Global ESG Investment

Quarter 2 2018 – Report of activities

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Foreword

Welcome to the second ESG quarterly report of 2018. Here, we detail several of the key events we attended over the quarter, highlight many of the themes that we believe are currently shaping the ESG landscape and update you on the numerous company engagements we have undertaken.

The second quarter of the year is always a bit of a blur, as it includes the annual general meetings (AGMs) of many of the companies in which we invest our clients' capital. What have we learned this year?

Well, the thorny issue of executive remuneration continues to exercise our minds. In general, it is slowly moving to a better place but, in our view, more progress is required. We also saw the bulk of UK-quoted companies report their gender pay gap data which – in most cases – produced a negative reaction and matching headlines. For 2018, diversity in its broadest sense, and gender diversity in particular, have been a focus in our engagements with companies. In 2019, it will likely become an area of focus for our voting policy unless the improvements we have discussed with companies are achieved.

We think it is important to attend AGMs where possible. This is particularly the case where we want to hold a board, or specific members of it, to account. One recent high-profile case we were involved in was Persimmon, which is covered in detail in this issue. The reason I mention it here, is because it neatly captures how we aim to be responsible stewards of our clients' capital. We try to maintain a constructive relationship with the companies in which we invest. However, in some situations, active engagement means spelling out why we believe they are acting inappropriately. This includes casting our votes in line with our investment views. In rare instances, we may speak with the media, harden our voting position or engage with parliamentary and regulatory bodies. Interestingly, we found ourselves to be the only investor at the Persimmon AGM and at the BEIS select committee hearing.

Other areas of focus this quarter included the introduction of the General Data Protection Regulation across Europe. Is this an end to junk email and marketing freedom for the companies in which we invest?

Five years ago, thousands were killed and injured at the Rana Plaza factory collapse in Bangladesh. Standards have improved, but by enough? We don't think so.

What does ESG integration mean to people who invest in companies' debt securities? Read the interview with our newly appointed Head of Fixed Income ESG, Samantha Lamb.

I hope that reading this report brings you as much satisfaction as its underlying activities brought us.

Euan Stirling
Global Head of Stewardship and ESG
Aberdeen Standard Investments

"We try to maintain a constructive relationship with the companies in which we invest. However, in some situations, active engagement means spelling out why we believe they are acting inappropriately."

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Events

ICRS webinar: an investor's approach to tackling modern slavery

During the quarter, we delivered a webinar for the Institute of Corporate Responsibility and Sustainability and its members on our approach to addressing modern slavery.

The International Labour Organisation estimates there are around 40 million people in modern slavery across the world today, including 13,000 in the UK. Companies have a responsibility to respect human rights, and the introduction of the UK Modern Slavery Act 2015 has focused corporate attention on the issue, requiring disclosure on the steps taken to reduce modern slavery in direct operations as well as supply chains.

In the webinar, we outlined our internal governance and framework approach to assessing risk and working with suppliers. We discussed the ways our ESG Investment team assesses the companies in which we invest and incorporates this into our research and investment processes. This issue is important to investors, not only from a regulatory perspective, but also for gaining insight into companies' culture, management and operations. Financially material insights can be gained from understanding how companies address human rights issues and operate in complex environments. Our programme of company engagement is a critical part of our research and allows us to use our influence to encourage and support companies in improving their approach.

To listen to the webinar visit: https://icrs.info/event/2018-05-01/investors-approach-tackling-modern-slavery

Mobilising capital for the SDGs through corporate SDG reporting and investment

At a conference convened by the Global Reporting Initiative, Principles for Responsible Investment and UN Global Compact, we presented on the ways in which the UN Sustainable Development Goals (SDGs) inform our ESG research.

The event was hosted by the Swedish International Development Cooperation Agency, with support from Folksam and Alecta. This was the second conference in Stockholm. It aimed to build on the previous year's discussions on sustainable development and impact by considering how corporate reporting on the SDGs can be made more relevant and useful to investors. A limited number of participants were selected to attend, including institutional investors, companies, government officials and industry bodies.

Key themes included collaborative working, including how to develop innovative structures and vehicles to link different funding sources. Many participants also stressed that, from a corporate perspective, understanding the impact on the SDGs should be core to a business's operations and strategy, instead of overly focusing on ring-fenced areas or charitable donations. In addition, many called for more forward-looking analysis and research on the part of both companies and investors, emphasising a transition to better practices and products rather than just a snapshot of the current situation. The challenges of impact measurement were raised, and attendees discussed a number of approaches currently in development.

It was reassuring to hear attendees discuss these themes, as these factors are emphasised within our own impact investment strategies. We were pleased to share our experiences and to work collaboratively with such a variety of organisations, all of which are focused on advancing progress against the SDGs.

ICGN in Milan

The International Corporate Governance Network (ICGN) is a global membership organisation, recognised for its policy work and the opportunities it provides for members to exchange views on important and emerging ESG issues. We attended the recent ICGN Annual Conference in Milan.

We participated in a panel discussion on governance at private companies. There have been concerns about the treatment of employees and pensioners at a number of private-equity owned companies that have recently gone bankrupt (e.g. BHS and Toys-R-Us). Private companies cannot escape from the wider debate about trust in business, including company culture and behaviour. Although the link between owners and shareholders is more direct at private companies, they still face many of the same governance issues as listed companies. The panel therefore debated what investors should expect by way of governance standards and practices at private companies. There are already a number of governance codes around Europe that deal specifically with private companies – a trend that looks likely to continue. Indeed, in the UK, consultation is underway on a Corporate Governance Code, which relates to large private companies. The Code is based on a number of high-level principles covering areas such as company purpose and board composition & responsibilities.

Many institutional investors and asset owners have exposure to private companies via investment as limited partners in private equity funds. We suggested that limited partners have a role to play in improving governance. For example, they could ask the general partners who run the funds about their investee companies' approaches to governance. They could also question them on wider environmental and social issues. Limited partners should also challenge the general partners to encourage portfolio companies to improve and report on their ESG practices.

"As a global investment manager and UN Global Compact signatories, we want to do all we can to help tackle human trafficking, forced labour, bonded labour and child slavery."

60% of countries worldwide have high or extreme risk of modern slavery
Modern Slavery Index 2017

40 million people estimated to be in modern slavery across the world today
International Labour Organisation

GDPR is the new standard

Cindy Rose
Head of ESG Clients and Products

Katharina Lindmeier
ESG Analyst

The General Data Protection Regulation (GDPR), which came into force in May, is European Union (EU) legislation designed to strengthen data protection and privacy for individuals.

It also affects businesses that may be headquartered outside the EU, but which operate within it. Companies operating in Europe that retain data on customers will now need to consider how they capture, retain and safeguard that data. It spotlights the idea of consent by a customer for storing their data and reinforces the idea that a person can withdraw consent and/or have their data erased.

