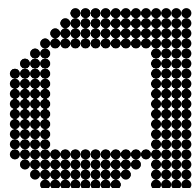
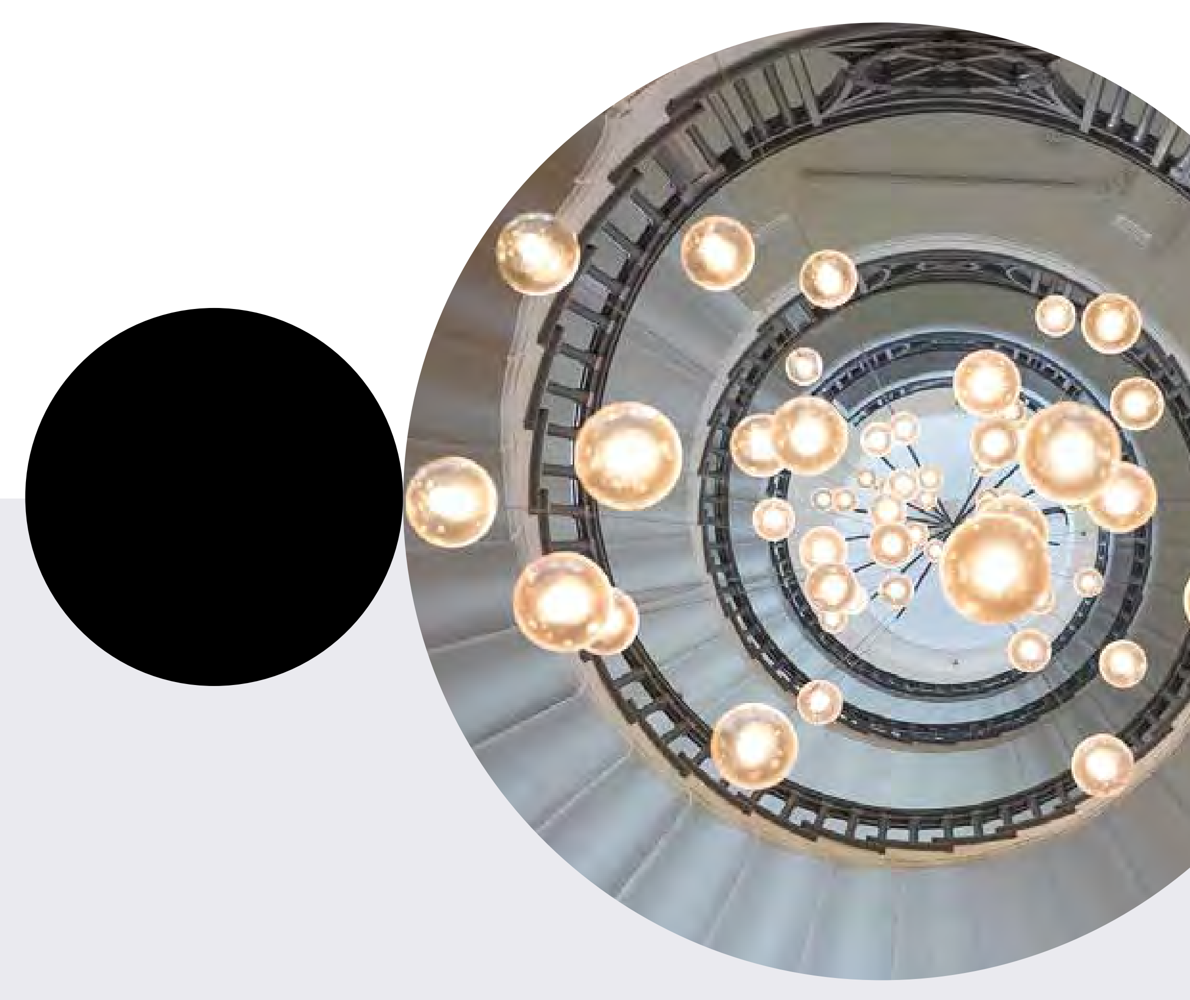


Annual report and accounts 2023

abrdn plc



abrdn.com

Three years ago, we set out to fundamentally reshape our business.

Against a challenging backdrop, our strategy has formed a company that is better positioned for growth, driven by the evolving needs of our clients and customers.

Our reporting suite

This report forms part of our reporting suite.

Sustainability and TCFD report

The focus of this report is to extend our climate-related disclosure beyond our Annual report and update on other material sustainability topics for abrdn.

Stewardship report

Sets out our application of the 12 principles of the UK Stewardship Code, as investors.

Modern slavery statement

Our disclosure in line with the UK Modern Slavery Act, detailing our work to mitigate related risks.

This annual report and accounts 2023 for abrdn plc, and the strategic report and financial highlights 2023 are published on our website at www.abrdn.com/annualreport

Access to the website is available outside the UK, where comparable information may be different.

Certain measures such as adjusted operating profit, adjusted profit before tax, adjusted capital generation and cost/income ratio, are not defined under International Financial Reporting Standards (IFRS) and are therefore termed alternative performance measures (APMs).

APMs should be read together with the Group's consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows, which are presented in the Group financial statements section of this report. Further details on APMs are included in Supplementary information.

See Supplementary information for details on assets under management and administration (AUMA), net flows and the investment performance calculation. Net flows in the Highlights page excludes liquidity flows as they are volatile and lower margin. It also excludes Lloyds Banking Group (LBG) tranche withdrawals in 2022 relating to the settlement of arbitration with LBG.

Contents

Strategic report

At a glance	2
Chairman's statement	6
Chief Executive Officer's review	9
Our business model and strategy	12
Performance overview	18
Our businesses	20
Sustainability	38
Key performance indicators	60
Chief Financial Officer's overview	62
Risk management	76

Governance

Board of Directors	82
Corporate governance statement	86
Audit Committee report	98
Risk and Capital Committee report	107
Nomination and Governance Committee report	111
Directors' remuneration report	115
Directors' report	135
Statement of Directors' responsibilities	141

Financial information

Independent auditor's report	144
Group financial statements	160
Company financial statements	271
Supplementary information	286

Other information

Glossary	300
Shareholder information	303
Forward-looking statements	304
Contact us	IBC

This symbol indicates further information is available within this document or on our corporate website.

Download this report from: www.abrdn.com/annualreport

Highlights

Adjusted operating profit

£249m

2022: £263m

IFRS loss before tax

(£6m)

2022: (£612m)[1]

Full year dividend per share

14.6p

2022: 14.6p

Investment performance
(% of AUM above benchmark over three years)

42%

2022: 65%

Net flows
(Excl. liquidity and LBG)

£13.9bn outflow

2022: £10.3bn outflow

MSCI ESG rating

AA

2022: AAA

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

abrdn is a modern investment company that helps clients and customers plan, save and invest for the future

Specialist asset management

Investments

Our capabilities in our Investments business are built on the strength of our insight – generated from wide-ranging research, worldwide investment expertise and local market knowledge.

Our clients:
- Insurance companies
- Sovereign wealth funds
- Independent wealth managers
- Pension funds
- Platforms
- Banks
- Family offices

Adjusted operating profit
£50m

AUM
£366.7bn

Cost/income ratio
94%

UK savings and wealth platforms

Adviser

Our Adviser business, the UK's second largest advised platform by AUA, provides financial planning solutions and technology for UK financial advisers which enables them to create value for their businesses and their clients.

Our clients:
- Financial advisers
- Discretionary fund managers

Adjusted operating profit
£118m

AUMA
£73.5bn

Cost/income ratio
47%

interactive investor (ii)[1]

Powered by the UK's second-largest direct-to-consumer investment platform, our interactive investor business enables individuals in the UK to plan, save and invest in the way that works for them.

Our clients:
- Individuals

Adjusted operating profit
£114m

AUMA
£66.0bn

Cost/income ratio
60%

Read more about our three businesses on pages 20 to 37. Overall performance summary is included on page 70.

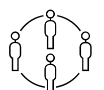
1. Personal has been renamed ii and includes Personal Wealth unless otherwise stated.

Our purpose
To enable our clients to be better investors

What sets us apart
A diversified business supporting clients at all financial stages

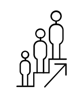
- Trusted brands with strong market positions
- Diversified, multi-client segment business model creating a resilient organisation
- Positive and decisive action to strengthen the business model
- Embedding AI and technology in the business
- Strong commitment to sustainability and climate action
- Industry-leading platforms enabling enhanced client service and value
- Operating in markets with structural growth characteristics
- Strong balance sheet and shareholder returns

Shaped by our cultural commitments



We put the client first

We are empowered



We are ambitious

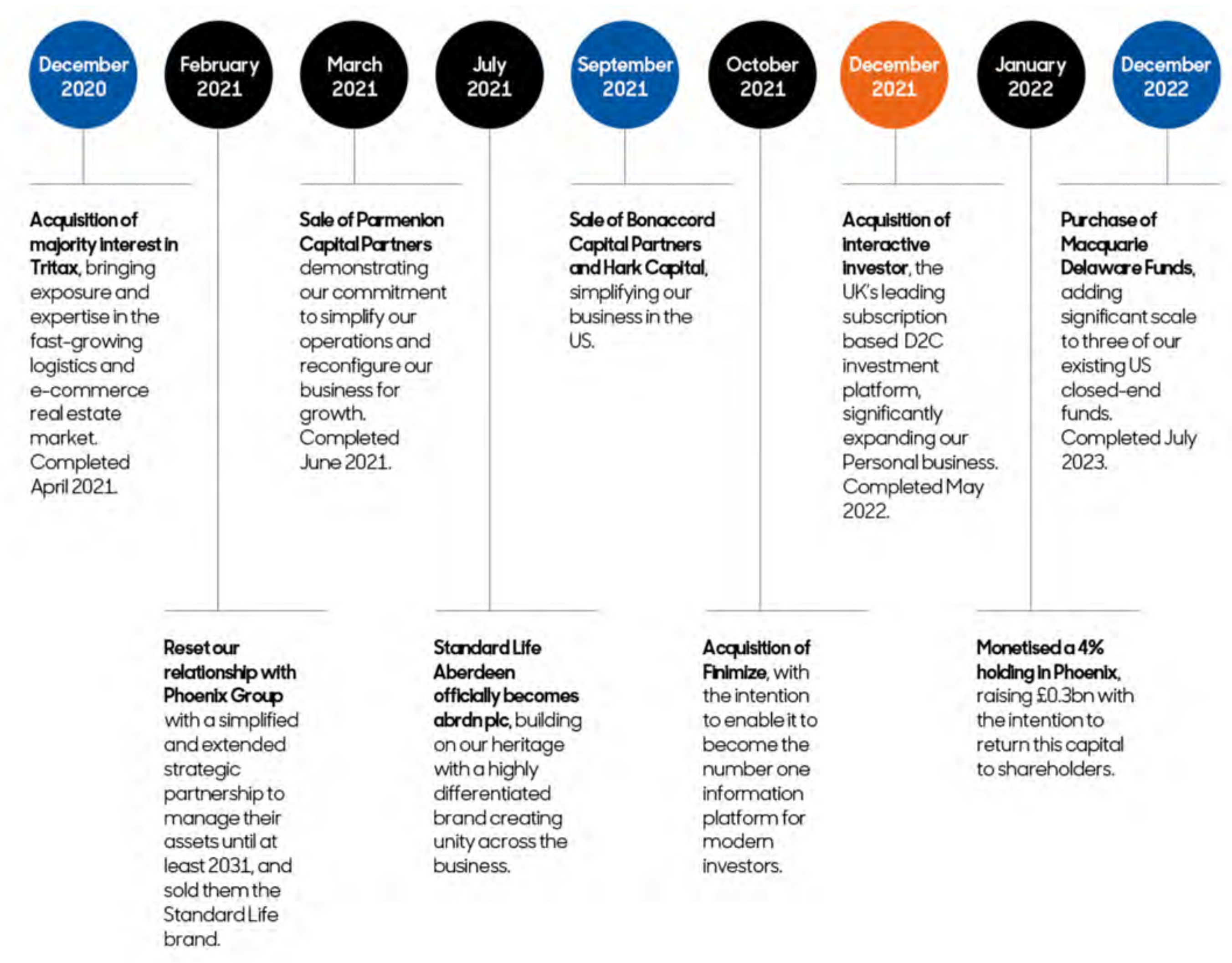
We are transparent

Read more about our culture on pages 48 and 49.

