markets and financing the transition to a sustainable low carbon economy. Phoenix Group guides our sustainability strategy. Our purpose-led approach focuses on three critical areas: People, Planet and Building a Sustainable Business.
	GHG Emissions - Scope 2 per Mio EUR Enterprise Value	43.13%	79,252.38 (t)	32,358.30 (t)	The value increased due to a combination of market movements, portfolio trading activity, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	We believe <b>ESG integration</b> makes our portfolio more resilient.
	GHG Emissions - Scope 3 per Mio EUR Enterprise Value	43.13%	4,429,639.35 (t)	1,729,759.45 (t)	The value increased due to a combination of market movements, portfolio trading activity, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, improved Scope 3 reporting data and and changes to in-scope assets.	<b>Phoenix Group's Net Zero Transition Plan</b> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.
	Total GHG Emissions - Scope 1+2+3 per Mio EUR Enterprise Value	43.13%	4,860,372.68 (t)	1,911,747.94 (t)	The value increased due to a combination of market movements, portfolio trading activity, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, improved Scope 3 reporting data and and changes to in-scope assets.	<b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues</b> and <b>voting principles</b> .
						At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco producers.

\*Coverage considers all investments, while applicable coverage only considers corporate assets within industries for which the metric is considered material in the context of the ISS ESG Corporate Rating. For more information, see the Methodology page at the end of the report.

Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - Greenhouse Gas Emissions						
2. Carbon footprint*	Carbon footprint	43.13%	520.43 (t/Mio EUR)	209.75 (t/Mio EUR)	The value increased due to a combination of portfolio trading activity, market movements, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. Phoenix Group's exclusions policy and net zero targets aim to reduce this over time.	<p>We believe <b>ESG integration</b> makes our portfolio more resilient.</p> <p><b>Phoenix Group's Net Zero Transition Plan</b> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.</p> <p><b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues</b> and <b>voting principles</b>.</p> <p>At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco producers.</p>
3. GHG intensity of investee companies	GHG intensity of investee companies	43.19%	787.87 (t/Mio EUR)	528.17 (t/Mio EUR)	The value increased due to a combination of portfolio trading activity, market movements, larger AuA in 2024, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. Phoenix Group's exclusions policy and net zero targets aim to reduce this over time.	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	42.94%	3.82%	4.51%	The value decreased due to a combination of portfolio trading activity, market movements and changes to in-scope assets. Decrease reflects Phoenix Group's exclusions policy (thermal coal, oil sands, etc.) and reallocation of capital toward lower-carbon sectors.	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	24.70%	11.91%	0.24%	The values increased due to a combination of portfolio trading activity, market movements, larger AuA in 2024, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. Phoenix Group's engagement strategy targets energy transition readiness.	
	Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	42.81%	1.34%	1.17%	ISS ESG includes the following as non renewable energy sources: coal, nuclear, oil and natural gas. Minor discrepancies may arise due to regulatory definition being inclusive but not limited in nature.	

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Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - (Greenhouse Gas Emissions)						
6. Energy consumption intensity per high impact climate sector	Agriculture, Forestry, and Fishing (GWh/mEUR)	26.26% (100%)	0.00	0.00	Insufficient data.	<p>We believe <b>ESG integration</b> makes our portfolio more resilient.</p> <p><b>Phoenix Group's Net Zero Transition Plan</b> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.</p> <p><b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues</b> and <b>voting principles</b>.</p> <p>At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco producers.</p>
	Mining and Quarrying (GWh/mEUR)	26.53% (99.97%)	0.02	0.03	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	
	Manufacturing (GWh/mEUR)	28.85% (99.28%)	0.06	0.08	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	
	Electricity, Gas, Steam and Air Conditioning Supply (GWh/mEUR)	26.42% (99.75%)	0.07	0.04	The value increased due to a combination of larger AuA in 2024, portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	
	Water Supply, Sewerage, Waste Management and Remediation Activities (GWh/mEUR)	26.36% (100%)	0.00	0.00	Insufficient data.	
	Construction (GWh/mEUR)	26.30% (100%)	0.00	0.02	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	
	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (GWh/mEUR)	26.46% (100%)	0.00	0.00	Insufficient data.	