Consequences of non-adherence?

While it is impossible to know which companies will be fined and how big penalties might be, the legislation allows for €20 million or 4% of global annual turnover per firm.

Which companies will fall victim?

All companies will be affected to a varying extent. Many large groups in the technology and communication space have already made significant investment but, as Chart 1 shows, several remain woefully unprepared, including some banks. SMEs and other groups with less expendable cash will find the new regime challenging. All companies, regardless of size, must ensure their entire supply chains are adequately covered, since data processors will be subject to the same requirements as data controllers.

Will all companies be ready in time?

Unfortunately not. Engagement with companies helps distinguish the leaders from the laggards. When a company can provide clear, concise answers as to why and how long it keeps data, where it is stored, how it is secured, and how consent and requests for erasure are monitored, then consumers can have some assurance that the company is in control. Another key to engagement is finding out how a group sees GDPR requirements in terms of other current and emerging risks and opportunities.

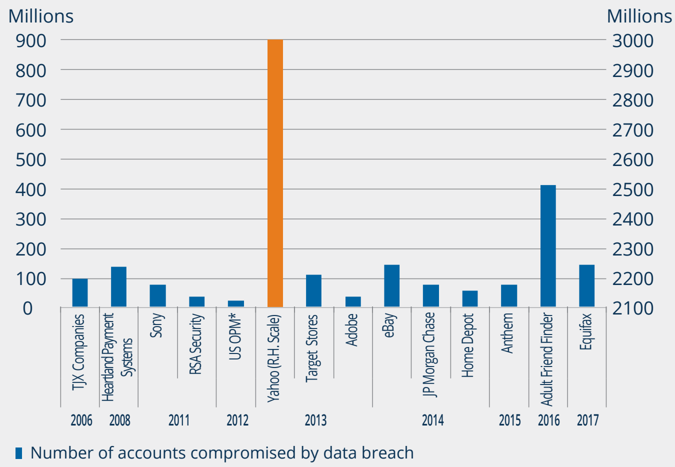
Prior to GDPR, we engaged with a number of leading companies – primarily in the technology, media and telecoms sectors – to fully understand best practice and inform our future interactions. Companies we met included Deutsche Telekom, Vodafone, BT and SAP.

While firms will need to develop their own approach to data security, there are a number of best practices to consider.

- **Accountability and ownership at board and executive level. While a chief privacy officer is now a requirement under GDPR, there should also be relevant expertise at the board level. Ideally, this should also be integrated into remuneration.**
- **Sufficient integration of data privacy, cyber security and physical security to share on improvements required.**
- **One of the biggest data security risks is through employees. On the other hand, a number of companies are starting to highlight skills gaps in data privacy and security. Businesses should provide regular training for all employees and invest in a talent pipeline to meet the increasing challenges of managing data privacy and security threats.**
- **A robust framework for detecting and dealing with data security breaches, either through internal security systems or through outsourcing to experts.**

We will continue to engage with companies on data privacy and security.

Chart 1: Yahoo on a different scale



Source: CSO (as of 2017) *OPM denotes Office of Personnel Management

"Companies operating in Europe that retain data on customers will now need to consider how they capture, retain and safeguard that data."

Only 15% of Europeans feel they have **complete control** over the **information they provide online**

European Commission

GDPR legislation allows for **€20 million** or **4%** of global annual turnover per firm **in fines.**

Thoughts from our new Head of Fixed Income ESG

Samantha Lamb
Head of Fixed Income ESG

While studying philosophy at university, I spent much of my first year in deep discussion about ethics. We started with the basics – 'Is there such a thing as right and wrong?', 'Can there be a selfless act?'

I can clearly remember at the end of my first tutorial being staggered that 12 people who all came from a relatively similar cultural background, were of a similar age, and had all chosen to study the same subject at the same university, couldn't agree on a single thing. It was also very clear that until that moment, we had all assumed the world agreed with our views – the impact of discovering this discord was therefore profound.

The notorious '80s

This experience has stood me in good stead over the course of my career in finance. When I first joined the City, there were still shadows of the 'capitalism at any cost' mentality that made the '80s an infamous decade. There were overtures that you should leave your personal beliefs at the door, as your only role was to maximise returns for investors. That said, we were still making decisions to not invest in companies. For example, we met a coal mining company that proudly told us that when someone died in its mine, it could get away with paying minimal compensation to the widow. Not only was this amoral, it also showed a company that was willing to act in bad faith.

The rise of ESG

Over time, we've become more systematic at Aberdeen Standard Investments in how we consider environmental, social and governance (ESG) risks within fixed income. So much so, that ESG is now fully integrated in our company research. Our clients have also made it clear that they are no longer focused solely on financial outcomes, with over 10% of our AUM reflecting an active ESG investment policy. Our increasing focus on both these aspects has led to the creation of my new role as Head of ESG Fixed Income. On a day-to-day basis, I remain an active global credit portfolio manager but, in addition, I have responsibility for ensuring robust and meaningful integration of ESG risks in our credit research. As part of this, I work with our ESG Investment team to identify topics of research that will bring most benefit to our clients. I am also responsible for considering fixed income ESG solutions that fit our clients' needs.

ESG and me

So, what do I believe? I believe we can expect the companies in which we invest to be good global corporate citizens and that, as large managers of capital, we may be able to influence their behaviour. However, I also know that the values and focus of our clients from many different corners of the globe can vary significantly. It is, therefore, my role to help our clients reflect their views in their investment strategies, rather than imposing what I believe is right or wrong.

"I believe that we can expect and ask the companies in which we invest to be good global corporate citizens."

When I first joined the City, there were still shadows of the 'capitalism at any cost' mentality that made the '80s an infamous decade.

Global garment supply chains – what has changed since Rana Plaza?

Katharina Lindmeier
ESG Analyst

This quarter marks five years since the collapse of the Rana Plaza building in Bangladesh, which housed a garment factory catering for many international brands, 1,134 were killed and 2,500 injured in the tragedy.

It is also the end of the original Accord on Fire and Building Safety, a legally binding agreement between unions and brands founded to bring together existing initiatives and provide independent building inspections.

On the surface, it looks like the Accord has been successful. As of December 2017, over 600 factories had completed 90% of the required renovations. The Bangladesh government also revised its Labour Act and increased the minimum wage within a year of the incident. A new Accord came into effect on 31 May 2018. Called the Transition Accord, it has a three-year term and is intended to facilitate a transition to a national regulatory body in Bangladesh.

Issues, however, remain. Working conditions have not improved significantly at factories supplying Russian and Turkish suppliers, which are not covered by the Accord and often audited by the government only. And while there has been progress in health & safety, pay and harassment remain a big issue.

