

## Statement of Commitment and Compliance

Standard Life Investments is a signatory to the European SRI Transparency Guidelines, which reflects our commitment to promote increased accountability to consumers. A discussion of the history of these Guidelines can be found at [http://www.eurosif.org/publications/european\\_sri\\_transparency\\_guidelines](http://www.eurosif.org/publications/european_sri_transparency_guidelines). This is our fourth statement in accordance with the Guidelines. Our disclosure statement below responds to each of the Guidelines categories or indicates why we are unable to do so.



		UK Ethical Fund	Life Ethical Fund	Pension Ethical Fund	Ethical Corporate Bond Fund	European Ethical Equity Fund
<b>1</b>	<b>Signatories should be clear about who they are and provide background information on the fund, and the fund manager.</b>					
1a	Provide the name of the fund(s) and Fund manager to which these guidelines apply.	Fund Name: UK Ethical Fund  Fund Manager: Standard Life Investments Ltd  Managed by: Lesley Duncan	Fund Name: Life Ethical Fund  Fund Manager: Standard Life Investments Ltd  Managed by: Lesley Duncan	Fund Name: Pension Ethical Fund  Fund Manager: Standard Life Investments Ltd  Managed by: Euan Baird	Fund Name: Ethical Corporate Bond Fund  Fund Manager: Standard Life Investments Ltd  Managed by: Andrew Sutherland	Fund Name: European Ethical Equity Fund  Fund Manager: Standard Life Investments Ltd  Managed by: Chris Haimendorf
1b	Provide contact details for further information regarding the funds.	<a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a> or call Investment Marketline on 0845 60 60 062	<a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a> or call Investment Marketline on 0845 60 60 062	<a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a> or call Investment Marketline on 0845 60 60 062	<a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a> or call Investment Marketline on 0845 60 60 062	<a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a> or call Investment Marketline on 0845 60 60 062
1c	What is the size of the fund? (in euros at a specified date).	£99.11m (€109.17m) as at 1 December 2009	£56.27m (€61.99m) as at 1 December 2009	£316.22m (€348.35m) as at 1 December 2009	£91.95m (€101.29m) as at 1 December 2009	£40.70m (€44.83m) as at 1 December 2009
1d	Where can financial performance history data about the fund be found?	Financial performance history data can be found under OEICs in Literature at <a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a>	Financial performance history data can be found under Life Investment Funds in Literature at <a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a>	Financial performance history data can be found under Retail Pooled Pension Funds in Literature at <a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a>	Financial performance history data can be found under OEICs in Literature at <a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a>	Financial performance history data can be found under OEICs in Literature at <a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a>

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		UK Ethical Fund	Life Ethical Fund	Pension Ethical Fund	Ethical Corporate Bond Fund	European Ethical Equity Fund
1e	Provide details of the content, frequency and means of communicating information to investors	<p>For each of the funds, information is available in the following formats:</p> <p>Annual newsletter – includes results of investor research and any changes to our ethical policy.</p> <p>Quarterly report – includes Composition of Portfolio, Top Ten Holdings, Investment Review and Outlook and Performance Commentary. Available to view on <a href="http://www.standardlifeinvestments.co.uk">www.standardlifeinvestments.co.uk</a>.</p> <p>Fund factsheets - available monthly.</p> <p>In addition, a bi-annual report is also available for the UK Ethical Fund – it includes a report on the work of the Ethical Committee.</p>				

## SRI Investment Criteria

2	<b>Signatories should be clear about their purpose and investment criteria.</b>					
2a	How does this fund define SRI?	The funds do not define SRI. For Standard Life Investments' Statement of Principles and Policies on Socially Responsible Investment, see <a href="http://www.standardlifeinvestments.com">www.standardlifeinvestments.com</a> .				
2b	What are the SRI investment criteria of the fund?	<p><b>Negative Criteria</b></p> <p>In identifying companies that have a harmful effect on the environment and its inhabitants, our ethical funds look at company policies and practices in the following areas:</p> <p><b>Environmental damage and pollution, including:</b></p> <ul style="list-style-type: none"> <li>▶ companies that do not adequately address climate change</li> <li>▶ environmental pollution (UK Only) companies convicted of a pollution offence under the Environmental Protection Act or the Radioactive Substances Act in the last three years covered are excluded</li> <li>▶ companies that manufacture or supply ozone-depleting chemicals</li> <li>▶ companies that manufacture pesticide products</li> <li>▶ chemical manufacturers that are not addressing issues of chemical safety and sustainability</li> <li>▶ airline companies are excluded from our funds</li> </ul> <p><b>High Conservation Value forests</b></p> <p>We exclude from our funds companies involved in the extraction, processing, use or retail of timber from High Conservation Value forests.</p> <p><b>Marketing breast milk substitutes</b></p> <p>The funds will avoid companies that market breast milk substitutes but do not commit to adopting the Code of Marketing Breast Milk Substitutes.</p> <p><b>Testing products on animals</b></p> <p>The funds will not invest in companies that manufacture products or ingredients that have been tested on animals, either by the companies themselves or their suppliers.</p>				