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Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - (Greenhouse Gas Emissions)						
6. Energy consumption intensity per high impact climate sector continued...	Transportation and Storage (GWh/mEUR)	26.41% (100%)	0.01	0.01	No change from previous year.	
	Real Estate Activities (GWh/mEUR)	26.40% (99.87%)	0.01	0.01	No change from previous year.	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS - (Biodiversity, Water and Waste)						
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas	42.81%	0.02%	0.01%	<p>The value increased due to a combination of larger AuA in 2024, portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.</p> <p>ISS ESG links controversies to some, but not all, of the standards referenced in the PAI definition of 'activities negatively affecting biodiversity-sensitive areas'. However, the standards/directives referenced in the regulation overlap with those applied in the proxy to a large extent.</p>	<p>We believe <a href="#">ESG integration</a> makes our portfolio more resilient.</p> <p><a href="#">Phoenix Group's Net Zero Transition Plan</a> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.</p> <p><a href="#">Stewardship</a>: Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <a href="#">our expectations of companies on key sustainability issues</a> and <a href="#">voting principles</a>.</p> <p>At present we implement <a href="#">investment exclusions</a> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco producers.</p>
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.35% (22.00%)	0.00 (t)	0.00 (t)	<p>Insufficient data.</p> <p>ISS ESG collects chemical oxygen demand (COD), a commonly used indicator measuring emissions to water which can serve as a proxy to the PAI indicator's requirements. ISS ESG collects data only for companies in most relevant industries.</p>	
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	5.02% 77.06%)	0.15 (t)	0.14 (t)	<p>The value increased due to a combination of larger AuA in 2024, portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.Phoenix Group's ESG integration encourages circular economy practices.</p>	

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Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters - (Social and Employee Matters)						
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	42.82%	2.46%	1.98%	The value increased due to a combination of portfolio trading activity, market movements, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. Phoenix Group's stewardship focuses on human rights and ethical conduct.	<p>We believe <b>ESG integration</b> makes our portfolio more resilient.</p> <p><b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues</b> and <b>voting principles</b>.</p> <p>At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco producers.</p>
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	40.08%	6.70%	13.04%	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. Companies are improving their disclosures on social issues can lead to improvements in the PAI data in general.	
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1.43%	0.14%	0.03%	The value increased due to a combination of portfolio trading activity, market movements, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	
13. Board gender diversity	The average ratio of female to male board members in investee companies expressed as a percentage of all board members	33.68%	14.94%	12.28%	The value increased due to a combination of portfolio trading activity, market movements, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets.	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	42.99%	0.02%	0.04%	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. The decrease aligns with Phoenix Group's exclusions policy and responsible investment screening.	

\*Coverage considers all investments, while applicable coverage only considers corporate assets within industries for which the metric is considered material in the context of the ISS ESG Corporate Rating. For more information, see the Methodology page at the end of the report.



Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in sovereigns and supranationals - (Environmental and Social)						
15. GHG intensity	GHG intensity of investee companies (tCO <sub>2</sub> e/Mio EUR GDP)	10.22	25.83	27.18	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. The definition of the GHG intensity of investee countries in the regulation includes scope 1, 2 and 3 emissions. This is not the traditional way sovereign emissions are accounted for and available data is limited in this regard. ISS ESG's data factor provides information on production emissions, using the same boundary setting as UNFCCC.	<p>We believe <b>ESG integration</b> makes our portfolio more resilient.</p> <p><b>Phoenix Group's Net Zero Transition Plan</b> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.</p> <p><b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues</b> and <b>voting principles</b>.</p> <p>At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco prod</p>
16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	9.89%	2.92% (22.5)	2.42% (8.5)	The value increased due to a combination of portfolio trading activity, market movements, geopolitical shifts, increase in 2024 AuA, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. The displayed absolute number is calculated based on direct exposures to investee countries only. Indirect exposures through investments in funds are not considered.	
Indicators applicable to investments in real estate assets - (Fossil Fuels and Energy Efficiency)						
17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	100%**	0.00%	0.00%	Standard Life's Direct Real Estate Portfolio has no exposure to real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	
18. Exposure to energy inefficient real estate assets	Share of investments in energy-inefficient real estate assets	No data available	No data available	No data available		