The curse of 'fast fashion'

The increased demand for 'fast fashion' has led to some garment production moving closer to Europe. In particular, Turkey and Morocco have benefited from their proximity to Europe, and some garment production is even returning to the UK. Exploitation of workers is common across these supply chains. In Turkey, one of the biggest concerns is the exploitation of Syrian refugees, especially children. In the UK, textile production is subject to regulations on human trafficking and violations of minimum wage and working time.

The implications for companies

We regularly engage with companies on their supply chains and sourcing volumes. These can vary significantly, but there are some common takeaways from our research and engagement.

- **Collaboration is critical for success. Often factories produce for multiple brands, making it harder to implement lasting change without some degree of collaboration. Also, termination of contracts does not benefit workers if other brands remain willing to source from these factories.**
- **Illegal subcontracting is a huge issue, and audits are only moderately effective. A number of companies have told us that traceability is one of their biggest challenges. This does not just apply to sourcing operations in countries such as Bangladesh, but also in the UK.**
- **While a weak rule of law leads to higher risk of human rights violations, it does not mean introducing laws will stop them occurring. In the UK, wage and working time violations are common in Leicester's garment factories.**
- **While consumer awareness is rising, consumer behaviour has not changed materially. A 2014 survey of UK shoppers found that while 40% of respondents reported a change in brand perception, only a small proportion was willing to take direct action against brands.**
- **The direction of travel is difficult to assess. There is no shortage of reports predicting a shift in consumer behaviour, yet the rise in 'fast fashion' is likely to put greater pressure on the ready-made garment industry and push down prices.**

The Accord has been successful in addressing some of these challenges, but it is limited to one issue and one geographic area. It is evident that more work needs to be done; and, while consumer pressure is limited, investors have a role to play in holding investee companies to account over how they manage their supply chains. We will continue to engage with companies on how they are managing human rights risks in their supply chains.

“There is no shortage of reports predicting a shift in consumer behaviour, yet the rise in ‘fast fashion’ is likely to put greater pressure on the ready-made garment industry.”

Economic losses attributed to disasters were over **$300 bilion** in 2017

Only **45%** of the world’s population are covered by at least one social protection cash benefit

Persimmon: remuneration versus company's long-term future

Euan Stirling
Global Head of Stewardship and ESG

On 25 April, I attended the AGM of Persimmon, one of the UK's largest housebuilders. My purpose in attending was to express to the whole board our dissatisfaction with the company's remuneration plans. It was also the culmination of a lengthy process of engagement with executive and non-executive directors of the group.

In 2012, the board proposed a controversial LTIP (long-term incentive plan). This was predicated on cash generation and cash returns to shareholders, and would vest in the shares of the company awarded to company executives. The controversy lay with the potential amount of shares vesting in favour of some of the most senior executives. After much consultation, the scheme was supported by shareholders, although the level of dissent was high.

Just rewards?

In the intervening time, the housing market has enjoyed a period of stable growth that is almost unprecedented in recent history. As a result, the value of the shares awarded to the chief executive totalled around £110 million over two tranches.

We do not believe that the scheme was ever designed to generate such a windfall; however, important safeguards were missing from the scheme, hence the initial controversy.

When such large amounts began to loom on the horizon we started the process of exploring what could be done to mitigate the potential damage to the company's reputation. That resulted in the chief executive foregoing part of the award, bringing the total down to around £75 million.

Time to speak louder

While a drop in remuneration of £35 million is not to be taken lightly, we could still not reconcile the remaining award of £75 million with the performance of a senior executive at a housebuilding firm. In addition, we believed that, regardless of the furore around the excessive pay, the executive directors' insistence on receiving such a high award may be in breach of their statutory duty to act in the best interests of the company's long-term future.

We believe that shareholders have a responsibility to speak up – and loudly – on issues that go beyond corporate concerns. The scale of the payments at Persimmon is correctly a matter of public interest and threatens to further damage the reputation and credibility of the corporate sector.

"When such large amounts began to loom on the horizon we started the process of exploring what could be done to mitigate the potential damage to the company's reputation."

One-third of executive directors received annual bonuses at over 80% of the maximum opportunity*

One in five executive directors in the FTSE 350 received no salary increase*

*KPMG's Guide to Directors' Remuneration 2017

Select committees review corporate governance

Mike Everett
Governance & Stewardship Director

A number of events relating to significant companies in the UK have brought corporate governance practices to the attention of the government and at least two parliamentary select committees.

These events included:

- **governance problems at Sports Direct, which came to a head in 2016**
- **the insolvencies of British Home Stores (BHS), a privately owned UK retailer, and Carillion, the construction firm**
- **excessive executive pay, as demonstrate by UK housebuilder Persimmon.**

At Aberdeen Standard Investments, we have taken an active part in providing comment and evidence to the UK government and to select committees working in this area.

This year we provided written and verbal evidence to the joint review of the failure of Carillion by the Work and Pensions and Business, Energy and Industrial Strategy (BEIS) select committees. We provided details of our meetings with and analysis of the company from 2015 up to its failure in 2017. On 7 March 2018, Euan Stirling, Global Head of Stewardship and ESG, provided verbal evidence to the committee as part of a panel of investors. Details of our written and verbal evidence are publicly available at the links below.

https://www.parliament.uk/documents/commons-committees/work-and-pensions/Carillion/Letter-from-Standard-Life-to-the-Chairs-regarding-Carillion-2-February-2018.pdf

http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/carillion/oral/79969.html

The select committees have now issued their report on the failure of Carillion. This recognises the role of shareholders "in holding the board to account for its performance." The report is available at the link below.

https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/769/769.pdf

In April, the BEIS select committee sought evidence on executive pay arrangements in the UK, including any improvement that had occurred. This followed the publication of its report into corporate governance (April 2017) and the UK government's response to its green paper consultation on corporate governance reform. Both publications made suggestions addressing some of the issues relating to executive pay. We provided written input to the questions raised by the committee. We were subsequently asked to provide verbal evidence as part of a panel. The written and verbal evidence is available at the links below.

http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/business-energy-and-industrial-strategy-committee/corporate-governance-delivering-on-fair-pay/written/82693.html

https://parliamentlive.tv/Event/Index/2a90f475-afdf-4337-9995-126eb79e8c40

We believe it is important that companies such as ours should be involved in the development of policy and standards. This is both in respect to our clients and to Standard Life Aberdeen plc, our listed parent company. We will therefore continue to engage with the relevant entities involved in the development of policy relating to corporate governance and, particularly, compensation.

"We believe it is important for companies such as ourselves to be involved in the development of policy and standards."