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2b	What are the SRI investment criteria of the fund?	<p><b>Genetic engineering</b> We will not invest in companies that carry out genetic engineering of crops or genetic engineering of animals.</p> <p><b>Intensive farming</b> The funds will avoid investment in companies that use intensive farming methods and own or operate fish farms.</p> <p><b>Fur</b> Our funds will not invest in companies that sell fur products.</p> <p><b>Companies that operate in countries that violate the political and civil rights of their people, unless the companies' policies address human rights</b> We will avoid companies that operate in two or more countries rated poorly by Freedom House, an organisation based in the United States that monitors human rights worldwide, and The Observer Human Rights Index, unless the companies have policies on human rights.</p> <p><b>Pornography</b> Companies that derive more than 3% of turnover from publishing or distributing pornographic magazines or newspapers (UK only) or adult entertainment services are avoided.</p> <p><b>Production or sale of weapons</b> We will exclude companies that produce or sell weapons, including nuclear weapons.</p> <p><b>Processing of nuclear power</b> Under this criterion companies that own or operate nuclear power stations will be avoided.</p> <p><b>Alcohol production</b> Our funds will not invest in companies that derive 10% or more of their turnover from alcohol production.</p> <p><b>Tobacco production</b> The funds will avoid investment in companies that manufacture tobacco products.</p> <p><b>Involvement in gambling</b> We will exclude companies that derive 10% or more in turnover from involvement in gambling.</p> <p><b>The positive criteria</b> - identifying those companies to invest in</p> <p>We also use positive screening, where we favour companies that are involved in activities that benefit the environment or society, such as developing renewable technology or providing good employee training and development opportunities.</p> <p>In identifying companies that are regarded as having a positive effect on society and the environment, our ethical funds look at whether companies:</p> <p><b>Make a positive contribution to the environment</b> For example, if they publish an environmental policy or statement or produce an environmental report. If they produce environmental technologies, technologies associated with pollution control and conservation of natural resources. Or if they develop or use renewable energy, for instance, solar, wind and wave energy.</p> <p><b>Promote sound employment practices</b> For example, if they have good policies and practices on equal opportunities and diversity. Or have a positive policy on training and education, with an active approach to employees' training and development needs. In terms of health and safety, they may provide clear evidence of health and safety systems or a good track record on health and safety issues.</p>
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2b	What are the SRI investment criteria of the fund?	<p><b>Promote products and services that benefit the environment or human life</b> Companies that provide environmental products and services of benefit to the community or life-saving and life-enhancing products such as medicines and safety equipment.</p> <p><b>Donate to charities or are strongly involved in the community</b> Companies that demonstrate clear evidence of commitment to community or charitable work, including employee secondment schemes, or make gifts in kind to the community.</p> <p><b>Have clear policies and procedures on bribery and corruption</b> Companies that instruct their employees not to support or permit any corrupt practices, such as bribery, in their work for the company.</p> <p><b>Have a policy that encourages good principles of business behaviour and ethics</b> Companies that have adopted a code which encourages employees to follow principles of good business behaviour. This should be published and distributed to all employees and, ideally, to groups outside of the company.</p>
2c	How are the SRI criteria defined, how frequently and by whom are the criteria reviewed?	<p>The criteria for the funds were originally established after consultation with 1000 existing clients and 1000 Independent Financial Advisers, and reference to the research provided by Ethical Investment Research services (EIRIS) Ltd, an independent research agency.</p> <p>The Ethical Committee reviews the criteria annually, when the results of our annual survey of the funds' investors are presented, and at other times when the SRI team has brought issues to its attention, such as when EIRIS has changed the criteria it makes available to clients.</p>
2d	How are criteria changes communicated to investors?	Criteria changes are communicated to investors in our annual newsletter.
Research Process		
3	<b>Signatories should provide information on their research process</b>	
3a	Describe your SRI research methodology and process.	<p>Standard Life Investments uses research provided by EIRIS to determine whether a company complies with the requirements of our Ethical Policy. We use the EIRIS web-based database system (Ethical Portfolio Manager) to give every company in the investment universe a rating of acceptable, unacceptable or preferred. Companies are rated acceptable if they pass the negative criteria stated in the Ethical Policy. If they are also involved in a number of activities outlined in the positive section of the Ethical Policy, they are rated preferred. These ratings are added to the investment matrix used by fund managers in making investment decisions using normal investment criteria.</p> <p>Our use of EIRIS to screen companies is supplemented by our SRI team, which seeks confirmation of information from individual companies when questions arise. In addition, from time to time we consider investment in companies not covered by EIRIS, and our SRI team contacts the companies to determine whether they comply with the requirements of our Ethical Policy.</p>
3b	Does the fund manager use an in-house research team and / or an external research team? Please explain.	We use the research provided by EIRIS, supplemented by our SRI team, as described above.

