



STANDARD LIFE



Standard Life Financial Inc.

# 2010 Public Accountability Statement



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Standard Life's 2010 Public Accountability Statement was produced and is filed as the consolidated public accountability statement required for Standard Life Financial Inc. and its main affiliated companies, including:

- The Standard Life Assurance Company of Canada
- Standard Life Investments Inc.
- Standard Life Trust Company
- Standard Life Mutual Funds Ltd.
- Standard Life Assurance Company Bermuda Limited

All figures in this report are in Canadian dollars. This Public Accountability Statement is for the fiscal year of January 1 to December 31, 2010.

# Our global approach to sustainability

Standard Life is a leading provider of long-term savings and investment solutions based in Edinburgh, Scotland, with more than 6 million customers worldwide. In Canada, Standard Life has about 2,000 employees and provides long-term savings, investment and insurance solutions to more than 1.4 million Canadians, including group benefit and retirement plan members.

In 2010, Standard Life has developed a new sustainable business strategy. It builds on what we've already achieved and ties our responsibilities to our customers, shareholders, people and communities more closely to our long-term business objectives.

*“We’ve been in business for over 175 years in Canada. Focusing on the long-term comes naturally. Acting with integrity, being a responsible business, playing an important role in the community are all fundamental parts of how we do business.”*



Joseph Iannicelli, President and Chief Executive Officer  
The Standard Life Assurance Company of Canada

## Listening and responding to customers

We want our customers to be our greatest supporters, so we aim to listen more closely to what they tell us and place them at the heart of our sustainable business strategy.

### Putting customers first

By working more closely with the people who save and invest with us, we hope to understand what's important to them, respond effectively to their needs and strengthen our relationships with them.

### Responding to feedback

Our 2010 research activities helped us better understand our customers' needs and expectations. Their valuable feedback helps us stay in tune with a constantly evolving market. Based on our findings, we aim to improve our services and introduce new products.

A survey conducted for us by Ipsos Reid indicates that group retirement statements are not widely understood. It also reveals that 72% of plan members surveyed believe their statement contains insufficient information upon which to base a change in their retirement planning.

Following these key findings, Standard Life launched a series of three short videos available on YouTube to help people better understand their workplace retirement statement. These videos can be viewed by our clients and by all Canadians on the company's YouTube channel at [www.youtube.com/StandardLifeCA](http://www.youtube.com/StandardLifeCA).



The "How to read your group retirement statement, in plain English" series of videos is available on YouTube. They focus on the three key questions that Standard Life believes are fundamental for evaluating one's financial situation correctly: How am I doing? Am I on track? What could I do to reach my retirement goals?

# Listening and responding to customers

## Customer satisfaction

In order to quickly figure out where we could do better, we like to keep a close eye on our relationships with our customers. Dealing with customer complaints fairly, swiftly and effectively is extremely important to us and helps us build trust and improve our services. In 2010, we received 78 complaints, down from 85 in 2009.

## Envionics' 2010 Advisor Perception Study

*“The quality of service our wholesalers offer to advisors is crucial in our business. It’s important for us to make it easy for them to work with Standard Life and to simplify their job so they can spend more time growing their business. We value advisors’ opinions and their confidence in our teams. We will continue our work to maintain and increase their trust, respect and business.”*

Mick Kelly, Vice-President, Sales, Retail Markets, Standard Life

Standard Life Mutual Funds Ltd. was recognized by the industry in the Envionics' 2010 Advisor Perception Study.

Conducted by Envionics for the past ten years, the Advisor Perception Study provides a look at how mutual fund companies are performing at the brand level from the personal financial advisor's point of view. Headquartered in Toronto, Envionics is one of Canada's leading marketing and social survey research consultancies with a reputation for integrity, accuracy and insight.

# Operating and growing responsibly

Your guide to the  
**Code of  
business  
conduct**  
at Standard Life



To us, operating and growing our business responsibly means primarily maintaining strong corporate governance, making sure we promote the highest standard of integrity and managing risk effectively.

## **Corporate governance**

We strongly believe good corporate governance is especially essential to maintaining our reputation for integrity and the confidence of our shareholders, clients and partners.

## **Code of business conduct**

We are committed to conducting business in accordance with the highest level of legal and ethical standards. Our Code of business conduct applies to all members of our organization who, guided by its principles, continue to earn the trust and confidence of clients and the public at large.