61% of companies connect strategic priorities and KPIs in their strategic report but only **20%** include clear linkage to executive remuneration.*

Only **33%** of companies provide good or detailed explanations of how they work to understand shareholder's views – **down 22%** in two years.*

*Grant Thornton 2017 Corporate Governance Review

Peak voting season

Douglas Wilson
Governance & Stewardship Manager

Voting at the AGMs of our investee companies is a key element of our stewardship activities. The second quarter of the year is peak voting season in the UK, and our votes underpin much of the engagement we conduct throughout the year. The meetings provide the opportunity to hold boards to account for their actions or lend them support.

Voting on the remuneration of executives has drawn the most attention in recent years and the 2018 season has been no different. The topic continues to generate strong public opinion and political pressure on this subject in the UK, with an emphasis on curbing excessive reward.

Political interest

We gave evidence at the request of the UK Government Department for Business, Energy & Industrial Strategy Select Committee – Fair Pay Enquiry. The MPs present showed a keen interest in the issues and particularly about the differentials in pay between staff and executive directors. They showed notable interest in the role that company remuneration committees play in setting executive pay. It has long been a principle of corporate governance – enshrined in the UK Code on Corporate Governance – that remuneration committees must take into account pay and conditions outside of the boardroom when setting pay for directors. The MPs attending the session were critical that some remuneration committee chairmen appeared to pay no attention to this when setting directors pay and were ill-informed about staff pay within their own organisations and more generally.

Tracking dissent among investors

The Investment Association Public Register is now in its second year of operation. Companies that receive more than 20% dissent on any resolution will appear on the register and are expected to give an explanation of the actions they have taken to address the dissent. We have so far found the register to be a useful guide and we hope that others will be able to use it to shine a light on some of the issues and the responses made by the companies concerned.
As shareholders, we have the ability to represent our clients and influence remuneration committees when engaging on executive pay. In the lead up to the AGM season, we were consulted on pay by around 100 companies and were able to support proposals in some 90% of cases. However, we felt that the vast majority of these proposals were really companies telling us of decisions already made, as opposed to consulting us. There were only a couple of cases where we rejected the proposals. However, the companies concerned then went on to make sufficient changes, enabling us to support the proposal. This year, very few companies have actually made reductions to executive remuneration, other than the small number who have had very controversial pay outcomes in this and recent years. Examples include Reckitt Benckiser and BP. As far as we are aware, no remuneration-related resolutions were withdrawn or voted down this year – although a number of companies experienced high levels of dissent.

Gender diversity

We believe that 2018 will be the last AGM season where institutional investors will accept explanations and statements of principle regarding gender diversity from company chairmen and the chairmen of board nominations committees. In the future, companies will instead be judged on their delivery of actual improvements to the diversity of their boards. We shall support those companies that can clearly demonstrate they are on track to meet the targets set out in the Hampton-Alexander Review for 2020. We shall take voting action against companies that are not able to meet these expectations. We also believe these principles should apply to all of the UK companies in which we invest, not just the larger companies in the scope of the original review.
We continue to monitor these issues and factor them into our voting and engagement with companies as appropriate.

“We believe that 2018 will be the last AGM season where institutional investors will accept explanations and statements of principle regarding gender diversity.”

One-third of companies on the Public Register have provided a response on how shareholder concerns are being addressed.*

Almost four in the **10** resolutions on the Public Register are pay-related.*

*The Investment Association

Minimum Energy Efficiency Standards in action

Dan Grandage
Head of ESG, Real Estate

From 1 April 2018, the government's Minimum Energy Efficiency Standards (MEES) will prohibit owners from letting properties that have Energy Performance Certificate (EPC) ratings of F and G until they have improved the ratings to E or better. This requirement applies to new leases and lease renewals in England and Wales (with some exceptions).

When the new standards were proposed in the 2011 Energy Act, as a responsible global property asset manager, Aberdeen Standard Investments commissioned WSP Group to conduct EPC assessments across all assets. This helped to gain an accurate picture of the risks across our portfolios and to identify opportunities to improve EPC ratings.

Actions

The EPC review covered properties where no rating previously existed, those rated E to G, those rated prior to 2010, and those that had not been accredited by leading accreditation organisations.

For low ratings, WSP Group undertook additional modelling to provide our investment team with clear improvement actions and to signpost the aspects that would have the biggest impact on the rating. Viable energy efficiency recommendations from the EPCs have been incorporated into long-term asset management plans for each building to improve future ratings. At Aberdeen Standard Investments, we require a minimum of a B rating for new developments and target rating improvements for refurbishment works.

Benefits and financials

- **Understanding of risks: undertaking this exercise meant that all assets have a rating and we are able to understand and manage the associated risks.**
- **Reduced risks: only a small percentage of the portfolio now has an F or G rated EPC and each asset has a corresponding improvement plan in place.**
- **Accurate, high-quality EPC ratings: increasing appeal for occupiers, future proofing against the 2018 regulation, and safeguarding rental income and asset value for investors.**
- **Clear improvement plans: we have already undertaken improvement works on many of our assets to improve the ratings, which in some cases have increased by three bands.**

Occupiers

How to manage the impact of occupier fitout on EPC ratings?

The case study below demonstrates how having a clear strategy of the risks ensured that we complied with the new MEES and, at the same time, reduced energy consumption.

MEES strategy in action

Our recent experience at a mixed retail/office building in Manchester city centre has reinforced just how significant the new MEES are for asset management and leasing strategies – and how easy it could be to come unstuck.

WSP Group carried out energy surveys of the building, identifying opportunities to reduce energy consumption by 37%, saving £30,000 a year with a payback of just over two years. However, at some point several years ago, the offices had been disconnected and the chiller was now only serving the retail units.

WSP Group conducted a feasibility study, which demonstrated that a replacement chiller could be procured and installed for £80,000. The replacement of the existing chiller with a smaller, more efficient model seemed the obvious choice – but was it?

WSP Group had prepared the existing Energy Performance Certificates for the retail units. The critical finding was that with the new, smaller, more energy efficient central chiller installed, all of the retail units had EPC ratings of F or G.

The current lease being negotiated could have proceeded because MEES had not yet come into force. However, all other existing lease agreements were due to expire within 18 months, but after April 2018. Those units would potentially be unlettable unless we were successful in registering an exemption from MEES. If they could be let with an exemption would the units then be harder to let and would they command the same rental value? The 'obvious choice', an £80,000 like-for-like replacement, risked being obsolete within 12 months of installation.

We worked closely with WSP Group and the managing agents to develop an alternative strategy. The answer was to install individual DX refrigerant-based split systems for each retail unit. The capital cost required was virtually the same as for the like-for-like central chiller replacement. However, this strategy actually transferred both the capital cost for the upgrades and all ongoing liabilities associated with these systems from Aberdeen Standard Investments (as landlord) to the tenants.