\*Coverage considers all investments, while applicable coverage only considers corporate assets within industries for which the metric is considered material in the context of the ISS ESG Corporate Rating. For more information, see the Methodology page at the end of the report.

\*\*Only considers exposure to real estate through Standard Life's Direct Real Estate Portfolio. It does not consider indirect investments through real estate funds.

**Table 2 – Voluntary Environmental PAIs**

## Additional climate and other environment-related indicators

Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators - Emissions						
4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	42.78%	19.45%	20.73%	The value decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. For the purpose of this PAI indicator, ISS ESG considers companies to have carbon emission reduction initiatives aimed at aligning with the Paris Agreement only if they have set themselves or are formally committed to setting themselves carbon reduction targets approved by the SBTi.	<p>We believe <b>ESG integration</b> makes our portfolio more resilient.</p> <p><b>Phoenix Group's Net Zero Transition Plan</b> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.</p> <p><b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues and voting principles</b>.</p> <p>At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco production</p>

\*Coverage considers all investments, while applicable coverage only considers corporate assets within industries for which the metric is considered material in the context of the ISS ESG Corporate Rating. For more information, see the Methodology page at the end of the report.

**Table 3 – Voluntary Social PAIs**

## Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse Sustainability Indicator	Metric/ISS ESG Factor	Coverage (Applicable Coverage)*	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters - (Human Rights)						
9. Lack of a human rights Policy	Share of investments in entities without a human rights policy.	39.63%	15.99%	21.51%	The values decreased due to a combination of portfolio trading activity, market movements, changes in quality and quantity of data disclosed by companies, and changes to in-scope assets. This shift reflects both deliberate portfolio management decisions and broader structural changes.	<p>We believe <b>ESG integration</b> makes our portfolio more resilient.</p> <p><b>Phoenix Group's Net Zero Transition Plan</b> marks an important step to becoming a net zero business by 2050 with an ambitious 25% reduction by 2025 in the carbon emissions intensity of our listed equity and credit assets which we have control over.</p> <p><b>Stewardship:</b> Phoenix has identified climate change, nature, human rights and controversies linked to the United Nations Global Compact principles as key engagement topics. Phoenix Group are not involved in voting decisions directly. We are committed to engaging with our asset management partners to reduce the divergence of their voting from <b>our expectations of companies on key sustainability issues and voting principles</b>.</p> <p>At present we implement <b>investment exclusions</b> to assets that we control and/or influence in five key areas: controversial weapons, thermal coal, oil sands, arctic drilling and tobacco production</p>
10. Lack of human rights due diligence procedures	Metric - Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts.	39.63%	11.50%	15.06%		

\*Coverage considers all investments, while applicable coverage only considers corporate assets within industries for which the metric is considered material in the context of the ISS ESG Corporate Rating. For more information, see the Methodology page at the end of the report.

## Methodology

This portfolio report draws on ISS ESG's SFDR Principal Adverse Impact Solution, which includes data on corporate, as well as sovereign and supra-national, issuers in line with the mandatory, as well as additional, SFDR Principal Adverse Impact (PAI) indicators. ISS ESG's SFDR Principal Adverse Impact Solution builds on a variety of ISS ESG research products, leveraging justifiable proxies in the absence of reported and disclosed data. Portfolio-level metrics are calculated in accordance with the specifications of the Regulatory Technical Standards (RTS) published by the European Commission as well as additional guidance published by the European Supervisory Authorities (ESAs).