Our strategy in action

At the start of 2021, we set out our three-year strategy to build a diversified business that could be successful through market-cycles. We have refocused on areas of strength, selling non-core elements with lower growth and profitability, and making strategic and bolt-on acquisitions to add high value capabilities.

abrdn has fundamentally transformed. We now have a differentiated value proposition, providing full lifecycle service through our investment content and wealth platforms.



December 2022

Completed £300m share buyback. Commenced in July 2022.

February 2023

Sale of discretionary fund management business, concluding that another owner would be better placed to invest to deliver scale in the business. Completed September 2023.

February 2023

Delivery of Phase 2 of Adviser Experience Programme, one of the largest and most complex changes since we launched the platform, making it faster and more flexible. Further phases will complete in 2024 and 2025.

February 2023

Managed Portfolio Service team moves to Adviser from Personal, unlocking greater opportunity for growth.

May/ June 2023

Sale of remaining shares in HDFC Life and HDFC Asset Management. Since December 2020, total net proceeds of £2.1bn has been generated through these stake sales.

June 2023

Acquisition of the healthcare fund management capabilities of Tekla, including four NYSE listed healthcare and biotech thematic closed-end funds. Completed October 2023.

July/ October 2023

Sale of US private equity business followed by sale of European headquartered private equity business, underlining our commitment to exit non-core businesses that no longer align to our overall product strategy. US sale completed October 2023. European sale expected to complete in the first half of 2024.

October 2023

Proposed acquisition of four closed-end funds from First Trust, cementing our position as the third-largest manager of closed-end funds globally. Expected to complete H1 2024.

December 2023

Completed £300m share buyback. Commenced £150m share buyback in June 2023, and extended to £300m in August 2023.

Adapting to succeed in an evolving sector

Context is important when reviewing progress made during 2023.

Last year, many of the headwinds facing active asset managers grew stronger, accelerating our drive to reshape abrdn to be more resilient within and across economic cycles. Notably, the year saw continuation, right across the market, of asset allocations trending away from investment in equities, from emerging markets and from commercial real estate, all reflecting both changes in risk appetite as well as the re-emergence of competing cash and liquidity products with attractive yields, as interest rates rose markedly to combat stubbornly high inflation.

This latter point was particularly relevant as, both in the UK and in the US, investors could capture risk-free returns in excess of 5% for the first time in 15 years at a time of heightened economic uncertainty. Continuing outflows from UK equity funds marked 43 consecutive months of outflow, in part due to the change in risk preference described above. Equally important was the continuing run-off of closed defined benefit UK pension schemes' investment in UK listed equities, as they completed their transition to liability driven strategies or transferred their obligations to the insurance market.

Investment through defined contribution retirement schemes compensated only partially, as contribution rates are significantly lower than those of defined benefit pension schemes and equity allocations there are primarily to global equity products in which UK listed companies are a very small component. Recently released ONS figures illustrate the impact of these structural shifts in asset allocation, evidencing that UK pension schemes and insurers combined held only 4% of UK listed equities, declining from around half in the early 1990s.

This structural shift in the relative importance of the UK institutional market underlines the significance of our recent diversification to get closer to the end investor through investment in our Adviser and ii businesses. As will be noted in our results for 2023, in a weak year for our Investments business, in part due to continued restructuring, our two platform businesses grew their contribution to adjusted operating profit to £232m, thereby contributing 93% of the Group total.

Macroeconomic and geopolitical backdrop

Investment activity in 2023 also faced challenges from the macroeconomic and geopolitical environments. The horrendous attack against Israel on October 7th precipitated a powerful military response which is still ongoing, with fears of a wider Middle East conflict impacting investor sentiment. This added to concerns over the continuing war in Ukraine. Economically, cost of living burdens in the UK from continuing inflation constrained the flow of funds into retail savings products and indeed we saw some withdrawal from savings pots as household budgets were stretched. With major elections in 2024, notably in the US and the UK, but extending into some 50 countries, the resulting politically charged policy narratives added to investment uncertainty. Helpfully, market levels improved in the final quarter of 2023 as feared recessions seemed less likely and inflationary threats were downgraded leading to markets discounting earlier and larger interest rate reductions than previously expected.

UK Capital Market restructuring initiatives and demographic saving challenges

The decline in UK institutional participation in UK listed equity markets referred to above, together with a decline in new listings in London and UK listed company departures to other listing venues deemed more attractive, precipitated considerable attention from within the financial industry, the media and government. This led to a number of initiatives supported by government, industry and the regulatory community to remove barriers deemed to contribute to a lack of competitiveness, as well as introducing reforms designed to modernise UK capital markets. Of particular note were the so-called Edinburgh Reforms, the Mansion House Reforms as well as the work of the Capital Markets Industry Taskforce and the FCA's proposed listing regime reforms.

As a leading investment business in the UK, we supported these initiatives and believe adoption of the measures contained within them are hugely important to the delivery of a stronger UK economy and a more competitive financial sector environment, through which UK listed businesses can attract both the funding and talent to be more successful. In 2023 we co-sponsored a report by the think-tank New Financial that provided an analysis of many of the key issues underlying this agenda and we look forward to playing our part in supporting adoption.

The Mansion House Reforms were also particularly important in highlighting the relatively lower returns in pooled retirement savings in the UK in defined contribution schemes, as a consequence of both the large number of small schemes and a lower risk appetite within such schemes than seen in other leading economies. The savings gap opening up from this low risk tolerance, together with the lower mandatory contribution rates in the UK, risk contributing to a demographic timebomb as current generations of scheme participants are likely to reach retirement with inadequate funds to meet their expectations of a comfortable retirement. Our industry along with our regulators and policymakers need to work together to ensure people are properly informed of the responsibility increasingly placed on the individual to build adequate funds to support retirement. This is a theme where abrdn plans to have a leading voice and we are positioning our Adviser and ii businesses to play a prominent role; Stephen highlights the steps we are taking in his review.

Progress on delivering on our strategic ambitions and performance in the year

With revenue growth in 2023 expected to be very challenging given the economic and geopolitical backdrop described above, we set one of our priorities for 2023 to eliminate some £75m of costs, excluding that derived from business disposals. In part, this was achieved through consolidating or closing sub-scale funds and sharpening the focus of the investment strategies offered to clients. All of this was achieved and is discussed more fully in the Chief Executive Officer's review.

However, the scale of revenue reduction in 2023 as a consequence of market levels, risk reduction by clients to less remunerated strategies and net outflows in the Investments business far exceeded the cost savings achieved, leading to the continuation of an unsatisfactory ratio of cost to revenues in the Investments business. Performance in our other two businesses was good and in line with our expectations but that good performance was overshadowed by the unsatisfactory profitability within Investments. As a consequence, the Board spent the majority of its meetings in 2023 analysing in detail the shape of the Investments business against market trends and determining what actions were necessary and within our control to rebuild the profitability of the business on a sustainable basis.

This culminated in the announcement made on 24 January that a more significant reorganisation and simplification of the business than previously contemplated was needed to address the ongoing pressure on revenues from changing patterns of asset allocation, in particular the greater institutional adoption of passive and low cost thematic strategies. As announced, the actions planned throughout 2024 and 2025 are designed to take at least £150m from the cost base within the Investments business and from functional costs. Stephen discusses the necessary actions in more detail in his review.

To build a sustainable business and to grow we need to invest at the same time and this requires reallocation of capital resources within abrdn.

During 2023 we completed the disposal of our non-core stakes in HDFC Life and HDFC Asset Management, which augmented our capital position by £576m. The sale of abrdn Capital which was announced alongside our 2022 results completed in September 2023 at the agreed price of £140m adding a further £124m to our capital position. We also completed the sale of our US private equity and venture capital business in October and in the same month announced the sale of our European-headquartered private equity business to Nasdaq-listed Patria Investments. This reshaping of our footprint and capabilities allowed us to focus on

business areas where we have better growth prospects and comparative advantage and by reducing complexity, we are reducing costs.

As promised, we reinvested a portion of the capital released through the above disposals to fill out gaps in our Investments business and add technology capabilities and marketing resources in our Adviser and ii businesses. In October, we completed the acquisition of the healthcare fund management capabilities of Tekla Capital Management bringing into the Group $2.8bn of funds under management and more importantly, adding a distinctive capability in listed healthcare and biotech thematic closed-end funds. Together with other recent closed-end fund acquisitions this positions abrdn as the third largest manager of closed-end funds globally. Investment in our Adviser and ii business during 2023 to build organic growth opportunities are covered in Stephen's review.

When we reported our results for 2022 we indicated that our intention was to make a similar return of capital in 2023 as had been delivered in 2022, dependent on successful non-core stake realisation and retaining necessary funds for investment; this we have delivered through a further buyback of c£300m of shares and the maintenance of the interim dividend at 7.3p per share. The Board is recommending to shareholders a final dividend of 7.3p per share subject to their approval at the upcoming AGM to bring the total return to shareholders in respect of 2023 to £567m (2022: £595m).

We are updating one of our key performance indicators moving forward, from adjusted capital generation to net capital generation. This metric more closely aligns with the dividend paying capability of the Company over the long term.

Board

As previously announced, both Stephanie Bruce, our CFO and Brian McBride, a non-executive director did not seek re-election at the 2023 Annual General Meeting at which their significant contributions to the development of abrdn were recognised. We wish them both well in the next stages of their careers.

In October last year, we welcomed Jason Windsor as our new CFO. Jason joined from Persimmon plc having spent the vast majority of his career hitherto in financial services. His financial industry experience and expertise were gained notably through 12 years at Aviva, latterly as Group Chief Financial Officer. Prior to that, he spent 15 years at Morgan Stanley in both London and Singapore, rising to be a Managing Director within its Investment Banking Division. Jason has made an excellent start at abrdn, and we all are looking forward to working with him more closely in delivering our strategy.

Catherine Bradley has advised that she will not seek re-election at the Company's Annual General Meeting on 24 April 2024 and will stand down from that date as a Non-Executive Director and as Chair of the Audit Committee. On behalf of the Board and all my colleagues, I would like to thank Catherine for her significant contribution to abrdn and our Board and Committee discussions. Earlier this year Catherine took on the chair of ii, our direct-to-consumer investments business, and she has concluded she should dedicate her available time commitment to this responsibility. I'm delighted she will remain connected with abrdn through her ii appointment where we will continue to benefit from her breadth of consumer, financial and regulatory experience as we continue to grow ii and the critical role it plays within the Group.

Outlook

Given all current uncertainties, it is hard to form a clear outlook for 2024 and beyond. Our base case assumes no major escalation in global inflationary pressures across the major global economies or an escalation of geopolitical tensions and assumes policy interest rates in the US and the UK have peaked. We assume that, notwithstanding some harsh rhetoric inevitable in an election year, the US-China mutually beneficial trade relationship will remain intact. With the US appearing to be successful in engineering a soft landing after an aggressive succession of interest rate hikes, upside to the global economy rests upon the US maintaining its solid growth trajectory and China resuming its contribution as a key driver of global growth and as a major part of the supply chain in the transition to a lower carbon future. Given other geopolitical tensions, the US-China relationship remains a top issue in the investment world. Their shared global economic leadership has led to an understanding of mutual dependency and notwithstanding tension over high-end semiconductors and critical minerals, the resumption of trade dialogues and senior visits are encouraging for the global economy. Outlook for the UK and the rest of Europe is more muted, with it recently being confirmed that the UK had entered a modest recession; the investment picture is likely to remain cautious given electoral uncertainty and the lagging impact of wage increases and tax changes on consumer confidence.

We enter 2024 with a clear plan of what we need to do to build a sustainable business with good growth prospects and an efficient cost structure; our industry is evolving rapidly as technology enables the offer of ever more sophisticated tailored investment themes and solutions at low cost. Proximity to the end consumer and an understanding of their investment preferences and the route through which they choose to invest will be critical. abrdn is well positioned for this evolution in terms of the mix of our businesses and the talent and financial resources needed to succeed.