In the end, the outcome worked for all parties. However, it would have been easy to have made the wrong decision, particularly with the added time pressure introduced by a lease negotiation.

"At Aberdeen Standard Investments, we have already established protocols to ensure MEES implications are considered for all building upgrades and tenant fitouts."

Globally, the built environment generates 30% of total greenhouse gas emissions and 40% of energy use.*

The minimum acceptable rating is E

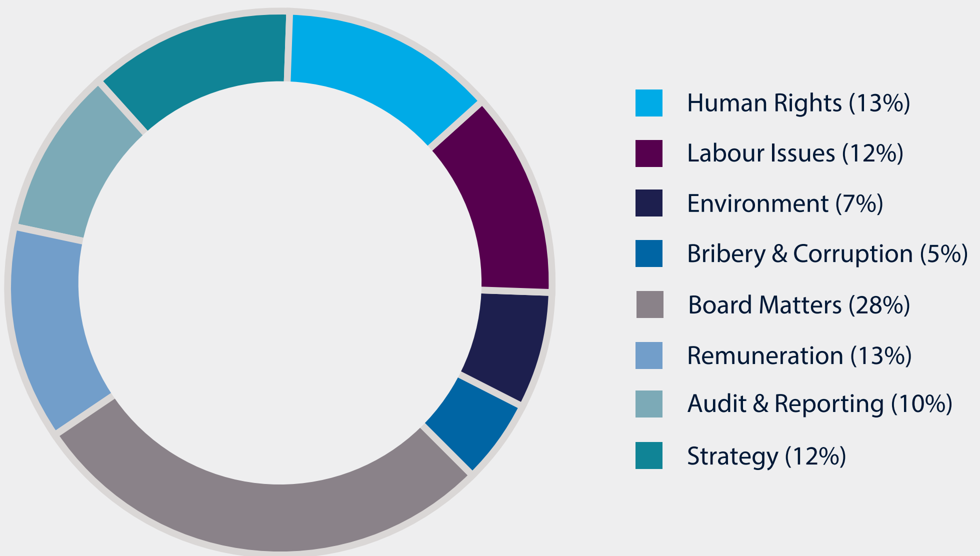
*The Chartered Institute of Building

ESG voting and engagement summary

Voting summary Q2 2018	
	Total
Shareholder meetings at which our clients' shares were voted	2,859
Percentage of meetings with at least one vote against or abstention	61%
Number of resolutions voted	35,327
Percentage of resolutions voted with management recommendations	85%
Percentage of resolutions voted against management recommendations	11%
Percentage of abstentions	4%

During the quarter Aberdeen Standard Investments met with and discussed ESG issues with over 100 companies. The chart below details the specific ESG topics discussed.

Engagement summary Q2 2018



Source: Aberdeen Standard Investments

Engagement summary Q2 2018

The table below offers examples of companies that have been engaged with and the specific ESG topics discussed.

Company	Human Rights	Labour Issues	Environment	Bribery & Corruption	Board Matters	Remuneration	Audit & Reporting	Strategy
Alkermes	●							
AmerisourceBergen	●				●			
BMW			●	●				
Centurylink					●	●	●	●
Cincinnati Bell		●		●				
CVS Health Care	●				●			
Endo Pharmaceuticals	●				●			
First Derivatives		●			●	●	●	●
First Republic Bank					●	●		
Glencore	●	●	●	●	●			
HSBC		●	●		●			
Indivior	●				●			
James Fisher & Sons					●	●	●	●
Johnson and Johnson	●				●			
Joules Group				●	●	●	●	●
Lloyds Banking Group		●		●	●			
London Stock Exchange					●			●
McDonald's		●						
Mckesson	●				●			
Morgan Sindall					●	●	●	●
National Express	●		●		●			
Next Fifteen Communications					●	●		●
Pfizer	●				●			
Polypipe					●	●	●	●
Pulte Group		●	●		●			
Sainsbury's	●	●						
Scout24		●			●	●	●	
Shell			●		●			
Telecom Plus					●	●	●	●
Tesco	●	●						
Whitbread		●						
WPP					●	●		●
YouGov					●	●	●	●
Total	**12**	**11**	**6**	**5**	**26**	**12**	**9**	**11**

We disclose our voting each month
http://www.standardlifeinvestments.com/governance_and_stewardship/what_is_corporate_governance/our_voting_records.html

Key driver

Client mandate

Key outcome

Escalation candidate

McDonald’s

Katharina Lindmeier

McDonald’s is a global fast food company. The majority of restaurants are franchised, although 5-10% are operated by McDonald’s directly.

McDonald’s has a history of labour disputes at franchised stores. Most recently, 78 charges had been filed in the US with the National Labor Relations Board (NLRB) over employees being intimidated and even dismissed over their involvement with unions and participation in the Fight for $15 campaign (a movement to gain a wage of $15/hour). While the incidents occurred at franchise partners, McDonald’s could have been held partly responsible if the NLRB had ruled it to be a Joint Employer. The case was settled out of court days before our meeting in March 2018.

In September 2017, McDonald’s workers in the UK staged their first ever strike to protest against poor pay and working conditions. Complaints included use of zero hours contracts, lack of protective equipment and allegations of management mishandling sexual assault claims. Workers were supported by the Bakers, Food & Allied Works Union, as well as Momentum, the Labour grassroots campaign group. It was reported in January 2018 that McDonald’s would introduce new pay rates that would see some employees aged 25 and over earn £10/hour, and included pay rises for younger employees.

We had previously engaged with the company on its supply chain, but sought an additional meeting to discuss the franchise structure and how it impacts McDonald’s approach to labour management, as well as these specific controversies.

During our engagement, McDonald’s confirmed that it does not consider itself responsible for how franchisees manage their workforce. While this can lead to significant differences in working conditions, the company asserted it was not aware of this creating dissent among employees, and that it is in franchisees’ interest to treat their employees well. The company also referred to its vetting process for franchisees, and that its franchise terms far exceed the average for the industry.

Discussing the specific case of the US, McDonald’s shared its view that the Joint Employer rule has been heavily politicised, and campaign groups had wanted to use McDonald’s as a high-profile case to set a new standard for franchise models. McDonald’s does not consider itself a Joint Employer, as it does not have direct control over franchisees’ operations. We asked the company whether it sees moral responsibility or a potential reputational risk from its lack of oversight of franchisees labour issues. It said it did not consider this to be a material issue that would undo work done in areas such as raw material sourcing and food safety and quality.