Every year, we require employees to complete online training and make a formal declaration to observe the Code of business conduct. This is our way of ensuring that all our people respect our commitment to uphold the highest standard of integrity.

## **Managing risk**

We have a dedicated Canadian Risk Management team that measures and monitors levels of risk for all our investment portfolios and ensures our clients' assets are managed in a way that supports their tolerance for risk.

# Developing and engaging our people

To achieve our goals we need to build the strongest team. That means continuing to attract new talent and developing the talented people we already have.

## Attracting and developing talent

In 2010, we pursued our strategy to find new talent from more sources and position ourselves as an important employer. We aim to implement new resourcing strategies in 2011 that will help us achieve a higher profile in the job market and allow us to receive more applications from candidates.

To help our people develop and give their best, we offer a wide range of training and self-development courses, including e-learning modules.

## Rewarding performance

We need a high-performance environment that encourages accountability and responsibility at every level of the business. During 2010, we continued to strengthen the link between performance and reward. Over the last two years, focus has been placed on equipping our managers with great performance management skills in order to systematically implement quality conversations at each step of the performance cycle. We have run regular workshops and clinics to refresh the setting of objectives, providing feedback and appraising performance skills. All managers are accountable for conducting these activities within their own performance plans.

## one|two|three

We believe people work better when they have clear goals and understand how achieving them will contribute to the company's success and their individual reward. The one|two|three performance management program aims to maximize and recognize each individual's contribution and help them realize their full potential.

## Effective leadership

We believe our investment in leadership development is key to our success. In 2010, we developed a leadership development framework aimed at building skills, capability and behaviours specific to the role the leader is currently in. Thus far, close to 200 leaders participated in this program. This initiative is to be extended to our first line manager level in 2011.

Also, selected leaders demonstrating high potential went through a rigorous assessment process for continuous development planning. We hope that this process will enable us to build a healthy talent pool for strong succession.

## Number of employees (as at December 31, 2010)

	Full-time	Part-time	Total
<b>Canada</b>			
Alberta	61	2	63
British Columbia	35	1	36
Manitoba	2	0	2
New Brunswick	1	0	1
Nova Scotia	7	0	7
Ontario	260	5	265
Québec	1,646	88	1,734
Saskatchewan	1	0	1
<b>Abroad</b>			
Bermuda	3	0	3
<b>Total</b>	<b>2,016</b>	<b>96</b>	<b>2,112</b>

## Contributing to our communities



### Investing in tomorrow

#### **Investing in the Canadian youth's well-being**

In 2009, our *Investing in tomorrow* program began focusing our community involvement and investment activities focused on a single national cause: the well-being of our youth.

*Investing in tomorrow* is all about making our resources more widely available to make a greater and more lasting positive difference in communities across Canada.

*Standard Life is a significant contributor to various Canadian institutions. In all, with the inclusion of employee contributions, over \$1.4 million were raised and donated in 2010, benefiting some 65 charitable organizations throughout the country.*

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#### **Mentoring with Big Brothers Big Sisters of Canada**

As part of this program, we renewed our partnership with Big Brothers Big Sisters of Canada to support a national recruitment campaign for new youth mentors.



**Big Brothers Big Sisters**

Thanks to Standard Life, Big Brothers Big Sisters was able to continue the Dare to be a kid again campaign to address the urgent shortage of Big Brothers and Big Sisters, also known as "Bigs". This is an important initiative worthy of immediate attention and action, especially considering how great an impact mentorship has proven to have on reducing early school dropout, truancy, substance abuse and bullying.

## Contributing to our communities



### Standard Life's Big Search

To help raise money for the recruitment of youth mentors, we held Standard Life's Big Search fundraising events for the second year in a row. In essence, these are high-tech, GPS-device led treasure hunts. Teams typically work together using the devices to find caches hidden at an outdoor location.

With the 2010 edition of Standard Life's Big Search and the contribution of our employees and other business partners, we were able to raise over \$350,000 for Big Brothers Big Sisters. As a result of our involvement, the organization attracted more than 2,700 new applicants, over 500 of which are now active mentors.

## Memories from the 2010 edition of Standard Life's Big Search in Montréal and Toronto



## Contributing to our communities



### More for youth well-being

#### Supporting a healthy and active lifestyle

Standard Life supported The Montréal Canadiens Children's Foundation, which is determined to provide a better future and good health to children in need and committed to encouraging and promoting a healthy and active lifestyle among youth.