Sir Douglas Flint
Chair

Building a modern investment company

We have continued with our determination to build a modern investment company that is capable of thriving in a changing marketplace. In January of 2024, we took the next step in that process, announcing a £150m cost transformation programme to accelerate the delivery of a more sustainable cost base that can support appropriate long-term profitability. The need to continue applying downward pressure on costs was underlined by another challenging year. Throughout 2023, the 'higher for longer' rate environment across developed economies put sustained pressure on most asset classes, and while the market now expects a reversal over 2024, there is no doubt that we have felt the effects in our Investments business. The upside is the impact higher rates have had on income in Adviser and ii, underscoring the benefits of our diversified business model, which delivers through the economic cycle.

When we embarked on our transformation journey back in 2021, not many would have foreseen the level of global economic and geopolitical turmoil we have since experienced. That has inevitably hindered our progress, and directly impacted performance. Nonetheless, as pages 4 and 5 demonstrate, we have moved at pace to evolve the business and create a model that is better suited to the modern investment landscape, better aligned to the products and services clients will want in the coming years and better positioned for future growth.

A platform for growth

As we look ahead, we now have a platform to build on, connecting our investment content capabilities on the one hand, with our market leading wealth platforms on the other. We are able to identify where demand is going and react more quickly than ever, using data sharing between businesses to design better products and creating tailor-made solutions in Investments that meet the needs of clients and customers in Adviser, ii, and the wider market.

Sensitivity to rates and markets has been mitigated by our more diverse business model. We are also well positioned to take advantage across the group when rates do start to come down, with a move to risk-on giving oxygen to Investments, an easing of the cost-of-living pressures that have impacted Adviser, and a return of investor confidence supporting an increase in subscriptions and trading volumes for ii.

Our new transformation programme will deliver an annualised cost reduction of at least £150m by the end of 2025. Approximately 80% of the cost reduction benefits will be in our core Investments business. The programme is targeting the removal of management layers, increasing spans of control, and reducing overheads. We will implement this programme with minimal impact to client service and at all times focusing on investment performance.

2023 performance

At £249m (2022: £263m), adjusted operating profit is down 5% on the previous year. While Adviser and ii both increased profitability, this was more than offset by falling revenue in Investments where market conditions had a substantial impact, as seen across the sector. Overall, we are reporting an IFRS profit for the year of £12m (2022 restated: loss £546m), this improvement reflects a reduction in impairment of intangible assets and restructuring costs.

Our determination to manage our cost base is evident in a 4% reduction in adjusted operating expenses, even including a full 12 months of ii (compared to 7 months in 2022). We exceeded our target to remove £75m in cost from the Investments business, delivering savings of £102m in the year, and we have since set out plans for a new transformation programme that will deliver a material improvement to our cost/income ratio.

As detailed below, we have maintained our disciplined approach to capital allocation in 2023. Jason outlines our performance in detail in the Chief Financial Officer's overview.

A leaner and more relevant Investments business

After another year of substantial change, we finished 2023 with a leaner, more relevant Investments business. With the sale of our US Private Equity franchise and agreement to sell our European Private Equity franchise, and having continued to deliver on our fund rationalisation programme with the closure of a further c60 funds in 2023, our more focused offering is based upon areas of real strength and scale across public markets and alternatives.

This simplification enabled us to go beyond our £75m cost reduction target.

Investment performance over the three and five-year time periods has weakened, with 42% (2022: 65%) and 52% (2022: 58%) of AUM covered by this metric ahead of benchmark respectively. The drop in the three-year performance reflects a challenging period for active managers, particularly those with a quality equity investment style with a bias towards Asia and Emerging Markets. Our new Chief Investment Officer, Peter Branner, who joined us in 2023, is leading a wide-ranging programme of work to review and strengthen our investment processes. You can read more about this work in the Investments section on page 22.

The creation of a more focused Investments business has been accompanied through the careful deployment of capital in select areas where we see good growth opportunities. Our acquisition of the fund management capabilities of Boston-based Tekla Capital Management has added specialist knowledge in the healthcare and biotech sector, an area we have identified as one of a small number of megatrends that are expected to offer exciting investing opportunities in the future. Alongside Tekla, the acquisition of other closed-end funds from Macquarie and the proposed acquisition of funds from First Trust, would collectively add £3.6bn in AUM and strengthen abrdn's position as one of the world's leading players in closed-end funds.

Leading positions in the structurally attractive UK savings and wealth market

With an ageing population and the ongoing shift toward individuals having to take a greater amount of responsibility for their own financial futures, the long-term structural growth factors underpinning the UK savings and wealth market are well known. In that context, owning two of the leading platform businesses in the sector puts abrdn in a strong position, and the work we have done this year to strengthen those businesses for the future only adds to that potential.

While the continuation of difficult market conditions through 2023 undoubtedly had some impact across both our Adviser and ii businesses, this was mitigated by increased treasury income that supported improved adjusted operating profit in both Adviser and ii. We note that the FCA has been considering the retention of interest earned on cash balances and we have been working with them to ensure they understand our approach. We are confident that both Adviser and ii offer clients and customers fair and transparent fee structures.

In Adviser, 2023 saw the largest and most advanced platform technology upgrade that we have undertaken. As expected, this caused some disruption to service, but by year-end service levels were returning to normal, and we can now offer, and build upon, a far superior user experience for our clients. As announced back in May 2023, this will also see us roll out adviserOS this year – a new way of delivering platform services to clients that will enhance our proposition, extend client capacity, and differentiate abrdn from the wider market.

The year saw our Managed Portfolio Services (MPS) team shift to Adviser from our ii business. We anticipate strong demand from advisers and believe there is a significant opportunity for further growth here. The same applies to the launch of our own on-platform SIPP and Junior SIPP in 2024.

ii also benefited from a significant technology update in 2023 that allowed the platform to remain ahead in what is a rapidly developing sector. While market conditions dampened customer acquisition and trading activity, we enjoyed the comparative resilience afforded by our subscription model and proved our strength by increasing our share of market trades over the year. ii also delivered the highest net AUA inflows across UK D2C platforms in 2023, according to Direct Matters.

Important work to optimise the business model within ii was also delivered. The sale of our discretionary fund management business to LGT in September underlined our disciplined approach to capital allocation. The simplification and integration of our Financial Planning

and ii teams showed that we can cut cost while creating a model we can better leverage for our customers.

Another customer-led development was the launch of our Investor Essentials and Pension Essentials products, offering lower prices to customers with smaller investment pots and widening out the breadth of the market for whom ii becomes the best choice on price. We expect these innovations, and investment in our brand, will support higher customer acquisition over time, especially as conditions begin to support improved investor confidence.

Disciplined capital management

The indicative CET1 resources at 31 December 2023 were £1.5bn (2022: £1.3bn) with a coverage of 139% (2022: 123%). This was facilitated by another year of disciplined capital management, during which we carefully balanced non-core divestments with a combination of targeted investment in the business and continued returns to shareholders.

Organic cash generation and efficient stake sales generated £875m. Consistent with the previous year, we returned c£600m to shareholders in the form of dividends and share buybacks, and reinvested £152m largely to continue growing our closed-end fund business.

We plan to deploy surplus capital to fund the delivery of the £150m cost savings we have outlined and may use the proceeds from divestments to support bolt-on acquisitions within key thematic markets. The Board's current intention is to pay a total annual dividend of 14.6p until it is covered at least 1.5 times by adjusted capital generation, at which point the Board will seek to grow the dividend in line with its assessment of the underlying medium-term growth in profitability.

Playing our part in creating a more sustainable world

The unfortunate sequence of global crises we have experienced in recent years may have drawn some attention away from the challenges we face on climate change but the urgency around the need to respond is only intensifying. Our Sustainable Investing team were present for the COP28 meeting in the UAE in November where we were encouraged by agreement for the first time on a transition away from fossil fuels, which we believe can be a catalyst for meaningful action. We continue to contribute from two angles; careful management of our own operations to limit our climate impact, where we are exceeding our objective of a 50% reduction in reported operational emissions by 2025 with currently a 69% reduction versus our 2018 base year; and a deeply embedded approach to sustainable investing that we have cultivated over many years with an ongoing reduction being reported for 2023 in the carbon intensity of in-scope public market and real estate assets, meaning we are also on track to meet our targets in this area (see page 45 for more detail). Another key aspect of our sustainability agenda is our commitment to offering an inclusive and supportive working environment.

We have specific approaches in place to address gender, ethnicity and social mobility imbalances and recorded another successive year of reducing our gender pay gap. You can read about our efforts in more detail on page 53.

At a headline level, we saw overall employee engagement remain at similar levels to last year, despite a backdrop of challenging market conditions and ongoing change within the business. The external environment, coupled with the scale of change as we transform our business, have undoubtedly been challenging for our colleagues. Across the company they have shown deep commitment to our clients and a huge will to rebuild the firm's success. On behalf of the Board and the management team, I'd like to thank everyone across the business for their hard work, skill and determination.

The next phase of our progress

Over the last three years we have moved at pace to reshape the company and create a business model that is fit for the future. We now have more ways to win, particularly through our enhanced exposure to the highly attractive UK savings and wealth market, but also with a more focused and more efficient Investments business. This means we are already far better equipped to address the well-known challenges facing active asset management. However, we have also recognised the need to go further still in transforming our Investments business. The transformation programme set out in January will deliver a leaner, more profitable Investments business to go alongside our two leading platform businesses. We are clear that there is more work to do but we are confident in the trajectory that we have created and the progress that we are making. Our goal is for all three businesses to make their appropriate contribution to Group earnings and in doing so, create a sustainably profitable abrdn.

Stephen Bird
Chief Executive Officer

Building a modern investment company

Positioned for success through the economic cycle

Driven by our purpose to enable our clients to be better investors, we have strengthened our business model through effective capital management and investment to create strong foundations for growth.

Our strengths and resources

Specialist asset manager providing investment solutions to meet complex needs.

Sustainable investment considerations integral to our investment process.

Strong UK adviser platform offering, powered by leading technology.

UK's second largest direct-to-consumer investment platform.

Strong balance sheet to drive shareholder value.

Positioned to benefit from key investment market opportunities

Continued growth opportunities in Asia and emerging markets, driven by:

- Demographics
- Urbanisation
- Economic opportunity
- Wealth effect

Energy transition seen across every industry including:

- Homes
- Transportation
- Construction

Democratisation of technology and investment

- People empowered to shape their own investment decisions

An efficient, diversified model

Strengthened, simplified business

- Strategic focus
- Robust governance
- Effective capital management

Driving investment in long-term growth

- People
- Product
- Technology

Structured around three complementary businesses

Investments

Adviser

ii

Delivered through strong operational processes

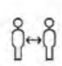
Controlled processes
Our control environment helps us manage risk effectively, provide business security and maintain operational resilience.

Efficient operations
We are building our operating model for agility, speed and efficiency, supported by technology which aims to deliver the best possible experience.

Long-term value created

Diversified business and a strong balance sheet support long-term value creation

Investment in long-term growth



Payment of dividends and the return of excess cash to shareholders

How we make money

We earn money mainly from asset management and platform fees based on AUMA. We also earn revenue from subscription and trading fees, and earn an interest margin on cash balances.

Read more in the Chief Financial Officer's overview on pages 62 to 75

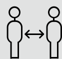
Value shared with stakeholders

Clients

We focus on delivering outcomes that truly matter to our clients. We draw on our expertise and insight with the aim of delivering long-term investment performance.

42%

Three-year investment performance



People

We aim to attract and develop the best people for leadership roles, and to offer clear pathways for career advancement.

54%

Employee engagement score

Society

We have important responsibilities to society and the environment. We combine the power of responsible investment with the positive impact we can have through our operations.

No.1

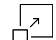
Ranked asset manager by World Benchmarking Alliance

Shareholders

We aim to create sustainable shareholder value over the long term. We have a strong track record of returning value to shareholders.

14.6p

Full year dividend


Read more on Stakeholder engagement on pages 54 to 56

A strategy for client-led growth

A strong sustainable business means focusing on the areas where we have the scale and expertise to win. We have four clear strategic priorities where existing and emerging market opportunities, and the evolving needs of our clients, align to our areas of strength.

Asia

Asia is an economic powerhouse – and there's more to come. Long-term economic growth requires three things: an increasingly skilled workforce, investment in infrastructure, equipment and technology, and improving productivity. Asia's emerging markets demonstrate all three of these essential building blocks.

We remain deeply committed to growing our business in Asia. Our track record in specialist equities, means we are well placed to serve both clients in and outside of Asia looking to invest in the region.