We recognise that the way franchisees manage their workforces is an industry-wide issue. We recommended that the company introduce a common set of employment policies that is applied across all restaurants, including franchisees. We also recommend McDonald’s distance itself more strongly from potential labour law violations by franchise partners.

> “McDonald’s shared its view that the Joint Employer rule has been heavily politicised, and campaign groups had wanted to use McDonald’s as a high-profile case”

Key driver

Internal mandate

Key outcome

On track to meet objectives

Polypipe

Deborah Gilshan

Polypipe Group is a FTSE 250 company in the construction and building materials sector. Head-quartered in Doncaster, it is one of the UK and Europe's largest and most innovative manufacturers of plastic piping and energy efficient ventilation systems for the residential, commercial, civil and infrastructure sector.

Aberdeen Standard Investments is the company's largest shareholder, owning 14% of the shares. While we are generally positive about the governance structures at the company, regular engagement with the board and management team is still a vital part of our stewardship of our clients' investment in the company. In this capacity, we have always sought to be a supportive shareholder, but challenging where necessary.

We met the chair in April 2018 and discussed a range of governance issues including culture, remuneration, board diversity, succession planning, board evaluation and audit issues. We pushed the chair to improve diversity on the board, especially with respect to gender diversity. We were pleased to see that the function of the company secretariat was brought in-house during the year under review, with the appointment of a full-time company secretary. We believe the role of the company secretary is fundamental to good governance and often acts as a conduit between the board and shareholders. It is therefore much better if the function is undertaken by a full-time employee of the company, rather than outsourced.

In May, we attended the 2018 AGM in Doncaster. Our attendance was well-received by the board, as the chair indicated that not that many institutional shareholders ever attend the company's AGM. This gave us an opportunity to meet and engage with all of the board members, as well as other management representatives present. We believe attending AGMs is a fundamental board accountability mechanism for shareholders. It is also an excellent way to improve our understanding of the dynamics of a board by observing them in the public forum. While we did not publicly comment or question the board at the AGM, it was insightful to hear the questions from retail shareholders as to their areas of concern and interest in the company and the board's response.

We supported all resolutions at the AGM. We also followed up with the chair of the remuneration committee on some aspects of their remuneration disclosures that we wanted to better understand.

After the AGM, our representative was given a tour of one of the company's plants in Doncaster by the CEO and the managing director of the facility. This provided an opportunity to learn first-hand about its operations and to get a better picture of the culture of the company. We believe it is important to visit our investee companies at their headquarters, as we seek to build a more holistic understanding of the business. It is also in recognition that a company's success is based on the contribution of all employees, not just that of the CEO and other executive board members.

Through this type of engagement with board members, attending the AGM and the tour of the company's operational plant, we gain a better understanding of the company.

"We believe the role of the company secretary is fundamental to good governance"

"Aberdeen Standard Investments has been unusual in actually initiating the dialogue on a number of occasions, not with a view to finding fault but with a view to ensuring that there is good mutual understanding about the whole breadth of issues on which we need to understand their position. It is refreshing to discuss these issues with a shareholder who takes the time and trouble to engage in a dialogue about them and it is also very helpful that their guidance tends to be pragmatic rather than dogmatic".

Ron Marsh, Board Chair for Polypipe Group Plc

Key driver

Performance-based engagement

Key outcome

Influential in achieving change

Shell

Andy Mason

Royal Dutch Shell is an international oil & gas major, with operations in various parts of the globe. During the quarter, the company was subject to a resolution requesting that it set and publish targets for reducing scope 1, 2, & 3 greenhouse gas (GHG) emissions.

We believe company disclosure is extremely important for investors and the use of KPIs by businesses not only allows investors to measure progress, but also drives company strategy to meet set goals. We had numerous discussions with those supporting the resolution and also engaged with Shell regarding its current activities and the details of the resolution.

There are obvious merits in relation to measuring a company's performance against its long-term strategy through fixed targets and KPIs linked to scope 1, 2, & 3 GHG emissions. We encouraged the company to consider KPIs linked to its scope 1&2 GHG emissions. We believe that the application of scope 1&2 GHG emissions as a ratio of energy intensity or other measure will not limit the company's exploration/extraction strategy. It will, however, create a standard that ensures all current and future projects operate at a high standard.

Ultimately, we decided not to vote in favour of the resolution as we believed it was too prescriptive, particularly in relation to its requests relating to scope 3 GHG emissions. There is no agreed method for the measurement of scope 3 GHG emissions, which can lead to double or multiple counting of emissions. This can ultimately be detrimental to the transition to a low-carbon economy. We also believed the company had taken positive steps to support the transition to a low-carbon economy, which included:

- responding to the previous resolutions linked to climate change with a more detailed climate change strategy, which was reflective of the resolution's requests
- reporting on and linking its scope 1&2 GHG emissions to executive and CEO remuneration
- carrying out in-depth research and producing its 'Sky Scenario' to measure how the Paris Climate Agreement goals, including tackling scope 3 GHG emissions, can be achieved.

This was a difficult voting choice and required in-depth analysis on both the resolution tabled and the current activities of the company. We are committed to the transition to a low carbon economy and the goals of the Paris agreement. In light of this, we joined a number of other investors with similar views and co-signed a public letter offering further details on our approach. The letter highlighted that, regardless of the support received by the resolution tabled at Shell, we strongly encourage all companies in this sector to clarify how they see their future in a low-carbon world. This should involve making concrete commitments to:

- substantially reduce carbon emissions
- assess the impact of emissions from the use of their products
- explaining how the investments they make today in energy sources and technologies are compatible and consistent with a pathway towards the Paris goal.

The letter was co-signed by a number of investors representing $10.3 trillion in assets. A full copy of the letter is available on our website. We will continue to engage with oil & gas majors to monitor and encourage support of the Paris Climate Agreement.

"This was a difficult voting choice and required in-depth analysis"

Rio Tinto

Katy Grant

Key driver

Client mandate

Key outcome

On track to meet objectives

We have engaged with Rio Tinto, the dual-listed international mining company, over the course of several years, both in relation to corporate governance and ESG risk management. Recently, we met the new chair of the company, Simon Thompson, a Rio Tinto board member since 2014.

We were encouraged to hear that the group's strategy will remain largely unaltered and that it will make positive changes with regard to the management of the board. For example, the board plans to carry out a rolling series of analyses into key product groups in place of one broad strategic review each year. This will include the integration of environmental discussions, a step which we welcome.

Health & safety was another area of discussion, particularly in relation to the group's relatively poor track record outside controlled operations. The chair explained that Rio Tinto is enhancing reporting in this area and continues to implement measures to reduce injuries over the long term, such as focusing on near-miss incidents. We will continue to monitor performance in this area.