We also helped the YMCA of Greater Toronto enrich the lives of young people in all respects by contributing to its capital infrastructure program.

### Entrepreneurial spirit and career development

Standard Life contributed to *La Fondation du maire de Montréal pour la jeunesse*, which offers grants and technical services to young entrepreneurs and gives them the help they need to start their businesses. We also supported *La Fondation Ressources-Jeunesse*, which helps young people enter the job market and successfully manage their careers.

### Encouragement and hope

Standard Life employees gave their time and money to the Welcome Hall Mission on two occasions in 2010. In September they raised funds to buy school supplies and then participated in distributing them to children from underprivileged families so they could go back to school with their heads held high. Then, to help spread holiday cheer, they bought toys and distributed them to children from families who have a hard time making ends meet.

Further spreading the joy this past holiday season, employees also donated close to 360 items, such as toys, games, books and clothing, to Sun Youth, which then distributed them to children.

Over and above Standard Life's corporate financial support of the Make-A-Wish Foundation, a group of Standard Life employees raised over \$29,000 for the charity through the 48-hour bike challenge. Taking turns, they cycled more than 3,000 km over 48 consecutive hours. Their donations helped grant the wishes of children with life-threatening medical conditions, bringing them hope, strength and joy.

We also provided financial support to Ronald McDonald House Charities and the Tim Horton Children's Foundation.



At the Welcome Hall Mission's Come Home with your Head Held High event, the Standard Life team donated backpacks intended for children of Montréal's economically disadvantaged families. On the photo, Julie Lessard, from Standard Life, Cyril Morgan, General Manager of the Welcome Hall Mission, Robert Faille and Juliana Senra, also from Standard Life, and Gerry Legatos, from the Welcome Hall Mission.

## Contributing to our communities



Martin Boyer, Professor at the Finance Department of HEC Montréal (first on the left), with the students who managed the Standard Life–HEC Montréal Fund in 2010. From left to right: Francis Grégoire, Nicolas Vaugeois, François-Xavier Renaudin, Christopher Schmuck, Marie-Anne Bazerghi, Jean-Rémy Lassince, Philippe Trépanier, Lédéenne Chapleau, Jean-François Forget, Benjamin Mercier and Nicolas Lefevre-Laumonier.

### More for youth well-being

#### Higher education

Standard Life donated \$81,500 to various Canadian university foundations in 2010.

We also support the Standard Life–HEC Montréal Fund, created in 1999 with a \$2 million endowment. It now has a market value of nearly \$4.6 million, making it the second-largest student fund in Canada. Students on the management committee act as portfolio analysts and managers. They report to a team of professors from the Department of Finance, who oversee and supervise the students, and to Standard Life and Standard Life Investments representatives.



#### Artistic development

In 2008, we renewed our commitment as the presenting sponsor of the OSM Standard Life Competition until 2012. As a sponsor of the Competition since 1992, it is most gratifying for us to continue helping gifted young Canadian musicians thrive by opening up possibilities they may not have otherwise imagined.

Intimately connected with the history of the *Orchestre symphonique de Montréal* (OSM), the Competition carries out the educational mission fostered by Wilfrid Pelletier, conductor and first music director of the OSM. Since its inception in 1940, the Competition has served as a springboard for the careers of close to 300 prizewinners on the national and international scene.

In July 2010, Standard Life was also involved in the organization of a benefit concert for Jeunesses Musicales of Canada Foundation. The event raised funds to promote classical music, especially among youth, and to support the career development of the country's finest young artists, both at home and abroad.

## Contributing to our communities



Development and Peace is supporting a housing building project in an isolated region of Haiti. Located near the epicentre of the earthquake, most of the houses of this community were destroyed by it.



### Social integration of people with intellectual disabilities

In September 2010, Standard Life celebrated the fourth anniversary of its partnership with West Montréal Readaptation Centre, a public rehabilitation centre, which provides specialized services to people with intellectual disabilities and autism. Standard Life was the first Montréal-based company to integrate the West Montréal Readaptation Centre's clients into a professional environment.

During those four years, the partnership has grown from a pilot project to a vital program employing about 10 users, who assemble over 2,000 product literature kits weekly, which are then distributed to customers of the company's Group Savings and Retirement division.



The West Montréal Readaptation Centre team working at Standard Life.

## Other significant contributions

In addition to our focus on youth well-being, we are sensitive to other pressing social causes that impact our business and are important to our employees.