Progress

- In 2021, we launched the abrdn Sustainability Institute in Singapore and hired René Buehlmann as CEO Asia Pacific, and then CEO of the Investments business in May 2023.
- In 2022, we celebrated 30 years of investing in Asia.
- We refocused our model in Asia Pacific exiting Taiwan and Australia and introducing distribution partnership models.
- In 2023, we launched Strength in Asia, a major brand campaign in markets across APAC and Europe.
- We led the region on driving Sustainable investing through the facilitation of Asia Sustainability Week.

Sustainable investing

While scrutiny of Environment, Social and Governance (ESG) approaches has intensified, clients still want to invest in a way that has the potential to make a difference as well as providing a financial return – whether that be through powering the energy transition, protecting biodiversity or driving positive social change.

We have created a suite of sustainability-focused solutions to meet client needs. We firmly believe that active engaged investment management is integral to providing the capital for positive change.

Progress

- In 2021, we launched our climate change fund range. We also created a new Chief Sustainability Officer position to ensure responsibility for this integral theme was represented at the most senior levels.
- In 2022, we launched our MyFolio Sustainable Index range in support of clients' ESG goals and our Emerging Markets Sustainable Development Corporate Bond passed through the $100m mark in its first year.
- Over the course of the last two years, we have been running an engagement programme with the highest-financed emitters in our equity holdings, identifying clear milestones on the path to decarbonisation.

Alternatives

We believe we are in the foothills of the next tech super-cycle which will see revolutions in biotech and healthcare, clean tech, and digital assets. The best way to access investment in these areas will be Alternatives.

Our Alternatives business includes our capabilities in real assets, which comprises extensive global real estate expertise, infrastructure and commodities. It also offers clients access to major areas of European Private Credit, as well as compelling and innovative opportunities in the Hedge Fund sector.

Progress

- We have built out our Alternatives franchise to significant scale with £76bn of assets, particularly in real estate and logistics. Tritax, which we acquired in 2021 remains a leading player with two of the biggest listed logistics funds in the market.
- In 2023, we were appointed by Border to Coast Pensions Partnership, one of the UK's largest asset owner pools, to support the launch and management of its UK Real Estate proposition.
- We have enhanced our talent and structure, appointing new Heads of Private Credit and Real Estate.
- We refocused the business through announcing the sale of non-core US and European Private Equity businesses.

UK savings and wealth

The decline of defined benefit pensions, the significant advice gap and an ageing society mean it is more important than ever that UK investors have the tools and appropriate guidance or advice.

With ii offering market-leading direct investing and our platform providing a best-in-class proposition to the adviser market, we have successfully repositioned our business towards an increasingly attractive and growing UK savings and wealth market.

Progress

- Acquisition of interactive investor brought 400,000 new customers to the abrdn group.
- Since the acquisition, ii has launched new products and price points, including Investor Essentials and Pensions Essentials, subscriptions at a lower price point designed to appeal to investors with less to invest. This makes ii the cheapest on the market for anyone with £15,000 or more to invest.
- In 2023, we migrated 5,800 customers from Investments to ii to better service their needs.
- In Adviser we have retained our 'A' rating for financial strength from leading independent consultancy firm AKG – with financial strength a key consideration for advisers when selecting their primary platform.
- In 2023, we delivered a major technology upgrade to the platform to better service our adviser clients.

Our investments in action

As a specialist global investor with over £360bn of AUM, we help capital meet opportunity to support the world's ever-changing needs. Informing our approach are a number of megatrends that are set to influence the shaping of the global economy, including decarbonisation, urbanisation and infrastructure development and a shift in economic power to the East.

London based private biopharmaceutical company Quell Therapeutics are working to deliver transformational and valued therapies addressing a range of autoimmune and inflammatory diseases, as well as preventing rejection in organ transplantation. We are invested through two of the four closed-end funds acquired from Boston based Tekla in 2023 to build out our capabilities in the biotech and healthcare sphere where technology advances and demographic changes are set to drive growing opportunities in the future.

Ten Boomgaard in Bruges is the first investment in Belgium on behalf of investors in the abrdn Pan-European Residential Property Fund (APER) which now has assets in 30 cities across 10 countries. As demand continues to rise for good quality housing in key European cities, the fund successfully raised over €100m in the last quarter of 2023.

The Mirasierra Gallery in Madrid has been recognised as the Best Retail Park in Spain by leading industry body Asociación Española de Centros y Parques Comerciales (AECC). Purchased for an institutional mandate, the Gallery brings together both retail and healthcare centres and was constructed with a core commitment to sustainable building management.

Power Grid Corporation of India is the country's largest electric power transmission utility, transmitting about 50% of the electricity used domestically. Invested in the company through abrdn's Asia Income fund, we see an opportunity to benefit from infrastructure spending and the massive push towards renewables and associated infrastructure in India.

Wessex Internet Limited and its majority shareholder, abrdn's third Infrastructure Fund, ASCI III, announced successfully securing an additional £35m funding in 2023 for the business's long term growth plans, bolstering the firm's mission to provide high-speed fibre to the home, and improved connectivity in rural areas of South-West England.

Results impacted by continued challenging market conditions

Market conditions remain challenging and this is reflected in our 2023 results.

We are taking actions to restore our core Investments business to a more acceptable level of profitability.

Financial performance summary

£1,398m

Net operating revenue

reduced by 4% to £1,398m (2022: £1,456m) with lower revenue in Investments mainly reflecting the impact of net outflows and adverse market conditions. This was partly offset by growth in Adviser and ii.

£249m

Adjusted operating profit

reduced by 5% to £249m (2022: £263m) reflecting the lower profitability in the Investments business, partly offset by the benefit of the full 12 months contribution from ii[1] of £127m. Excluding ii[1], adjusted operating profit was 38% lower than 2022 at £122m (2022: £196m).

82%

Cost/income ratio

was stable at 82% (2022: 82%) reflecting the benefit from the efficient Adviser and ii cost models, offset by lower revenue in Investments.

(£6m)

IFRS loss before tax

of £6m (2022: loss £612m[2]) was impacted by losses of £178m from the change in fair value of significant listed investments, restructuring and corporate transaction expenses of £152m and goodwill impairments of £62m.

(£13.9bn)

Net outflows (excl. liquidity and LBG tranche withdrawals)

of £13.9bn (2022: £10.3bn), representing (3%) of opening AUMA, largely reflected by lower gross inflows which included the impact of the uncertain market environment.

1. Relates to ii (excluding Personal Wealth).
2. Comparatives have been restated for the HASL implementation of IFRS 17. Refer to Basis of preparation in the Group financial statements section.

Capital performance summary

Our capital resources provide strength to allow investment to grow the business and be more efficient.

£1,466m

CET1 capital resources

increased to £1,466m (2022: £1,301m), benefiting by £576m from the remaining HDFC stake sales, partly offset by the impact of the £300m share buyback in 2023.

£1.8bn

Cash and liquid resources

remained robust at £1.8bn (2022: £1.7bn). These resources are high quality and mainly invested in cash, money market instruments and short-term debt securities.

£557m

Value of listed stakes

of £0.6bn (2022: £1.3bn) excluded from the CET1 capital position. Reduction includes impact of final HDFC stake sales which generated net proceeds of £0.5bn.

14.6p

Full year dividend per share

was maintained at 14.6p (2022: 14.6p). It remains the Board's current intention to pay a total annual dividend of 14.6p until it is covered at least 1.5 times by adjusted capital generation.

Read more about our financial and capital performance in the Chief Financial Officer's overview section of this report.

A refocused Investments business ready to capitalise on areas of strength

The capabilities in our Investments business are built on the strength of our insights, which are generated from wide-ranging research, worldwide investment expertise and local market knowledge. While continuing to offer a comprehensive range of solutions in public markets and alternatives, we have simplified our Investments business and refocused our capabilities on areas where we have the scale and specialism to capitalise on the key themes shaping markets.

"Faced with industry headwinds and a challenging risk-off environment for a second year in a row, 2023 was a difficult year for the Investments business. However, we are taking decisive action to stabilise flows, improve our cost/income ratio and build the foundations for sustainable growth.

As a specialist asset manager, we continue to see compelling opportunities across both public markets and alternatives, and I remain confident that we can deliver value for our global client base, particularly as markets normalise."

René Buehlmann
CEO, Investments

Highlights

£122.4bn
AUM from our fixed income capabilities

£23.7bn
AUM in our closed-end funds

£102m
Cost reduction in the Investments business, exceeding the £75m target set for 2023

Investment performance[1]

1 year
44%
(2022: 41%)

3 years
42%
(2022: 65%)

5 years
52%
(2022: 58%)

1. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected. Further details about the calculation of investment performance are included in the Supplementary information section.

We are a specialist asset manager with £366.7bn in AUM. We focus on areas where we have both the strength and scale to capitalise on the key themes shaping the market, through either public markets or alternative asset classes.

Positioning our business to capitalise on megatrends

Another challenging year for investors

We have continued to operate in a challenging, risk-off environment with outflows seen across the market. The notable drop in market values across emerging markets (EM), fixed income and real assets has presented a significant revenue challenge. Geopolitical and credit risk persist, while rising interest rates have continued to drive asset allocation into lower-risk, lower-margin debt products and cash. With the growing adoption of passive and index investing also disrupting traditional asset management models, our business continues to take active steps to not only mitigate these challenges but also to position itself for a pivot back to growth.

Investment performance over the three-year time period has weakened, with 42% of AUM covered by this metric ahead of benchmark (2022: 65%). The drop in the three-year performance reflects a challenging period for active managers particularly those with a quality equity investment style with a bias towards Asia and Emerging Markets. To address these challenges, we are committed to refining our processes by:

- Expanding our thematic equity offering and research capabilities.
- Implementing asset class-specific process enhancements, including refinement to valuation approaches, portfolio construction techniques, and risk analytics.
- Evolving our CIO governance structure and introducing 'Team Scans' at asset class and desk levels to facilitate peer review and to drive continuous improvements.
- Focusing on strategic technology and data initiatives to enhance analysis and process efficiency.

Despite current headwinds, clear megatrends have developed that will dictate market dynamics in years to come. In 2023, we continued to align ourselves to these trends:

Urbanisation and infrastructure development: With rapid urbanisation, and growing populations worldwide, the demand for homes and infrastructure continues to grow, driving capital expenditure and economic activity. We have significant scale in real assets with £42.8bn of AUM as at December 2023. In the logistics space, abrdn-owned Tritax remains a leading player with two of the largest listed logistics funds in the market. Throughout 2023, we demonstrated momentum across infrastructure, living and logistics, notably winning a significant mandate with Border to Coast in June to support the launch and management of its UK real estate proposition.

Climate change and the energy transition: Global carbon emissions rose by another 1.1% last year, which was the hottest year on record. However, the global energy transition is well underway, supported by the COP28 agreement to triple renewable capacity and double energy efficiency by 2030. We continue to evolve our product range to capture climate commitments aiming to respond to continued market interest in sustainable and climate investing. In June 2023, our Climate Transition Bond Fund secured Environmental Finance's 'ESG Fixed Income Fund of the Year' award, after being recognised for its particular focus on climate adaptation.

Health and biotech: In October 2023, abrdn completed the acquisition of the healthcare fund management capabilities of Tekla Capital Management, a specialist healthcare investment adviser. With the global healthcare sector grappling with an ageing population and increasing rates of chronic illnesses, such as diabetes and cancer, the healthcare technology industry has grown rapidly. In the United States alone, healthcare expenditure has grown at an annual rate of 6% since the 1980s, as the US population has surpassed 330 million and the obesity epidemic has worsened.

Growth in Asia and emerging markets: Despite the significant headwinds over the last two years we expect Asia and emerging markets to remain important drivers of global growth. Our estimates suggest that by 2035, emerging markets will drive c75% of global growth, with China and developing Asia alone accounting for 60% of this. With a significant specialism in EM and Asia, where we have operated for over 30 years, we are well positioned to benefit from these structural growth opportunities. Despite signs of recovery in Q4, Asia and EM performance was subdued in 2023. However, we expect both Asia and EM to deliver improved performances this year and next with opportunities emerging to further capitalise on our strong insurance heritage across the regions.

Our progress in 2023

Strengthening our team

In May 2023, we announced changes to the management team of our Investments business with René Buehlmann becoming sole CEO, Peter Branner joining as Chief Investment Officer and Xavier Meyer being promoted to Head of UK and EMEA and Chief Client Officer.