During the quarter, we also attended the company's AGM in London, as well as the Rio Tinto Ltd AGM in Melbourne. The group emphasised its positive performance over the past year, which was driven by its 'value over volume' strategy. It also acknowledged allegations of fraud explaining that, despite these instances, Rio Tinto has a strong culture of transparency, integrity and respect. A resolution filed at the Rio Tinto Ltd AGM requesting the review of relevant industry associations on energy and climate change was raised by several attendees. Prior to the AGM, we had engaged both with Rio Tinto and the proponents of the resolution. We voted in favour of the resolution, as we believe it is beneficial to shareholders of the company in encouraging accountability. The AGMs also provided the opportunity to discuss areas such as terms of directors and gender diversity.

We continue to encourage Rio Tinto to improve its approach and reporting with regard to ESG risk management. While it is positive to note that the group sets ESG-related targets and has made strides towards some of its goals, we would welcome further disclosure on accountability for ESG, as well as further transparency on the group's risk management process.

"The group emphasised its positive performance over the past year driven by its 'value over volume' strategy"

Key driver

Client mandate

Key outcome

On track to meet objectives

Experian

Rosie French

Experian is a UK-listed consumer credit reporting agency. It collects and aggregates information on over one billion people and businesses globally.

Having written to Experian's chair at the end of last year in relation to the group's risk management effectiveness, specifically in terms of cyber security, we continued our engagement with the company during the quarter. Our focus was on the group's preparedness for GDPR, which came into force in May. We discussed the potential effects on the group's different businesses in the UK and how it is has been preparing for the new regulations over the past few years, including auditing suppliers for GDPR compliance. It was encouraging to note that data protection and security measures are well-established within the group's UK operations. Particularly significant was Experian's thorough assessment of the data protection policies and processes for all of its suppliers, whereby terminates the relationship with any supplier not meeting appropriate standards.

There is unlikely to be any material effect on revenues; however, it is probable that similar regulation will be enacted in the US, given concerns over data protection stemming from the Facebook/Cambridge Analytica allegations. We encouraged the group to take a proactive approach to considering data protection and security in all regions, particularly the US, given the likely direction of legislation there. The group provided assurance that it has well-established legal teams in this market and we would expect a proactive approach from Experian in this area given the group's experience with GDPR in the UK.

We welcome steps that the company has taken to ensure that it has accountability frameworks in place and to maintain strong relationships with regulators and politicians. Experian explained that it does not anticipate future further costs in relation to GDPR and emphasised its adherence to laws applicable in each region in which it operates.

We continue to take a positive view on the way in which Experian manages its material ESG risks and welcome the open approach with which the group has taken on board our comments and feedback, notably in relation to increasing board-level involvement regarding cybersecurity policies and practices. We will continue our engagement with the group in order to ensure that our views are reflected and that meaningful improvements are implemented over time.

"We continue to take a positive view on the way in which Experian manages its material ESG risks"

Key driver

Client mandate

Key outcome

On track to meet objectives

Standard Chartered

Rosie French

As part of our involvement with PRI's cyber engagement group, we participated in a collaborative engagement with Standard Chartered, an international banking firm operating principally in Asia, Africa and the Middle East.

Our involvement with the group during recent years has been extensive and has included in-depth discussions in areas such as targets for remuneration and financial crime risks. By taking part in the cyber engagement group, we have been able to gain a greater understanding of the wide-ranging effects of cyber security for many different companies across the sectors. We also had the opportunity to join with other stakeholders in engaging directly with companies to encourage improvements.

With regards to Standard Chartered, we met with the chief information security officer and gained insight into many areas of cyber security. This included training of both employees and clients, skills at the board level, risk appetite and business continuity planning. We also welcomed detail on how the group is using opportunities from cyber security and from technology more generally. By demonstrating leadership in cyber security, Standard Chartered can be recognised as a leader in improving customer trust, particularly in emerging markets where progress has typically been slower. Furthermore, technology is viewed by the group as an enabler of middle- and back-office operational improvements, as exemplified by the launch of digital-only bank platforms that have the potential to be rolled out across markets.

Following the engagement, and as part of the collaboration with the PRI, we wrote to the company to provide our feedback and suggest areas for improvement. We communicated that Standard Chartered appears to be taking a market-leading position on managing cyber risk, but explained that we would encourage increased disclosure on employee training, as well as the adoption and disclosure of a specific cyber-risk KPI.

We will continue to monitor the group's progress across its ESG risk exposures and will maintain our focus on collaborative engagement. This will ensure that cyber security risk in particular is well managed and an integrated part of company strategy.

"Standard Chartered appears to be taking a market-leading position on managing cyber risk"

Key driver

Client mandate

Key outcome

On track to meet objectives

“We believe Microsoft’s approach to ESG is impressive – a stance bolstered by our ongoing engagements”

Microsoft

Fionna Ross

During the quarter, we continued our engagement with Microsoft. This US information technology firm develops, licenses and supports software products, services and devices worldwide.

Discussion focused on the group’s approach to supply chain management, including due diligence measures, verification of data and Microsoft’s partnership with Pact, an international development organisation, in relation to addressing child labour issues in the Democratic Republic of Congo (DRC).

We were encouraged by the reassurance that the group was able to provide of the work it is doing to tackle these issues in the mining industry. Microsoft’s collaboration with Pact has allowed it to address the root causes of child labour in the mining supply chain and to establish long-term projects with the aim of stopping the problem at its source. It is positive to note that the group is tackling the issue, which represents potentially material social and reputational risks to the company, head-on by going straight to the mines – both large scale and artisan – to address it at the core.

We also discussed the group’s supply chain policy, following criticism that it does not have a dedicated cobalt policy. Indeed, in previous conversations with Microsoft, we encouraged the company to make better reference to cobalt in its mineral policy. However, we were reassured by the group’s holistic approach to supply chain management, which means that Microsoft applies consistent principles across its entire materials supply chain. We commend the group’s linking of individual projects to risk assessments so that it is able to focus on its most material issues. We are also cognisant that issues prominent in the cobalt industry (child labour and poor working conditions) are not unique to cobalt, just as issues highlighted in the DRC are not unique to that country. This emphasises the value of the group’s holistic approach.

The group also outlined its work with industry partners to validate the information that it collects. We welcome this verification of data and are supportive of Microsoft’s continuing efforts to increase the transparency of its reporting. In addition, the group is part of the Initiative for Responsible Mining Assurance. This is a multi-sector-led effort, established to certify social and environmental performance at industrial-scale mine sites globally. As investors, we have a role to play in raising this initiative to the attention of our other relevant holdings in order to encourage what is set to become a standardised quality assurance certification for miners.