In accordance with recommendations from the ESAs, the PAI metrics displayed in this report have been calculated using as a denominator the value of all investments, including those investments for which the respective PAI indicator is not applicable as well as investments where data is missing. Since this calculation approach is equivalent to imputing a value of 0 for any position without data, PAI metrics displayed in this report may be small compared to a calculation approach which limits the scope of the denominator to the value of investments to which the respective PAI indicator is applicable and for which data is available. The "coverage" column displays the share of positions for which data is available per PAI indicator, expressed as a percentage of all investments.

Pursuant to ISS ESG's Corporate Rating methodology, some PAI indicators are material only for certain industries. Coverage may therefore be lower for these PAI indicators, as data is typically only disclosed by companies in relevant industries. In such cases, the report provides an additional applicable coverage value in parenthesis which only considers corporate assets within industries for which the metric is considered material in the context of the ISS ESG Corporate Rating.

While most quantitative metrics included in ISS ESG's SFDR Principal Adverse Impact Solution are sourced directly from corporate disclosures, some quantitative metrics, including GHG emissions and non-renewable energy production data, is either reported or estimated/modelled in the absence of trustworthy company disclosure.

The PAI indicators displayed in this report either refer to point in time assessments (e.g., share of investee companies with certain characteristics), or to outcomes over a given time period (e.g., average emission intensity is calculated for a fiscal year).

Where we have elected to voluntarily report on the additional principal adverse impacts, we have selected these indicators based on alignment with Phoenix Group's Expectations of investment companies and the availability, reliability and accuracy of data.

### Use of Estimated Data

In case of insufficient or inadequate disclosure, some of the data leveraged within ISS ESG's SFDR Principal Adverse Impact Solution can be modelled or estimated. Estimated figures are based on clear estimation rules to ensure that results are based on reasonable assumptions with medium to high certainty.

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## Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Standard Life is an asset owner who delegates investment management decisions to its nominated investment managers. Standard Life, part of the Phoenix Group ("Our", "We") integrates Environmental, Social and Governance ("ESG") considerations, aligning to our position as an asset owner with fiduciary duty; with investment management activities delegated to a variety of asset management partners. At Phoenix Group, our approach to responsible investment centres around four key pillars:

1. Strategy and Governance
2. Stewardship
3. Integrated ESG Management
4. Portfolio Decarbonisation and Low Carbon Transition

Information on our Approach to ESG integration [here](#).

We work very closely with our asset management partners in implementing our investment approach to ESG factors as outlined within this document and related policies. For clarity, we apply the standards/approaches set out to our own practices as well as our external managers.

We have a dedicated and experienced team to undertake these asset manager assessments and areas related to ESG which we review include, but are not limited to:

- ESG data, metrics and integration;
- stewardship, including engagement and voting;
- exclusion policies;
- staff expertise and resources;
- membership of global forums and investor groups;
- awareness of the regulatory landscape;
- the transition to net zero; and
- governance and reporting.

We appreciate that our asset management partners may have their own approach to responsible investing. However, partners that fail to adhere to our standards will be put on notice to improve on the understanding that a cessation of new investments or a termination of the mandate may be required should they fail to improve as agreed.

## Engagement policies

Standard Life International dac has a duty of care to our customers, shareholders and stakeholders. Our approach to stewardship and engagement is based on the European Union's Shareholder Rights Directive II (EU SRD II).

One of the aims of EU SRD II is to promote effective stewardship and long-term investment decision-making in regulated financial services companies. Supported by the promotion of greater shareholder involvement in corporate governance of public companies, it helps to ensure decisions are made for a company's long-term stability, and that they take environmental and social issues into account.