Strategic focus

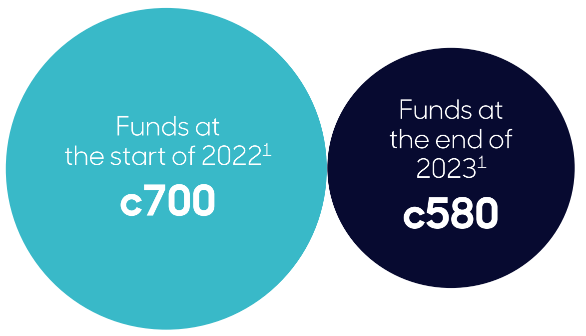
In July and October we announced the sales of our US and European Private Equity businesses, respectively with the US sale completing in October and the European sale expected to complete in H1 2024. These disposals will raise over £105m for the business and reflect our strategy to focus on areas of strength and invest in sectors with attractive long-term dynamics.

Delivering significant cost savings

In 2022, we merged or closed c60 funds to simplify our offering and refocus on scale. In 2023, we continued this process closing a further c60 funds deemed to be sub-scale, inefficient or no longer aligned with our core strengths. While closing funds is never a simple exercise, we have significantly progressed our fund rationalisation programme, which was central in the cost savings delivered across 2023. This process has also increased scale for our existing funds, with 74% of our funds now with over £100m in AUM (61% in 2022) and 55% with over £200m in AUM (41% in 2022).

Our most significant headwinds this year have been in emerging markets, Asia and Global Absolute Return Strategies (GARS) where we have continued to see outflows. Our EM range is well positioned to pivot to growth once investor appetite for risk returns, and our GEM Income fund continues its stellar track record, in which it has performed in the top quartile of the market since inception. We have taken action following a strategic review to merge or close funds associated with our GARS range, which completed in December 2023.

In addition to our fund rationalisation strategy, we simplified our management structure, restructured our Australian operations, and refocused our equities and multi-asset franchises. These actions, taken in combination, resulted in the Investments business comfortably exceeding its £75m cost saving target with £102m in savings delivered in 2023.



1. A subset of the abrdn product range in-scope for rationalisation.

Focusing on areas of strength

Simplifying our product range, exiting undifferentiated or sub-scale areas, and reducing costs has allowed us to intensify our focus on our areas of expertise in higher-margin products and high-growth sectors with the highest potential to deliver performance:

Fixed income: Our fixed income offering has considerable scale with over £122bn AUM across credit, government bond and money market funds in developed and emerging markets. Fixed income opportunities have been subdued in recent years by the low-yield environment, but in 2023 we began to see this trend reverse and our pipeline is now promising. This potential is underpinned by performance with 81% of our fixed income capabilities outperforming over three years, and in credit, where we have particular strength, 99% of our assets outperforming over the same period.

Alternatives: Real estate, infrastructure and logistics all continue to show attractive annual growth rates and compelling opportunities for scale players. In 2023, we made a series of investments across European real estate and infrastructure, with our third infrastructure fund, ASCI III, investing in Spanish fibre networks, biomethane facilities in Italy and regional heating and electricity in Finland. At the end of 2023, our Alternatives business had £76.4bn in AUM including £42.8bn in real assets, £8.8bn in private credit and £17.1bn in funds of hedge funds and commodity ETFs.

Closed-end funds: In 2023, we announced three significant acquisitions in the closed-end fund (CEF) space, acquiring five CEFs from Macquarie Asset Management, the four listed CEFs of Tekla Capital and entering into an agreement to acquire four CEFs from First Trust, which we expect to complete in Q1 this year. Assuming the completion of the First Trust funds, these acquisitions, when taken in combination, would add £3.6bn in AUM, strengthening our already robust CEF offering. We remain the third largest CEF manager globally.

Significant insurance expertise: We have nearly 200 years of heritage in pensions and insurance, and currently run £45bn in pensions AUM globally and £179bn in insurance assets. This expertise was recognised in the 2023 Asia Asset Management Awards where we won 'Best Insurance Manager'. In 2023, our partnership with our largest client, Phoenix Group, delivered £6bn of gross inflows (£5.2bn net of reinsurance arrangements) from their Bulk Purchase Annuities business and £4bn of inflows from their Workplace Defined Contributions business. Phoenix and abrdn continue to explore ways to mutually benefit from and strengthen our partnership.

Our strategy in action in 2023

Throughout 2023 we took decisive action to simplify and refocus our Investments business. By selectively disposing of non-core businesses, and delivering significant cost savings, we have better positioned ourselves to deliver growth as global market conditions normalise.

Jim O'Connor,
Head of the Americas

"CEF acquisitions follow our strategy of building scale, focusing on asset classes where we have strength, and bringing AUM to the group in a perpetual capital structure"

Spotlight on closed-end funds

In Q4 2023 we announced the proposed acquisition of four CEFs from First Trust Advisors which, subject to approval by the funds' shareholders, represents c£600m in additional AUM. The announcement of the deal followed shortly after our acquisition of Tekla's four listed CEFs which, in combination with the five CEFs acquired from Macquarie Asset Management earlier in the year, added c£3bn in AUM. We spoke to **Jim O'Connor**, Head of the Americas, who oversaw the Tekla deal about why abrdn remains acquisitive in the CEF space.

Q: What was the attraction of Tekla Capital?

"As a specialist manager, we seek to deliver value in the areas of the market where there are inefficiencies and where active management can provide superior risk adjusted returns.

This acquisition represents a strategic extension of our thematics capabilities, enabling us to welcome a team of talented investment professionals specialising in the healthcare sector. We believe this to be an area of growth underpinned by megatrends in the investable universe with demographics and technological innovations driving an ever-increasing demand for life science services."

Q: In a year of fund rationalisation why has abrdn been acquiring closed-end funds?

"CEFs are an area of specialism and vehicles which support long-term investment outcomes for retail and institutional investors that can't be replicated by other investment vehicles.

While CEFs are often regarded as complex structures, we believe our experience and knowledge sets us apart from our competitors. Our scaled operating model enables us to look after existing CEF product ranges with the ability to grow via the launch of new funds, secondary market issuances, and corporate mergers and acquisitions of funds.

In December 2023, abrdn announced that we would invest an amount equal to up to six months' worth of management fees in the shares of our UK listed CEFs. The total amount invested as part of this initiative will exceed £30m. This exercise aims to demonstrate our strong advocacy for the integrity of the CEF business, and our desire to closely align ourselves with the shareholders of the funds we manage."

Q: abrdn has executed more listed CEF acquisitions than any other investment manager in the last 15 years, will this trend continue?

"Market headwinds have created a challenging environment for CEFs, which have been trading at their widest discount levels since the financial crisis. This has contributed to an environment with opportunities to acquire funds at attractive valuations. We continue to review the marketplace for opportunities to drive additional scale and efficiency in our key capabilities or to add new capabilities of strategic significance."

Our opportunities for growth

- **UK pensions and global insurance**: We will continue to leverage our strong partnerships and heritage to drive growth in the pensions and insurance markets. The UK is the fourth largest pension fund market globally with £2.2tn in AUM.
- **Fixed income**: We have strong performance across our capabilities in this c£20tn market, we will look to leverage this strength as market conditions become more conducive to fixed income and multi-asset products.
- **Alternatives**: We will bring our core capabilities across real estate, infrastructure and private credit to bear for clients this year and beyond with our significant won not funded pipeline.
- **Acquisitions**: We will continue to scan the market for bolt-on acquisitions within key thematic markets, such as biotech and healthcare.
- **Group collaboration**: interactive investor clients were provided early access to the IPO of the Short Dated Enhanced Income Fund in July 2023. Building on this success, we aim to launch a range of thematic ETFs on ii in 2024.

Empowering advisers to deliver for their customers

Our Adviser business provides financial planning solutions and technology for UK financial advisers, enabling them to create value for their businesses and their customers. We offer a combination of tools and services personalised to their needs, including access to the full suite of investment solutions that abrdn offers as well as a wide range of open architecture investment options.

"We remain committed to our strategic ambition - to be the easiest partner for advisers do business with. We will achieve this by providing frictionless technology and solutions that help advisers to do business their way. Following the delivery of our largest ever technology upgrade, our service experience is back on track and strong foundations have been laid for faster upgrades and deeper integrations. We have made strong strides forward, but we're never done. With adviserOS on the horizon we're just getting started."

Noel Butwell
CEO, Adviser

50%
of UK advice businesses use our platforms

420,000
Customers

2,600
Adviser firms

£73.5bn
AUMA[1]

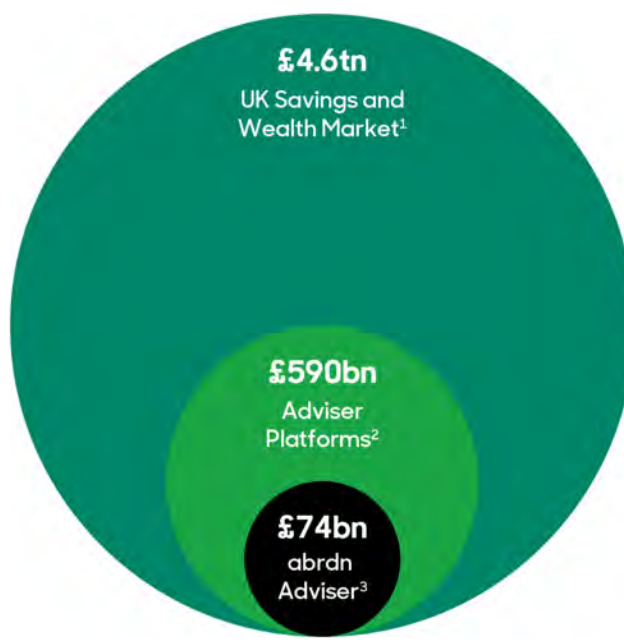
Platinum rated by AdviserAsset

12%
AUA market share

90%
Customer satisfaction score

1. Includes Platform AUA of £70.9bn. The MPS businesses moved from Personal Wealth to Adviser in May 2023. Comparatives have not been restated.

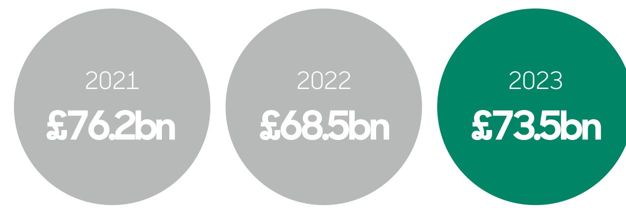
A growing and dynamic market



Performance overview

Despite challenging market conditions throughout the year, our Adviser business delivered a robust performance, culminating in another year of revenue and operating profit growth.

AUMA[4]



Adjusted operating profit[5]

Market overview

The UK adviser market is expected to grow at an annual growth rate of 11% over the next five years[2]. With c£590bn of advised customer assets currently on platforms, this suggests c£995bn of assets will be on adviser platforms in 2028. By leveraging our evolving product and technology stack, our Adviser business is well positioned to maintain its place as a market leader.

1. The Investment Association, Investment Management in the UK 2022-2023. Figures as at 31 December 2022 and inclusive of retail and institutional markets.
2. Fundscape Q4 Press Release, February 2024, AUMA as at 31 December 2023.
3. abrdn Adviser AUMA as at 31 December 2023. Platform AUA is £70.9bn.
4. The MPS businesses moved from Personal Wealth to Adviser in May 2023. Comparatives for 2021 and 2022 have not been restated.
5. The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023 respectively. Comparatives for 2021 and 2022 have not been restated.

Creating capacity through technology

Robust market dynamics

The rapid transition from a low inflation, low interest rate environment to one of sustained high rates and stubbornly high inflation has continued to impact the UK savings and wealth market. A cost-of-living crisis has persisted throughout the year, leading to many individuals reducing their saving commitments, or drawing on their existing savings to mitigate higher living costs, with off-platform cash solutions also increasing in attractiveness.

Against this challenging backdrop it is possible to underappreciate the significant opportunity that continues to exist within the domestic savings and wealth market. While savers' propensity and ability to save has been temporarily dampened, in times of market volatility, high-quality advice from experienced advisers is invaluable. Additionally, the core drivers of medium-term flows into the market remain, including the need to invest to counter the impact of inflation, a steady demand for retirement planning, and the need to maximise tax allowances in a challenging landscape. We will continue to champion the role of independent advisers in delivering advice and support, allowing more individuals and families to plan, save and invest for their futures.