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Research Process		
3d	Signatories should provide information on their research process	
3e	Describe your SRI research methodology and process.	<p>Standard Life Investments uses research provided by EIRIS to determine whether a company complies with the requirements of our Ethical Policy. We use the EIRIS web-based database system (Ethical Portfolio Manager) to give every company in the investment universe a rating of acceptable, unacceptable or preferred. Companies are rated acceptable if they pass the negative criteria stated in the Ethical Policy. If they are also involved in a number of activities outlined in the positive section of the Ethical Policy, they are rated preferred. These ratings are added to the investment matrix used by fund managers in making investment decisions using normal investment criteria.</p> <p>Our use of EIRIS to screen companies is supplemented by our SRI team, which seeks confirmation of information from individual companies when questions arise. In addition, from time to time we consider investment in companies not covered by EIRIS, and our SRI team contacts the companies to determine whether they comply with the requirements of our Ethical Policy.</p>
3f	Does the fund manager use an in-house research team and / or an external research team? Please explain.	We use the research provided by EIRIS, supplemented by our SRI team, as described above.
3g	What research findings are disclosed to the public? How?	We disclose some internal research results to clients making inquiries, but our contract with EIRIS prohibits us from disclosing EIRIS research to the general public.
Evaluation and Implementation		
4	<b>Signatories should provide information on how the research is used to build and maintain their portfolio.</b>	
4a	How are the results of research integrated into the investment process, including selection and approval of companies for investment?	The results of our research process using the EIRIS web-based database system are company ratings that are added to the investment matrix used by the fund managers in making investment decisions using normal investment criteria.
4b	What internal or external measures are in place to ensure portfolio holdings comply with SRI investment criteria?	We update company ratings monthly and check to ensure that portfolio holdings continue to comply with the Ethical Policy. If a company has moved from an acceptable or preferred rating to an unacceptable, our SRI team contacts the company to confirm the accuracy of the information on which the new rating is based. The company is informed that if the information is accurate, and if the company intends to continue the noncompliant activity, the holding will be sold within a reasonable time. External control is exercised by the Ethical Committee, comprised of senior managers of Standard Life and investors in the ethical funds, which reviews the funds' holdings biannually to ensure that all companies meet the requirements of the Ethical Policy.
4c	What is the policy and procedure for disinvestments on SRI grounds?	The Ethical Committee reviews each fund's holdings and their ratings biannually and discusses any holding that has an unacceptable rating. This may happen when, for example, a merger or acquisition occurs. In general, a holding is sold as soon as its rating moves to unacceptable. From time to time, however, the Ethical Committee will permit the funds to continue to hold a stock if the company has confirmed it is taking steps to end the activity that violates the Ethical Policy. In such cases the Committee monitors the company and, if action is not taken within a reasonable time, will decide that the holding should be sold. Standard Life Investments is consistent in applying its ethical criteria to stock selection.

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## Evaluation and Implementation

4d	Are investors informed about disinvestments on SRI grounds? If yes, how frequently and by what means?	We do not regularly inform investors about disinvestments on SRI grounds.
4e	Does the fund manager inform companies of portfolio exclusions or disinvestments due to non-compliance with its SRI policy and criteria?	When a company moves from an acceptable or preferred rating to an unacceptable, our SRI team contacts the company to confirm the accuracy of the information on which the new rating is based. The company is informed that if the information is accurate, and if the company intends to continue the noncompliant activity, the holding will be sold within a reasonable time.
Additional	To what extent do any results of engagement activities feed into company selection?	We conduct regular and systematic engagement with companies. Information and insights gained from such meetings are one of the inputs into our investment process.