Different interpretations of engagement exist in the market. Phoenix Group believes that engagement refers to a two-way interaction between the investor and investees in relation to the corporate business strategy and ESG practices. Engagements are undertaken to influence (or identify the need to influence) corporate practices and improve disclosure. Asking a question on ESG issues during a meeting does not necessarily characterise the interaction as an engagement. Providing feedback on information collected, sharing best practice by peers and defining engagement objectives with focus companies better define an engagement activity.

We believe that effective stewardship is characterised by robust ESG research on material risks and opportunities using internal and external data, dialogue with corporate top decision-makers, setting of goals, continuous evaluation of progress against objectives and influence on investment decision-making. Solid preparation, geographical and sector expertise, correct timing and commitment to continuous dialogue are other strategies we support to increase the possibility to influence business practices.

We believe that engagement, voting and ESG integration are interlinked and, when relevant for a specific strategy, they should be intrinsic parts of the investment decision-making process. This is why stewardship should not be a delegated function for specialised ESG professionals only, but it should be equally undertaken by investment professionals with ESG knowledge and experience alone or in collaboration with sustainable investing/ stewardship teams and be efficiently documented.

## Growing our stewardship capabilities

Becoming signatories to the UK Stewardship Code was an important step as we continue to grow our stewardship capabilities. Our Stewardship Report sets out our focus on ambitious and outcome-oriented engagement, with tangible examples of how we seek to have a positive effect on investee climate change action and other ESG priority topics including halting and reversing nature loss and respecting human rights.

## Our approach to stewardship

As a large asset owner, we embrace the concept of effective stewardship outlined above. While we ordinarily conduct dialogue with investee companies through our asset management partners, we also:

- undertake direct engagements with corporate representatives; conducted by members of our Stewardship team; and
- join collaborative engagements with other investors.

## Direct engagement with companies

Our direct climate engagement programme now covers 25 companies in high transition risk sectors at year-end 2024. We held 61 meetings with 23 companies in 2024. Dialogue with companies has been conducted both directly via bilateral dialogue and through collaborative initiatives. We have met multiple times with most companies over the last two years, particularly those we engaged with as part of collaborative investor initiatives such as CA100+ and the Net Zero Engagement Initiative ('NZEI'). At the end of 2024, we completed an analysis of our engagement progress. We have assessed that around 58% of all total objectives have been either achieved or partially achieved (49%) or covered by a company commitment (9%) to be addressed in the future. This compares with around 38% at the end of 2023.

Our asset management partners are at the forefront to interact with companies in our portfolios and we will seek full co-ordination of efforts on key ESG strategic priorities through the exchange of information and views. The majority of our engagement activities with investee companies is conducted by our asset management partners. We have set out of Global Voting Principles that we want our asset management partners to align to. However, we might consider to join direct and/or collaborative engagements with companies based on our financial exposure and internal research on priority ESG issues. Collaborative engagements can be an efficient strategy to channel investors' concerns to investee companies. However, lack of co-ordination and preparation by coalitions could hamper the quality of dialogue.

We will consider joining a collaborative engagement if the following criteria are met:

- We share the objectives of the initiative and support identified recommendations to companies;
- We are supportive of existing rules in terms of public external communications;
- We have the resources to positively contribute to the dialogue with focus companies; and
- Collaborating with peers is permitted by existing regulation.

## ESG priorities for engagement

ESG priorities for direct and collaborative engagements and assessments of asset management partners are defined and reviewed on an annual basis.

Focus themes are defined by taking into consideration:

- customer views collected through both qualitative and quantitative research;
- insights from Phoenix Group's materiality assessments using inputs from multiple stakeholders;
- the nature and materiality of the topic as representing a negative externality to portfolios across regions and sectors;
- availability of data to monitor and assess companies' performance; and
- existence of collaborative initiatives which intend to tackle the issue by supporting a co-ordinated action from investors.

We make our expectations of companies in relation to these priority ESG risks and opportunities publicly available on our [website](#).