We believe Microsoft’s approach to ESG is impressive – a stance bolstered by our ongoing engagements. The company takes a holistic approach to risk management, fully integrates ESG considerations into its business strategy and demonstrates that materiality is a core driver of processes and decision-making. We will continue to engage with the group on its material risk areas and to encourage further improvements.

Key driver

Client mandate

Key outcome

On track to meet objectives

Equifax

Fionna Ross

In April, with GDPR fast approaching, we engaged with Equifax, the US information management, transaction processing, direct marketing, and customer relationship management firm.

Discussion focused on how the group expects to be affected by the regulation and how it has prepared, particularly in light of the potential severe fines for non-compliance.

We were encouraged to hear that the actual impact of GDPR appears to be relatively muted for Equifax. The biggest effect will be in relation to the group's UK consumer business, where it will be required to reduce bundle fees. This is because the charging of consumers for credit files will no longer be permitted. As Equifax has been in constant and active dialogue with regulators in the run up to GDPR, the group is comfortable about managing its compliance and, as such, has not factored in any reserves to cover potential violations.

We also sought clarity on the changes that the group has implemented following its 2017 cyber breach. There have been several personnel changes, including the replacement of the former chief information security officer and the chief technology officer. Key learnings from the breach largely centred around an increased awareness of the vulnerabilities of cyber tools, in response to which Equifax has been both layering some of its cyber applications and simplifying its IT infrastructure. We remain alert to the fact that cyber security is one of the fastest-growing costs for the industry as a whole.

Our meeting with the company also provided the opportunity for us to provide feedback on Equifax's Enterprise Risk Management (ERM). It is positive to note that the group has plans to increase transparency in this area; however, it is faced by the challenge of balancing increased disclosure and avoiding the provision of detail that could be used by criminals. We volunteered to send the group some feedback on best practices in this area and will monitor future progress.

Clearly, data privacy and security breaches represent key areas of risk for Equifax. However, the group's collaborative approach with peers, as well as its robust cyber governance structure, suggest that it is managing these risks well. We will continue to encourage further transparency on the group's ERM and approach to cyber security. We will also support the group's efforts to drive risk-management integration, including for remuneration decisions.

"We remain alert to the fact that cyber security is one of the fastest-growing costs for the industry"

Key driver

Client mandate

Key outcome

On track to meet objectives

Grasim Industries

Jerry Goh

Grasim Industries is an Indian-domiciled holding company with operations in viscose staple fibre, wood pulp, cement, chemicals and textiles, among others.

We discussed the pollution generated from its viscose staple fibre, as well as its ambitions to achieve higher sustainability standards. We also spoke about its plans to retrofit some of its plants in order to reduce sulphur emissions. As there is no disclosure on current emissions and effluence, we requested the relevant data and asked the company for greater transparency.

Given its size, carbon emissions are a significant issue for Grasim's cement company, Aditya Birla. It also faces other challenges: in keeping with the Paris Climate Agreement, India has committed to change industry energy mix to 40% renewables by 2030 and to reduce greenhouse gas emission intensity by 35%. The company has four key actions to reduce emissions in its cement business: clinker substitution; alternative fuel and increased biomass use; waste heat recovery; and minimising its electricity consumption by switching to renewable energy sources. We raised our concerns about production capacity expansion, which could lead to increased emissions. This, in turn, would increase the cost of upgrading its assets in order to reduce carbon intensity.

With regards to other emissions and effluence, Grasim meets most of the requirements set by regulators, with a few exceptions – sulphur-to-air emissions, zinc effluence, and chemical oxygen demand effluence. It has also referred to EU Eco Label standards as benchmarked accreditation. The targets are in place to meet these improvements by 2022. For waste effluence more generally, the standards require tracking of numerous undesirable compounds in the manufacturing process. The company failed to meet international standards on zinc and chemical oxygen demand. It is seeking to address this. However, the company does meet all local standards. Grasim is also looking for suitable third-parties to audit its environmental data and has set a target date of March 2020.

Grasim Industries is also exposed to water risks, primarily through its textile, pulp and fibre businesses. Water risks are inherent throughout India, with a large proportion of the population reliant on the seasonal monsoons for their water. Preparation is key, because production plans and factory operations can be affected by water shortages, resulting in significant knock-on costs. The company's current strategy, which has been in place for around 12 months, is to conduct horizon scanning and hydrology studies beneath it plants to determine which locations are at risk. This allows managers to conduct scenario planning and to change production volumes, upgrade technology, or change plant location if necessary.

While we acknowledged that some of these revelations were positive and a step in the right direction, we encouraged the company to disclose these initiatives in its upcoming reporting. This would reassure stakeholders of the company's intentions and highlight that it is seeking to address their concerns. We will continue to monitor and engage with the company on these issues and ensure accountability.

"We encouraged the company to disclose its initiatives in its upcoming reporting"

Key driver

Client mandate

Key outcome

On track to meet objectives

“The meeting did give us more comfort on the company’s anti-corruption framework and practices”

China Mobile

Jerry Goh

We spoke with China Mobile, an investment holding company principally engaged in telecommunications and related businesses.

We discussed the company’s management of key issues, such as corruption, data protection, labour management, managing energy efficiencies, board renewal, and capital return. Previously, China Mobile had been viewed unfavourably with respect to ESG issues, particularly by third-party data providers. As such, we were positively surprised in terms of some of the progress it had made, particularly around addressing its material risks. The company did experience a corruption incident several years ago and its general lack of disclosure on specific anti bribery and corruption policies has not helped its reputation. We also identified several points where we felt the company underperformed, including data protection and labour management.

On corruption and supply chain management, China Mobile has overseen improvements in processes and controls. However, the legacy incident remains fresh in the minds of some. Nonetheless, China Mobile has been reducing risk exposure. The chairman and key managers regularly communicate the company’s anti-corruption stance to subsidiary level, while top managers and employees must participate in anti-corruption training. As such, 90% of the workforce now takes part in training.

Whistleblowing systems are also now established and the company has seen increased usage by both its staff and external organisations. Suppliers undergo thorough audit checks, although this is not being disclosed. We therefore encouraged the company to be more transparent on the issue.

Cyber security is another key area for China Mobile, given the significance of the risk. As such, this is clearly disclosed in the company’s reporting. Encouragingly, the information security department reports directly to the CEO and there is acknowledgement as to the fast-changing nature of technology and the importance of being up-to-speed on this topic.

Overall, the meeting did give us more comfort on the company’s anti-corruption framework and practices. It also appears that the culture within China Mobile has improved substantially. We followed up the meeting with a written request for better general disclosures, clearer targets, and a request for the company to take part in specific anti-corruption initiatives, such as participation in the World Economic Forum PACI and Transparency International’s Business Principles for Countering Bribery. We will continue to engage with China Mobile and encourage ongoing improvement.

Important Information

Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results.

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