## Engagement approach

5	Signatories should explain their approach to engagement if the fund has such a policy.	
5a	What are the aims of the engagement policy?	We seek to use our influence to encourage best practice standards on environmental, social, and governance issues at the companies in which we invest with a view to protecting and enhancing the value of the investments held on behalf of our clients.
5b	How does the fund prioritise which companies it will engage with?	Engagement with the following companies is prioritised: companies in high environmental impact sectors who are identified as below industry standards; companies in which we have large holdings; companies involved in serious or high-profile incidents.
5c	Who undertakes engagement on behalf of the fund?	Our Corporate Governance and SRI teams undertake engagement on behalf of all of our investment funds. In addition, when appropriate, fund managers and our chief executive are involved in engagement.
5d	What methods of engagement are employed?	Our Corporate Governance and SRI teams meet, speak, and write regularly to companies and provide them with written guidelines setting out our expectations.
5e	How is the effectiveness of engagement activity monitored / addressed?	We monitor whether companies agree to review and consider our views and whether there is a change in policy, practice or reporting.
5f	What further steps, if any, are taken if engagement is considered unsuccessful?	If engagement indicates that a company fails our Ethical Policy and does not aim to change the noncompliant activity, the holding will be sold.
5g	How and how frequently are engagement activities communicated to investors and other stakeholders?	We do not regularly report on engagement activities to our ethical fund investors or other stakeholders. From time to time we discuss our engagement activities with individual investors who have made inquiries about holdings in particular companies.

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Voting Policy		
6	Signatories should make clear their policies on voting.	
6a	Does the fund have a voting policy? If so, what is it?	The funds' voting policy is described in our UK Corporate Governance Guidelines, which can be viewed at <a href="http://www.standardlifeinvestments.com">www.standardlifeinvestments.com</a> .
6b	Does the fund disclose its voting practices and reasoning for decisions? If so, where can this information be found?	Details of voting activity are provided in the Long Form Annual and Semi Annual Report and Accounts for our UK (OEIC) Ethical Fund. In addition, we publish a voting disclosure report at <a href="http://www.standardlifeinvestments.com">www.standardlifeinvestments.com</a> which discloses monthly in arrears when we have voted against or abstained on a particular resolution and includes a brief explanation where we did not support management recommendations.
6c	Does the fund sponsor / co-sponsor shareholder resolutions?	The funds have not previously sponsored or co-sponsored shareholder resolutions.
Periodical Activities		
7	Signatories should periodically disclose information about their activities. This should be done at least on an annual basis.	
7a	List the fund holdings at a specified date within the last six months.	A list of the fund holdings is provided in the Long Form Annual and Semi Annual Report and Accounts for the UK (OEIC) Ethical Fund, a copy of which can be obtained upon request. Details for the European Ethical Equity Fund will be available in the same format in the report for SLIC II.  For the other funds, a list of holdings can be obtained upon request.
7b	What engagement activity has been carried out on behalf of the fund during the past year?	Our engagement activities are generally carried out on behalf of all of our funds. Our engagement over the last year has included discussions with companies on environmental performance, human rights and sustainable timber production.
7c	What voting actions occurred that were related to the SRI fund criteria?	The voting record is disclosed quarterly in arrears on our website at: <a href="http://www.standardlifeinvestments.com/corporate_governance_and_socially_responsible_investing/what_is_corporate_governance/our_voting_records.html">http://www.standardlifeinvestments.com/corporate_governance_and_socially_responsible_investing/what_is_corporate_governance/our_voting_records.html</a>
Additional	What disinvestments occurred in the past year related to the SRI fund criteria?	We do not currently disclose this information.
Additional	What is the amount of donations and % of management fees that the fund gave to charities this past year?	The funds do not make donations to charities.

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## Definitions of key terms used in the guidelines

Term	Definition
Disinvestments	Companies that are sold from the fund portfolio.
Engagement	A long-term process of dialogue with companies which seeks to influence company behaviour in relation to their social, ethical and environmental practices.
Exclusion	The exclusion of sectors or companies from a fund if involved in certain activities based on specific SRI fund criteria (e.g. no tobacco or no animal testing).
Fund(s)	A legal entity, the purpose of which is solely the acquisition of portfolio investments. This also includes compartments and sub-funds.
Fund Manager	The entity responsible for overall management of the fund.
Fund Purpose	The spirit and overall focus of the fund, but not the investment criteria employed.
Holdings	Equities and/or bonds of companies that collectively comprise the fund portfolio.
Portfolio	A collection of investments managed by the fund manager.
Signatories	Fund(s) and/or fund manager that commits to disclose SRI information in line with the Guidelines.
SRI Investment Criteria	The principle or standard of judgement used to determine what the fund can and cannot invest in from a social, ethical or environmental (SEE) perspective.
Voting Policy	Policy of a fund to exercise its voting rights as investors to influence company behaviour.



The European SRI Transparency logo signifies that Standard Life Investments commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the socially responsible investment (SRI) policies and practices relating to the Fund. Detailed information about the European SRI Transparency Guidelines can be found on [www.eurosif.org](http://www.eurosif.org), and information of the SRI policies and practices of Standard Life Investments can be found at [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com). The Transparency Guidelines are managed by Eurosif, an independent organisation. The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual.

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. Calls may be monitored and/or recorded to protect both you and us and help with our training.

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