### Answering an international distress call

As a symbol of solidarity and compassion for the people of Haiti, Standard Life employees mobilized to raise funds to help alleviate suffering, following the devastating earthquake on January 12, 2010. The company was moved by this initiative and matched all employee donations. Since the Government of Canada also matched employee donations, over \$37,500 was given to Development and Peace to help them in their mission of rebuilding lives, livelihoods and communities ravaged by the disaster.

### Mental illness

We attach a great deal of importance to mental illness prevention and research. As an employer and provider of disability management services, we are particularly aware of the impact mental illness has on a workforce. In 2010, Standard Life donated \$96,000 to various mental illness charities, such as the Douglas Hospital Foundation, the Louis H. Lafontaine Hospital Foundation and the Mental Illness Foundation.

Standard Life was actively involved in raising funds for the Mental Illness Foundation's annual golf tournament, which raised \$200,000.

Since 2007, we have participated in the largest mental health and stress management research project in Canada, led by a team of researchers from several universities, including Université de Montréal, Université Laval and Bishop's University. The project involves studying a new model for explaining mental health and stress management-related problems in the workplace. It takes into consideration risk factors within the workplace and outside work, as well as workers' personal characteristics, and examines how these factors may influence an individual's physiological aspects. The project is also designed to test, assess and encourage best practices to reduce the frequency of mental health problems in organizations and their negative effects on workers' health and productivity.

## Contributing to our communities

### Other significant contributions

#### Quality of life

For over 30 years, Standard Life and its employees have supported United Way of Canada – Centraide Canada. In 2010, we donated more than \$160,000 to several of their campaigns across the country, supporting various causes and projects in many communities. Through multiple fundraising campaigns, United Way of Canada – Centraide Canada is able to ensure the continuity of a vast network of community agencies helping thousands of families, youths, seniors, immigrants and people with disabilities. They invest in innovative projects to fight poverty and isolation wherever they appear in our neighbourhoods. Their social investments promote the development of communities and the empowerment of individuals.

In December, as they have done for the last 10 years, Standard Life employees sponsored a meal and volunteered their time to serve it to Montréal's homeless and most needy citizens at the Old Brewery Mission. The Old Brewery Mission strives to create a warm and respectful atmosphere. Its volunteers are sensitive to the plight of the homeless and are there to comfort them.

#### Healthy living

The Heart and Stroke Foundation of Québec, with the support and commitment of its donors, volunteers and employees, is dedicated to the advancement of research and the promotion of cardiac health to help reduce disabilities and the number of deaths attributed to cardiovascular disease and stroke. Standard Life and its employees were proud to support the Foundation's mission in 2010 by donating over \$20,000 and being actively involved in their annual fundraising gala in April.



Standard Life employees and their families sponsored and served a meal at the Old Brewery Mission in December 2010.

#### Chairman's Awards

Since 2007, Standard Life plc's Chairman's Awards recognize and celebrate the outstanding contributions of our employees to their communities across the world. Winners receive a £1,000 donation to their charity or community group and an award at the Chairman's Awards Dinner in Edinburgh, Scotland.

With 117 nominations for six award categories in 2010, the Standard Life Chairman's Awards experience was truly inspiring for everyone involved, including a Canadian employee who won a special lifetime achievement award for fundraising. Award categories include volunteering, education, fundraising and the environment.



Gerry Grimstone,  
Chairman of the Board, Standard Life plc

# Protecting our environment

Consuming less

Recycling more

Dispose sensibly

We want to consume fewer resources, recycle more waste and dispose of what remains as sensibly as possible. Our environmental policy helps us manage our main impact areas: energy, emissions from business travel, paper use and waste.

**We aim to fulfill our environmental strategy through our commitments to:**

- Becoming a leader in environmental management in the financial services industry;
- Complying with all relevant environmental legislation;
- Continuously improving our environmental performance;
- Monitoring, measuring and reporting our progress and performance; and
- Actively engaging with our people and other stakeholders on environmental matters.

Standard Life has set up a corporate steering committee on environmental issues, which works to drive environmental initiatives forward, track and report their progress and make sure they become embedded in our company's culture.

**Engaging our people**

Green Teams were created to raise awareness and roll out environment programs. Where possible, we also invite local partners into our buildings to provide practical advice to our people.