The democratisation of finance

There has been a continued shift in responsibility onto the individual for their own financial affairs. Providing advisers the flexibility to consolidate and control portfolios and wrappers, and to access a suite of tools to manage their customer's finances on one platform meets this demand. While savers now have more access to various asset classes than ever, the complexity of their needs and a lack of understanding of investment strategies underpins the requirement for specialist advice.

The growing advice gap

In the UK savings and wealth market, demand for advice continues to significantly outweigh supply, with this savings and advice gap already running beyond 20 million people. While just over 28,000 qualified financial advisers currently practice in the UK, an ageing and growing population means these advisers have faced significant capacity constraints for many years. At abrdn, we understand that the most efficient means of addressing this capacity limitation is through strategic technology enhancements. We want to empower our clients to grow their businesses in line with their ambition. By providing an enhanced technology solution that allows advisers to onboard and regularly serve more customers, we not only increase their personal capacity, but in turn address the wider advice gap for their existing and potential customers. Research from Investment Trends' 2023 Adviser Technology and Business Report noted that the average UK adviser is currently targeting a c17% increase in their client base; our solutions are designed to help facilitate this.

The evolution of platforms

Fragmented, archaic, and limited integration with the advice process have made the lives of both customers and advisers difficult. Our market-leading platform is designed to remove technological pain-points and allow advisers to not only onboard more customers, but also provide them with more flexible, efficient, and personalised services. We have built future-fit technology, delivering a number of enhancements focused on areas of the platform where we've had adviser feedback. In May, we announced adviserOS, which we plan to launch to market this year. adviserOS represents an extension of services beyond platform functionality, offering additional services to improve integration and reduce friction in the advice process.

A vote of confidence from primary partners

We have built our significant market position by sourcing, developing, and maintaining long-lasting relationships with financial advice businesses of all sizes. Core to our growth strategy is becoming the primary partner for an increasing number of our existing and new clients. In 2023, 46% of our AUMA was held by primary partnership firms, which highlights the confidence of our clients to place their money with us for the long term and the benefit of the technology updates the business has made across the year.

Our progress in 2023

A year of transformation

This year, our Adviser business delivered the largest and most advanced technology release we've ever completed on the Wrap platform. This provided advisers with a range of upgrades in technology, including improved customer reporting with 30 customisable features, a flexi-ISA product, and an improved user interface. As with all technology upgrades of this scale, we experienced a period of disruption as clients learned to use the new platform. The platform is now operating as expected, allowing advisers to fully benefit from the improved functionality delivered.

Integration of MPS

Our Managed Portfolio Service (MPS) was previously part of abrdn's discretionary fund management business, which was sold in September 2023. Our MPS range leverages the global investment research capabilities and expertise from the wider abrdn business, ensuring the optimal asset allocation with componentry from the whole market. There are three investment styles applied across four portfolio ranges, with five risk assessed models in each range, providing advisers with a range of solutions to meet customer's different investment preferences and attitude to risk.

Over the course of the year, the MPS has now been fully integrated into the Adviser business and with strong demand from clients, we expect our solutions to provide a significant growth opportunity starting this year. In December 2023, we re-priced our abrdn MPS and Sustainable MPS to drive this growth as we looked to leverage our existing relationships with half of UK advice businesses.

Preparing to launch adviserOS

In May 2023, we announced our strategic intentions for Wrap and Elevate, upgrading our solutions to become adviserOS. adviserOS is a new approach to platforms that will enable advisers to achieve more for their customers. It amplifies our position as the leader in terms of content and experience, acting as our key differentiator in the market. It is not a rebrand of Wrap or Elevate, but rather a new technology-enabled solution sitting above a single platform technology that will provide advisory firms with access to a range of different services.

adviserOS will enable advisers to meet the challenges they face by creating efficiency in the advice process through better integration and workflow with the tools they already use throughout their business. It will support adviser businesses with tailored support and data-driven insights, reduced keying of data and unlocking time in front of their customers.

We have developed a prototype and are actively testing and iterating the launch features of adviserOS with a sample of client firms. The aim of this approach is to ensure we've done enough research to genuinely understand what works best and what matters most to our clients before launching this year.

Delivering the abrdn SIPP

In line with adviser feedback, our next phase of platform upgrades is to launch our new abrdn SIPP and Junior SIPP this year. The launch of these products forms a core element of our strategy to increase the number of wrappers per customer amongst our existing base and attract new clients and customers to our platform.

The new abrdn SIPP will build on the foundations laid in the delivery of our technology upgrade and will bring the same experience and efficiency enhancements, whilst also enabling the bulk transfer of the existing Wrap SIPP from Phoenix. Our SIPP will provide a significant improvement in technology through digitisation of key processes and straight through processing, removing inefficiencies in client and customer journeys and the need for paper forms.

The abrdn SIPP launch will strengthen our product offering with a Junior SIPP, delivering an additional way for our customers to help save for their children and grandchildrens' futures, whilst also laying the foundations for relationships with the advised customers of tomorrow. As with our Junior ISA, our Junior SIPP will be offered at nil charge to encourage positive savings habits across generations.

Consumer duty

As a business, we completed a thorough value for money assessment on both abrdn Wrap and Elevate. The assessment, which can be found on our website, confirms that both platforms provide fair value to customers.

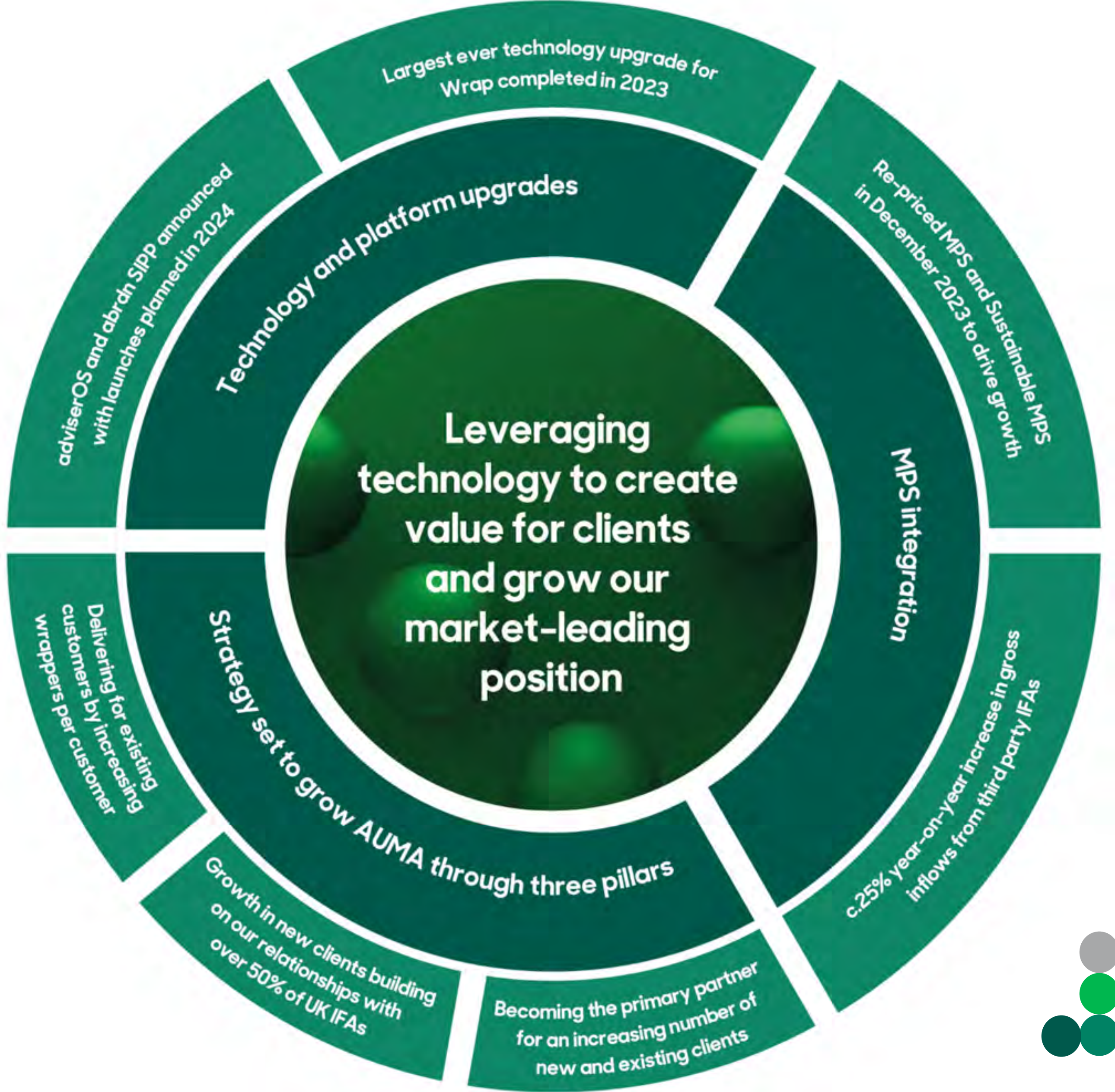
Financial performance

Difficult market conditions seen in 2022 persisted throughout 2023 and, as such, flows have been impacted market wide as inflation remained stubbornly high and as interest rates steadily rose until August. Against these conditions, our Adviser business saw outflows of £2.1bn (2022: £1.6bn inflows). However, the business delivered another year of revenue and operating profit growth, supported by the impact of the increasing base rate environment on cash margin throughout 2023.

Industry recognition

Our business continues to receive recognition from across the industry. In 2023, we retained an 'A' rating for financial strength from AKG, as well as a 'Platinum' rating from AdviserAsset, and a '5 star' rating from Defaqto for both the Wrap and Elevate platform propositions. These continued awards are not only a testament to the quality of our team and solutions, but also form an important reference point for the advisers who choose to partner with us.

Our strategy in action in 2023



After delivering comprehensive technology upgrades in 2023, we have readied the Adviser business to capitalise on our position as a market leader and to launch innovative products, including our SIPP, which will support future growth.

Ashley Brooks,
Managing Director of DB Wood

"abrdn have a great balance of flexible products, a well-priced distribution platform and market leading reporting functionality"

Why abrdn? We spoke to Ashley Brooks, the Managing Director of DB Wood on what sets us apart from our peers. A 44-year-old business located in Nottinghamshire, DB Wood manages c£1bn on the behalf of around 1,500 households with over 65% of their AUA entrusted to abrdn.

Q: What are the critical factors in being a successful financial adviser?

"Providing financial advice is essentially a people business. In order to succeed you need to deliver high-quality, proactive advice, set clear rules of engagement, and maintain a commitment to doing the right thing for your clients. Ultimately, you need to develop trust while providing a highly personable service."

Q: Why did you first choose abrdn to support your business?

"We've been working with abrdn since 2006. We first began working with abrdn due to your great balance of flexible products, the well-priced distribution platform, and your market leading reporting functionality, which allows us to deliver on our client promises."

Q: Why is abrdn now your primary platform provider?

"abrdn understands our requirements and the challenges that IFAs face in the UK. Because of this understanding, we are able to work with you strategically to grow our business and, more importantly, deliver the benefits of scale that we can pass through to our client base via reduced costs."

Q: Is technology now the key growth driver within the UK financial adviser market?

"Technology is an important component in delivering an effective client service proposition. As ever, the most important driver of growth in the market is the relationship between client and adviser. Technology upgrades can improve these relationships and also create capacity to build new relationships."

Q: How do you expect adviserOS will improve client experience?

"We expect the adviserOS upgrade to assist our business with its enhanced integration, personalisation, administration efficiencies and enhanced client proposition."

Our opportunities for growth

- **Launch of adviserOS**: adviserOS will introduce a new approach to platforms, providing clients with a broader set of tools and capabilities, in addition to the core platform technology, to drive efficiency in the advice process.
- **Launch of our SIPP**: Our SIPP launch is central to our strategy of increasing our wrappers per customer, with our junior SIPP delivering an additional way for customers to help save for the futures of their families.
- **Bulk transfer strategy**: We will transfer existing Wrap SIPP customers from Phoenix to the abrdn platform pension, enabling customers to benefit from the enhancements delivered.
- **Grow our Managed Portfolio Service**: We will leverage our reach in the UK Independent financial adviser market, in which we hold a relationship with 50% of IFA firms in the UK, to drive growth in our MPS business.
- **Group collaboration**: We will leverage Finimize capability and content for our adviser partners as part of the adviserOS upgrade.

