

Introduction

Standard Life Investments is a strong supporter of the principles of good stewardship that are set out in the UK Stewardship Code published by the Financial Reporting Council in July 2010. We believe that it is mutually beneficial for companies and long-term investors such as Standard Life Investments to have a relationship based on accountability, engagement and trust. Such a relationship helps to ensure that each has a good understanding of the other's views and expectations and it enables us to exercise constructive influence as and when appropriate. We believe that this serves to enhance the long-term value of our clients' investments and to protect their interests when necessary.

Engagement Profile

Standard Life Investments recognises the importance of effective communication. We generally meet representatives of investee companies at least once a year. These meetings enable us to review corporate progress and prospects. They provide us with an opportunity to ask questions and to challenge constructively strategic and other issues that may influence the value of our clients' investments.

More specifically, as part of our stewardship monitoring, our Governance and Stewardship team has a regular engagement programme to discuss a range of relevant corporate governance issues including board balance and composition, remuneration policies, and audit and risk issues. This programme ensures engagements are planned on a systematic basis using specific criteria to identify target companies. We will generally meet with board level representatives and, for significant holdings or where it is otherwise appropriate, we will meet with the Chairman. In addition, our Sustainable and Responsible Investment (SRI) team meet with investee companies in relevant industries and sectors on a planned basis to discuss a range of environmental, social and governance issues.

When we identify issues that we believe are not consistent with the best interests of our clients we shall engage with the board of the investee company with a view to ensuring it is aware of our views and, when appropriate, to achieving a satisfactory resolution. In this regard, we shall consider carefully explanations given for departures from the UK Corporate Governance Code.

Engagement summary	
Total number of Governance and Stewardship engagements	114
1 to 1 meeting	34
Collective meeting	7
Investment meeting	3
Remuneration consultation	31
Ongoing remuneration consultation	3
Voting engagement	21
Ongoing voting engagement	1
Other engagement*	14

* Please note that 'Other engagement' can include emails, letters and phone calls.

Below is a complete list of all companies that our Governance and Stewardship team have met with on a 1 to 1 basis this quarter.

Company name	Topics Discussed					
	Board Composition & Development	Strategy	Audit & Control	Remuneration	Structural Governance	Other
Anglo American	✓	✓				
BBA Aviation	✓	✓	✓	✓		
BG Group	✓			✓		
BHP Billiton	✓		✓	✓		
BP	✓	✓	✓	✓		
British Sky Broadcasting	✓					
Capital & Regional	✓	✓	✓	✓		
Carillion	✓	✓	✓			
Centrica	✓	✓	✓	✓		
Cookson Group	✓	✓	✓		✓	
Dunelm Group	✓		✓	✓	✓	
Fiberweb	✓					
Hewlett-Packard	✓			✓		
Hirco	✓	✓	✓			✓
International Consolidated Airlines Group	✓	✓		✓		
International Personal Finance	✓	✓	✓			
Lupus Capital	✓	✓	✓	✓	✓	
Micro Focus International	✓	✓		✓		
Misys	✓	✓	✓		✓	
NCC Group	✓	✓	✓			
Petrofac	✓	✓	✓	✓		
Pfizer	✓					
Reckitt Benckiser Group	✓	✓		✓		
Ricardo	✓	✓	✓			
Rio Tinto	✓	✓	✓	✓		✓
Royal Bank of Scotland				✓		
Shaftesbury	✓					
Swiss Re				✓		
Tesco			✓			
Thomas Cook	✓	✓	✓	✓		
Vitec Group	✓	✓	✓			
WSP Group		✓	✓	✓		
Xstrata	✓	✓				

Contact us

To find out more about our fund range, visit our website standardlifeinvestments.com. Alternatively, please speak to your usual contact at Standard Life Investments.

Useful numbers



Market information

0845 60 60 062

Customer information

0845 27 93 003



standardlifeinvestments.co.uk

Standard Life Investments Limited is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. The Standard Life Investments group includes Standard Life Investments (Mutual Funds) Limited, SLTM Limited, Standard Life Investments (Corporate Funds) Limited, SL Capital Partners LLP and AIDA Capital Limited. Standard Life Investments Limited is authorised and regulated by the Financial Services Authority. Standard Life Investments (Hong Kong) Limited is licensed with and regulated by the Securities and Futures Commission in Hong Kong and is a wholly-owned subsidiary of Standard Life Investments Limited. Standard Life Investments Limited (ABN 36 142 665 227) is incorporated in Scotland (No. SC123321) and is exempt from the requirement to hold an Australian financial services licence under paragraph 911A(2)(l) of the Corporations Act 2001 (Cth) (the 'Act') in respect of the provision of financial services as defined in Schedule A of the relief instrument no.10/0264 dated 9 April 2010 issued to Standard Life Investments Limited by the Australian Securities and Investments Commission. These financial services are provided only to wholesale clients as defined in subsection 761G(7) of the Act. Standard Life Investments Limited is regulated in the United Kingdom by the Financial Services Authority under the laws of the United Kingdom, which differ from Australian laws. Standard Life Investments Limited, a company registered in Ireland (904256) 90 St Stephen's Green Dublin 2 and regulated in the UK by the Financial Services Authority. Standard Life Investments (USA) Limited, registered as an Investment Adviser with the US Securities and Exchange Commission Standard Life Investments Inc., with offices in Calgary, Montréal and Toronto, is a wholly owned subsidiary of Standard Life Investments Limited. Calls may be monitored and/or recorded to protect both you and us and help with our training. www.standardlifeinvestments.com © [2012] Standard Life, images reproduced under licence