**Promoting organic produce consumption among employees**

In the summer of 2010, Standard Life organized, for the first time, an organic food basket drop-off point for its Montréal employees. This initiative was developed in cooperation with a farm member of Equiterre's Community Supported Agriculture program. At the time, Standard Life was the second organization to offer a corporate drop-off point in downtown Montréal.

Equiterre helps build a social movement by encouraging individuals, organizations and governments to make ecological and equitable choices, in a spirit of solidarity. With the help of citizens, organizations and governments, it develops projects in agriculture, transportation, fair trade, energy, responsible consumption and climate change.

The company plans to support the organic food basket drop-off point project again in 2011 and increase the number of employees registered from one year to the next by eventually offering the program in other Canadian offices.



Standard Life employees choosing fruits and vegetables for their weekly organic basket.

## Protecting our environment

### Progress in 2010 – The road to sustainability

- Two Standard Life buildings in Canada received Level 2 BOMA Best Go green certification in 2010. This means our buildings meet not only all of the BOMA Go Green Best Practices, but also scored between 70-79% on the Go Green Plus assessment. BOMA BEST is the next evolution of BOMA Canada's Go Green program. BEST stands for Building Environmental Standards and represents the direction of the commercial real estate industry in Canada and BOMA Canada's role in providing the mechanisms for common practices across the industry.
- 91% of the paper used at Standard Life is under environmental classifications and we constantly monitor our paper consumption. We also revised our internal processes to reduce paper use. We saved over 1,240 mature trees (enough to produce 15.3 million sheets of newsprint paper) through recycling programs at two of our buildings.
- We monitor our CO<sub>2</sub> emissions related to business travel (air and rail).
- Through internal communication channels, we offer Standard Life employees tips for gestures they could make every day at the office to reduce, reuse and recycle.





## Income and capital taxes paid or payable for 2010

Combined Canadian operations - Standard Life Financial Inc and affiliated companies

For 2010, the Company incurred approximately \$38.4 million in income taxes and \$308 thousands in capital taxes.

	Income taxes \$	Capital taxes \$
<b>Federal taxes</b>	\$29,040,623	n/a
<b>Provincial taxes</b>		
Alberta	242,450	0
British Columbia	571,816	0
Manitoba	309,714	45,874
New Brunswick	68,981	0
Newfoundland and Labrador	29,346	0
Northwest Territories, Yukon and Nunavut	7,854	0
Nova Scotia	95,952	47,000
Ontario	5,088,600	16,392
Prince Edward Island	15,708	0
Québec	2,774,763	198,911
Saskatchewan	121,706	0
<b>Total Provincial</b>	<b>9,326,889</b>	<b>308,177</b>
<b>Total Federal and Provincial</b>	<b>38,367,512</b>	<b>308,177</b>



### Amount of debt financing authorized in 2010

	\$0 - \$24,999	\$25,000 - \$99,999	\$25,000 - \$99,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - \$4,999,999	\$5,000,000 - and greater	Total
(\$ in thousands)								
Alberta		48		572	901	3,664	380,083	385,268
British Columbia		65					90,286	90,351
Manitoba			125					125
New Brunswick								
Newfoundland and Labrador								
Northwest Territories, Yukon and Nunavut								
Nova Scotia				316	564		16,260	17,140
Ontario			127			3,428	161,500	165,055
Prince Edward Island								
Québec	51	1,004	3,384	609	1,237	1,263	14,250	21,798
Saskatchewan								
<b>Total Canada</b>	<b>51</b>	<b>1,117</b>	<b>3,636</b>	<b>1,497</b>	<b>2,702</b>	<b>8,355</b>	<b>662,379</b>	<b>679,737</b>

### Number of Canadian customers to whom debt financing was authorized in 2010

	\$0 - \$24,999	\$25,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - \$4,999,999	\$5,000,000 - and greater	Total
Alberta		1		2	1	1	8	13
British Columbia		1					3	4
Manitoba			1					1
New Brunswick								0
Newfoundland and Labrador								0
Northwest Territories, Yukon and Nunavut								0
Nova Scotia				1			1	2
Ontario			1			2	4	7
Prince Edward Island								0
Québec	3	15	19	2	2	1	1	43
Saskatchewan								0
<b>Total Canada</b>	<b>3</b>	<b>17</b>	<b>21</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>17</b>	<b>70</b>

**[www.standardlife.ca](http://www.standardlife.ca)**

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**Standard Life Financial Inc.**

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