## ESG-Research

We use leading third-party suppliers which provide ESG scores and/or thematic research on firms, funds, companies, factors and sectors in order to:

- conduct and complement our ESG research for stewardship activities;
- identify companies in our portfolios with high ESG risks and opportunities; and
- monitor the integration and stewardship practices of our asset managers.

We rely on ESG research covering both the analysis of companies' reported data and controversies as documented by media, international and civil society's organisations.

We source this data from three main providers, S&P, Sustainalytics and ISS

## Selecting, appointing and monitoring our asset managers to support stewardship

We recognise the value of engaging with investee companies to promote best practices and do so through our asset manager partners. As a long-term investor, we believe that it is important for our asset manager partners to exercise constructive influence on companies and other issuers in our investment portfolios to encourage long term performance, good corporate governance and sound sustainability practices.



We require asset manager partners to:

- rely on internal and external research to monitor and assess investee companies' strategies; capital structure; financial and nonfinancial performance and risk; ESG risks and opportunities and impact
- define a relevant engagement focus list based on the above monitoring system
- engage with identified priority companies, set engagement objectives and, in case of lack of progress, escalate engagement to drive better medium and long-term performance from the business as a whole
- exercise voting rights on our behalf in companies in which we have holdings through the application of a customized voting policy
- which is regularly updated to reflect clients' views and monitored
- Information on our Stewardship Policy is [here](#).

### **Integration and exclusions:**

We believe that considering ESG factors in the investment analysis and decision-making process helps to deliver better risk management and strong long-term financial returns for our customers and shareholders.

Combining a top-down approach coupled with bottom-up analysis is more effective than either approach in isolation, which is why we also consider ESG factors in the Group's investment framework including in the design of investment strategies, manager selection and ongoing monitoring and reporting. Our overall approach to ESG integration is described in our Responsible Investment Philosophy and further described in our Group Exclusion Policy (introduced in 2022) and Asset Management Partner Open Letter.

### **Our approach to ESG integration**

#### **Group Exclusion policy**

#### **Asset Management Partner Open Letter**

Alongside ESG integration and engagement, we apply our Group exclusion policy as a high-profile and forceful way of evidencing commitment to responsible investment. Whilst our overarching approach remains 'engagement first', a focused exclusion policy has been adopted. The exclusion policy is driven by four key principles and is applied to either revenue thresholds or an involvement in the sectors. We expect the thresholds to tighten and the sectors excluded to widen over time. In this way, exclusion will become an important part of our engagement strategy and a way of forcing the pace of decarbonising investment portfolios in line with our climate ambitions. Effective integration of ESG considerations into portfolio monitoring and screening is dependent on good-quality data and analytics. We obtain ESG data from a range of third-party vendors, which we then analyse, consolidate and integrate into our own data system. This provides us with a central platform from which we can extract the ESG data we need to support us with investment monitoring and stewardship. We recognise that the quality and coverage of our ESG data will continue to evolve, particularly as additional datasets become available and as our understanding of the ESG credentials of different asset classes continues to mature. We work closely with our asset management partners and data providers to ensure that the ESG data we use is in line with emerging best practice.

More Information on the actions Phoenix Group has taken or planned can be found in our [Sustainability Report 2024](#).

### **Reference to international standards**

We use our insight and knowledge to lead the debate on key climate related challenges: working with government, non-governmental organisations and across our industry and the economy to remove the barriers to net zero investment and define best practice.

Phoenix Group's various sustainable investment strategies are further aligned with a broad range of international norms and conventions, including but not limited to:

## **The Principles for Responsible Investment (PRI)**

UN PRI The leading proponent of responsible investment, supporting its signatories to understand and incorporate ESG factors into investment decision making.

## **Paris Aligned Investment Initiative (PAII)**

PAII translates the goals of the Paris Agreement into practical guidance for asset owners and asset managers, establishing a common understanding of approaches and methodologies to guide action.