The UK's leading subscription-based D2C investment platform

The UK's second largest direct-to-consumer investment platform and number one flat fee provider, interactive investor (ii), enables individuals in the UK to plan, save and invest in the way that works for them. The acquisition of ii transformed abrdn, positioning us for growth as one of the UK's leading personal wealth businesses with positive long-term structural dynamics.

"We are pleased with how ii has progressed this year and how we've positioned ourselves to deliver better outcomes for our growing customer base. Despite challenging conditions in the UK savings and wealth market, through technology and product upgrades, we have further empowered retail investors to save for their futures."

Richard Wilson
CEO, interactive investor

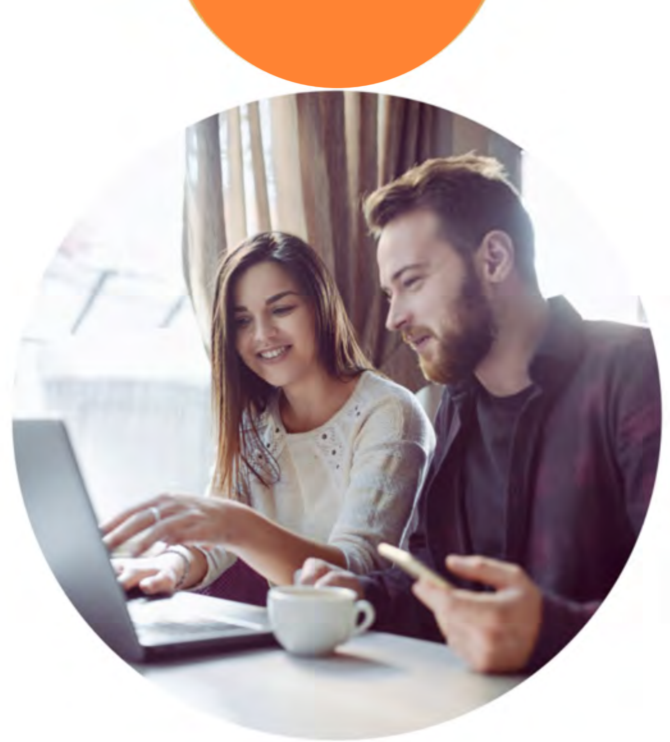
407,000
Total customers[1]

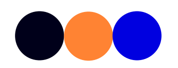
£152,000
AUA per customer[1]

£61.7bn
AUMA[1]

19.3%
AUA market share[2]

1. Relates to ii (excluding Personal Wealth).
2. Compeer Benchmarking Report Q3 2023.

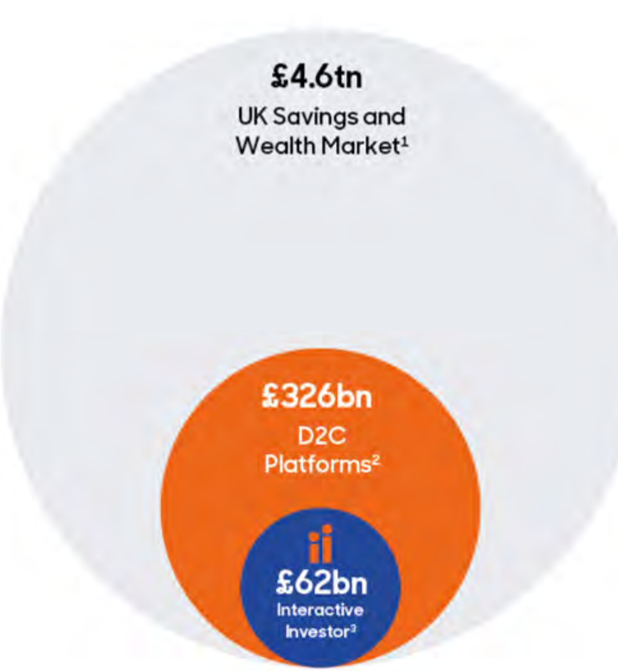




Building a leading position in the UK savings and wealth market

interactive investor

ii is set to benefit from structural drivers in the UK retail investor market.



Performance overview

In its first full year as part of abrdn, ii continued to exceed our initial expectations and displayed significant potential for market capture and growth in 2024 and beyond.

1. Investment Association, Investment Management in the UK 2022-2023. Figures as at 31 December 2022 and inclusive of retail and institutional market.
2. Platforum D2C Market Update, September 2023, AUMA as at September 2023.
3. ii (excluding Personal Wealth) AUMA as at 31 December 2023.
4. Includes loss of £13m in Personal Wealth (2022: profit £5m).
5. Includes ii for 7 months.

The UK's leading subscription-based provider

Empowering retail investors

The acquisition of ii in May 2022 fundamentally changed abrdn as a business. ii is the UK's second largest investment platform for private investors and remains the leading subscription-based provider. The business's evolving platform enables over 400,000 retail investors to access a broad range of investment and savings products via desktop, mobile app and over the phone.

ii's subscription-based model provides a higher degree of financial resilience than peers with percentage fee models, however the business has not been immune from the current subdued levels of investor confidence. ii derives its revenue from subscription fees, trading commissions, foreign exchange (FX) transactions and treasury income, with trading commissions and FX most impacted by the headwinds in the market.

A growing customer base

High inflation and interest rates affected investor confidence throughout the year and consequently ii's rate of customer acquisition, however total customer numbers grew from 402,000 to 407,000 in 2023.

Excluding the recently migrated customers from the Investments business, Share Centre, EQi and customers exiting due to the closure of our pension trading accounts, customer numbers grew from 299,000 at the end of 2022 to 310,000 at the end of 2023, an increase of 4%.

As the market begins to show signs of recovery, ii intends to attract net organic customer growth of over 5% in 2024, driven by further platform developments, increasing SIPP penetration, the development of our integrated Financial Planning division and through continued investment in brand and advertising.

Pleasingly, the business has continued to see inflows of AUMA, with £2.9bn added in 2023, comprising £3.3bn of inflows into ii and £0.4bn of net outflows from Personal Wealth, which was largely due to restructuring activity during the year. If outflows due to the exit of the pension trading account product are excluded, ii's net inflows increased to £3.9bn, over 7% of opening AUA. According to Direct Matters, ii delivered the highest net inflows across UK D2C platforms in 2023.

Resilience in a challenging market

The cost-of-living crisis in the UK has not only lowered customers' propensity to save and invest but has also contributed to a more risk-averse environment.

Investors are now more likely to move into fixed-income securities and savings accounts, made more attractive by a steady rise in interest rates, with the Bank of England's base rate peaking at 5.25% in August 2023, where it has remained since.

Although the market as a whole saw decreased volumes, ii's market share of trades increased due to its active customer base, pipeline of new services, and proposition enhancements. While this market capture is encouraging, transactional revenues fell 17% in 2023, reflecting lower trade pricing from September 2023, which reduced the charge for standard UK and US trades to just £3.99.

Growth potential

Despite relatively flat total customer numbers and reduced trading revenue, increased treasury income and our focus on simplification and digitalisation has supported an increased operating margin and an improvement in our cost efficiency. This highlights the significant growth potential of the business. As and when the market normalises, new customers can be onboarded at a very low and decreasing marginal cost, so if customer numbers grow as anticipated in the medium-term, this lean operating model amplifies that potential for sustained growth in profitability.

ii's potential is further supported by the medium-to-long term growth drivers underpinning the UK direct-to-consumer market. The UK is the sixth largest economy in the world and has a well-developed D2C investment sector. The UK's D2C industry is already worth over £300bn and with a growing and ageing population, we are going to see a significant intergenerational transfer of wealth which will drive further momentum in the market.

A compelling sector

Despite some new entrants, the UK D2C platform market retains high barriers to entry and better-known platforms with scale and high numbers of active users, such as ii, benefit from both economies of scale and better developed technology stacks. UK savings and wealth therefore remains a compelling industry to be in, particularly as financial education and retail participation increases.

Our progress in 2023

Introducing Financial Planning

ii's offering has been repositioned during 2023, with the transfer of Managed Portfolio Service to Adviser in May 2023, and the sale of the discretionary fund management business to LGT in September 2023.

As ii has continued to grow, we have received numerous requests for financial planning advice. One of the key synergies outlined when abrdn acquired ii was to integrate abrdn's financial planning capabilities into the business. Over the course of 2023, we have further integrated these capabilities, and restructured our financial planning offering, reducing headcount by 21% and closing four offices.

Strengthening our platform

One of ii's key growth drivers is the strength of our platform. In a competitive market with both incumbents and new entrants investing heavily in their technology, it is essential that both our website and mobile app remain ahead of the curve. In January 2023, we launched new website infrastructure, modernising the design, improving user experience, and making our news feed easier to navigate.

An ever-increasing volume of trades are being made 'in app', with new entrants to the market, in particular, focusing on creating simple and engaging user interfaces. While ii still sees the majority of investing activity taking place via desktop rather than app, close to a fifth of all mobile trades in the UK were done through our app, highlighting not only the quality of our own user experience, but the importance of continuing to invest in it. In 2023, we continued to enhance our app capabilities, including facilitating in-app currency conversion and AGM/EGM voting capabilities.

- **50,000 new app downloads in 2023**
- **26% increase year-on year of clients using our app**
- **36% increase year-on-year of in app trades**

In Q2 2023, we piloted ii community, a social trading platform allowing users to discuss shares, compare portfolios and get inspiration from high-performing retail investors. The app, which will be fully rolled out in 2024 is a social network encouraging investors to interact and to learn from each other's trading strategies.

Essential value

In February, ii launched Investor Essentials, an entry-level ISA and/or trading account, designed for investors with portfolios of under £50,000. Through the Essentials plan customers below the £50,000 threshold pay a monthly fee of £4.99 and benefit from free regular investing. At launch, trading fees were £5.99, which we later reduced in September 2023 to £3.99, to deliver further value.

Pension Essentials, which was launched in October 2023, is an entry-level subscription plan for portfolios under £50,000 and is now the best value pension in the UK for saving pots over £15,000.

SIPP penetration

Increasing product penetration is a key pillar in our growth strategy and central to this strategy is further market capture of SIPPs. Currently, c15% of our customers hold a SIPP account with us, an increase of 2.5% over the last year. In 2023, for the second year running, ii was a Which Recommended Provider of SIPPs with our growth in the market underpinned by attractive low fees, including our Pension Essentials plan, and our continuous development of the customer tools and content.

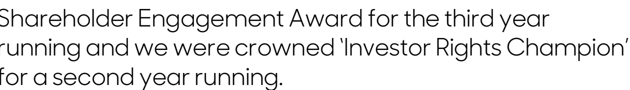
Introducing the ii's

Despite being the UK's second largest investment platform for private investors, we have historically tracked behind our peers in terms of brand recognition. In 2023 we increased investment in marketing, culminating in Q4 with the launch of ii's first television advert and a significant multi-media campaign.

Award-winning value

In 2023, ii continued to receive positive recognition from its customers, partners, and stakeholders. At year end, ii had over 23,000 reviews on Trustpilot, 81% of which were five-star.