## **Climate Action 100+**

An investor-led initiative to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change including aligning with the goals of the Paris Agreement.

## **Institutional Investors Group on Climate Change (IIGCC)**

IIGCC is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future.

## **UN Global Compact**

The world's largest corporate sustainability initiative. The United Nations Global Compact is a call to companies to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption.

## **UN Sustainable Development Goals (SDGs)**

Our sustainability activity is supporting the delivery of the following Sustainable Development Goals:

- Industry, innovation and infrastructure
- Responsible consumption and production
- Climate action
- Life below water
- Life on land

Partnerships for the goals The SDGs are a collection of 17 non-legally binding interlinked global goals set forth by the UN for countries and governments. These are included only as indicative guidance for Phoenix's ambition to align its strategy to the UN SDGs. Phoenix makes no representation, warranty, or assurance of any kind, express or implied, or takes no responsibility or liability as to whether Phoenix's strategy furthers the objective or achieves the purpose of the indicated SDG.

## **OECD Guidelines for Multinational Enterprises**

As an asset owner we endeavour, where appropriate, to align with the OECD Guidelines for Multinational Enterprises, a set of responsible business conduct standards for multinational enterprises, as well as the OECD guidance on responsible business conduct for institutional investors.

## **Using climate-related scenarios to inform investments**

The Group's approach to modelling climate-related financial risk is in line with its overall approach to stress and scenario testing – a key feature of which is the feedback loop from the scenario results through to developing and refining management actions, as shown below.

## **Review risk profile**

We first consider the areas of our business that may be the most exposed to climate risk impacts. We then consider where detailed stress and scenario analysis would add the most value in better understanding their climate-related risk exposures.

## **Select and define scenario test**

The next step in our approach is to select and define climate scenarios. Climate scenarios each explore different possible climate changed riven pathways over the long term and depend on aspects such as government policy and the transition speed.

How and when climate risk will emerge remains highly uncertain. The scenarios have been chosen as they cover a wide range of possible outcomes, but each cover only one possible pathway through which climate risk may emerge and they are not comprehensive. Real-life impacts may be more or less severe than those explored.

## **Analyse scenario**

The third step in our process is the scenario analysis itself. For quantitative scenarios we use counterparty-specific data to build up the potential impact on our investment portfolios of the scenarios emerging. This is combined with estimated liability impacts to assess the overall effect on our balance sheet.



## Validate and report results

The projected impact of the five quantitative scenarios indicates that we must act to reduce risk or there may be significant losses in investment asset value arising due to climate change.

These impacts do not take into account mitigating actions we may take to decarbonise and meet our net zero targets or the expected changes in our asset mix over time.

Climate change presents opportunities as well as risks. As our investment portfolio has exposure to a wide variety of sectors and counterparties, there will be 'winners' that gain value as the scenarios unfold and 'losers' that lose value as the scenarios unfold. This leads to offsetting movements in values within the portfolio.

Average impacts at portfolio level hide the turbulence between, and within, the key sectors that produce the highest levels of emissions and so present the greatest risks and opportunities.

## Feedback and mitigating management actions

Within the current quantitative analysis, no allowance is made for the expected impact of management actions designed by Phoenix to limit the impact of climate change on the business. It is expected that actions taken to deliver the Group's net zero targets will progressively reduce our exposure and significantly dampen the impact of climate change shocks on the asset portfolio. Our [Net Zero Transition Plan](#) is therefore key to the Group's strategy and our future resilience to climate risks. Insights from the scenario analysis are incorporated in strategy, risk management and investment decisions.

Further details of The Group's scenario testing are included in the [Phoenix Group Holdings plc Annual Report and Accounts 2024](#).

## Historical comparison

The tables above displays the Principal Adverse Impact Indicators from the 2023 reporting period to the 2024 reporting period and their changes from one reporting period to the next. Standard Life commits to providing a detailed explanation of these changes in future iterations as our understanding of these changes continues to develop.