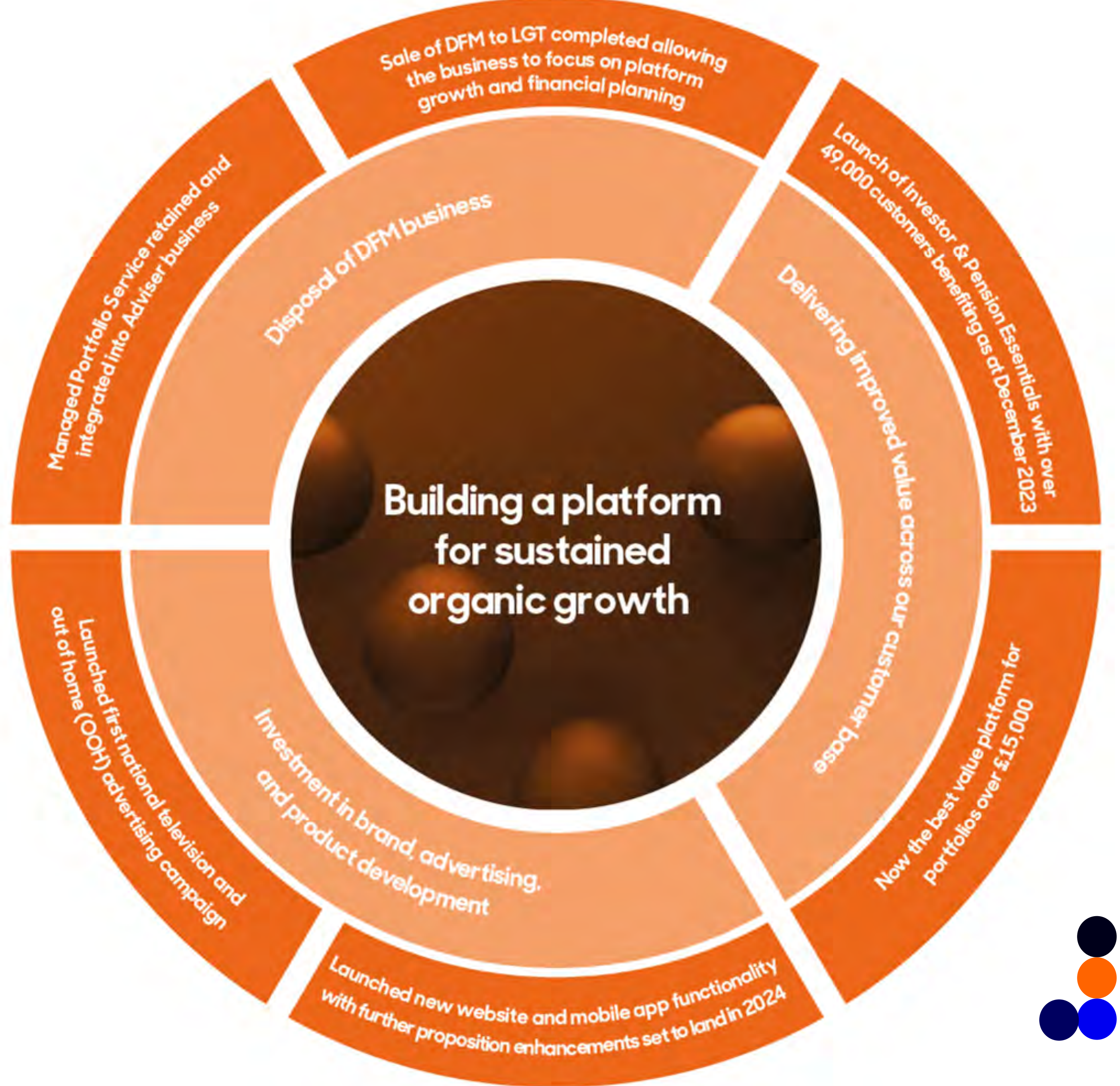
In yet another busy year for awards, ii also won Investors Chronicle's Best ISA, the AIC's Shareholder Engagement Award for the third year running and we were crowned 'Investor Rights Champion' for a second year running.



Consumer duty

In readiness for the FCA's implementation deadline of 31 July 2023, ii ran a project to review all requirements in alignment with the Duty's 'Customer Outcomes'. Areas of focus included: customer journeys and testing of customer communications; completion of 'fair value' assessments across the product range; and a review of the 'target market'. Changes to policy and process, initiated by the project are now embedded within the day-to-day operations of all functions, with ii well placed to demonstrate compliance with Consumer Duty.

Our strategy in action in 2023



In Q3 2023 over 25% of UK cash market trades in the D2C market were made through our platform. By upgrading our technology, focusing on delivering value and by increasing brand awareness with our first national advertising campaign, in 2023 we laid the foundations for sustained organic growth.

Alain Courbebaisse,
Chief Commercial Officer

"Investment is not something that is generally taught in schools, but it's a life skill that has the potential to provide financial freedom much earlier in life."

We asked Alain Courbebaisse, CCO of interactive investor, about the driving factors behind launching Investor Essentials and why he believes that investing should be accessible to everyone. Alain joined ii in March 2023 and is responsible for leading the commercial team, as well as leading ii's business development and integration activity.

Q: Why does ii use a subscription-pricing model?

"Long-term, a flat fee is just a simpler, fairer way of providing an investment service. The beauty of flat-fee pricing is that the more people save and grow their investments, the more they keep. The wider market is dominated by percentage fee-models, which see customers paying more and more as their portfolios grow.

Direct feedback from customers and our own market research confirms that flat-fee is savers' preferred way to invest, and from a business perspective, it also provides financial resilience with our subscription revenue not being linked to market levels."

Q: Why did you launch Investor Essentials?

"Investment platforms can be a powerful force for positive change when they put customer interests at the heart of their pricing. Our flat fee has always been incredible value for larger pots and we wanted our model to work for a broader section of the investing public."

Q: How have you found initial client feedback?

"Feedback from clients has been extremely positive and became even more so in September when we increased the maximum portfolio value to benefit from Essentials up to £50,000 (from £30,000 at launch). We also made the journey even simpler by onboarding all our customers onto Essentials plans and then upgrading them when the value of their portfolio exceeds £50,000."

Q: What does the democratisation of investment mean to you?

"Leaving savings sitting in a low-interest current account or cash, particularly during periods of high inflation, means that individuals and families across the UK are at best missing out on the long-term potential of the stock market and at worse seeing the value of their savings steadily decline in real terms.

Investment is not something that is generally taught in schools and can be quite daunting as a novice, but it's a life skill that has the potential to provide you financial freedom much earlier in life. At ii we don't just want to enable investment; we want to actively encourage it and you'll certainly be seeing us continue to focus on education this year."

Our opportunities for growth

- **Market penetration**: ii continues to focus on organic growth through increased marketing and aims to continue capturing market share, particularly from percentage-fee platforms.
- **SIPP customers**: Our strategy to increase SIPP market penetration continues and we are targeting 20% net growth in SIPP customers, year-on-year.
- **Implementing new solutions**: New solutions including the ii Managed ISA and Managed SIPP, a digitally led financial planning proposition, ii Community and ii360, a new platform for experienced traders, are being developed to attract new customers to our platform.
- **Group collaboration**: ii will continue to collaborate with the wider abrdn business to share talent, skills, products, and operational capability to improve the quality and breadth of investment products and services on offer to customers right across the group.

Sustainability overview

Supporting our clients, our people, and a credible transition toward a better world.

Our focus:

Environment
Climate and nature impact

Social
People and opportunities

Governance
Trust and transparency

Investments

41%

In-scope public market portfolio carbon intensity reduction versus 2019 baseline

(2022: 27%)

25%

In-scope real estate portfolio carbon intensity reduction versus 2019 baseline

(2021: 7% increase)

Operations

69%

Operational emissions reduction versus 2018 baseline (2022: 70%)

Our people

54%

Employee engagement level (2022: 50%)

43%

Female representation across global workforce (2022: 43%)

Our communities

£2.1m

Contribution to charitable causes (2022: £2.4m)

Our conduct

99%

Mandatory training completed (2022: 99%)

External rating

AA

MSCI ESG Rating (2022: AAA)

Delivering our climate strategy

We are committed to enabling our clients and customers to achieve their climate goals and to contribute to real world decarbonisation.

Learn more about our approach in our 2023 Sustainability and TCFD report.

2018

- Our operational emissions baseline.

2019

- Our portfolio emissions intensity baseline.
- Launched operational climate working group.
- Launched investments climate working group.

2020

- Published our interim operational emissions reduction target.
- Initial pilot with the eco-app Pawprint to help colleagues understand and reduce their carbon footprint.
- Launch of our carbon footprinting tools for investment desks.
- Published our first TCFD aligned report.
- First report portfolio emissions intensity for equities and fixed income.

2021

- Published climate change approach document for Investments.
- Published our long-term climate targets for operations and investments.
- Appointed our Head of Climate Change Strategy and joined the Net Zero Asset Managers initiative.
- Published our first-year climate scenario analysis research.
- First rollout of carbon metrics reporting for clients, in-line with SFDR.
- Launched four climate focused products including our strategy in partnership with the Big Issue Group.
- First published real estate net zero investment framework.

2022

- Climate performance first included in Executive Director Remuneration policy.
- 10-year anniversary of Environmental Champions colleague network.
- ii integrated into operational footprint.
- ii ACE 40 list supports retail investors to find sustainable solutions.
- Pilot biodiversity study in partnership with Natural History Museum at Far Ralia estate.
- Publication of credibility assessment pilot research.
- Launch of engagement strategy focused on highest financed emitters.
- Appointed Chief Sustainability Officer for Investments.

2023

- 69% reduction in operational emissions versus baseline.
- 41% reduction for in-scope public market portfolio carbon intensity versus baseline.
- 25% reduction for in-scope real estate portfolio carbon intensity versus baseline.
- ii wins AIC Shareholder engagement award, supporting retail investors to engage with their investments.
- Net Zero award from the Scottish Financial Enterprise for our research papers identifying climate transition leaders.
- 'ESG fixed income fund of the year' award from Environmental Finance.

2024

- First standalone TCFD reporting for Adviser entity.
- We intend to publish our Climate Transition Plan.

2025

- Target date for 50% reduction in operational emissions versus 2018.
- Real estate net zero studies complete for all in-scope funds.

2030

- Target date for 50% reduction for in-scope portfolio carbon intensity versus 2019 baseline.

2040

- Target date for operational net zero.

Investments business
Adviser business
ii business
Operational impacts

Climate oversight and management

Information flow and climate-related actions during the year

Our governance framework

abrdn plc operates using a governance framework aligned to the principles of the UK Corporate Governance Code (2018) (page 86). Our Board of Directors oversee the implementation of the company business model and activities of our businesses: Investments, Adviser, and ii.

The role of our Board and Committees

The Board and Committees provide specific oversight in relation to material business activities and challenge management on matters, which includes climate-related risks and opportunities. Examples of this oversight are outlined on this page, with a focus during 2023 on non-financial disclosure requirements and approach.

Our Executive Directors

Our Chief Executive Officer serves as the climate sponsor for the business and bears delegated responsibility from the Board for oversight of climate-related risks and opportunities. Our Chief Financial Officer is incentivised through our Executive Director Remuneration policy, alongside our Chief Executive Officer, to achieve sustained performance against our public targets.

Climate change working groups

Our Chief Executive Officer delegates authority from the Board to our Executive Leadership Team, and in turn to our climate working groups, to support the assessment of climate-related risks and opportunities and to provide related recommendations.

Our Head of Sustainability Insights & Climate Strategy and Head of Corporate Environment Strategy chair two climate-related working groups, which are key to our climate governance structure and consist of subject matter experts from across the business. The groups meet to review and discuss material climate risks and opportunities and shape strategic approaches to climate change. These groups are key forums for identifying matters to be escalated through the Executive Leadership Team and to the Board for consideration. In 2023, we also established a Climate Transition Plan Steering Group and supporting taskforces to prepare for the publication of our first Transition Plan. These forums supported engagement across the business beyond our existing working group activities.

Our wider sustainability governance

We continue to take a forward-looking view and have taken steps to advance our governance beyond climate and to sustainability as a whole. Additional information is available in our Sustainability and TCFD report, available at www.abrdn.com/annualreport

January 2023
Audit Committee review of strategy and approach for non-financial disclosure, alongside regulatory requirements, and forward-looking objectives.

February 2023
Audit Committee review of paper advising of controls and processes for key sustainability disclosures related to the 2022 Annual report.
Remuneration Committee review of performance against sustainability-related targets to inform Executive Director remuneration.
Board noting of 2022 Sustainability and TCFD report.

June 2023
Remuneration Committee review of performance against sustainability-related targets.
Strategic update from Chief Corporate Affairs and Investor Relations Officer to the Board, including corporate sustainability priorities.

October 2023
Remuneration Committee review of performance against sustainability-related targets.

December 2023
Audit Committee review of paper advising of controls and processes for key sustainability disclosures, as relates to the 2023 Annual report.
Strategic update from Chief Corporate Affairs and Investor Relations Officer to the Board, including actions taken to prepare our first Climate Transition Plan.

Climate-related risks and opportunities

Our climate risk and opportunity radar

Our sustainable investing opportunity

Many of our clients are interested in opportunities from sustainable investing. This is a strategic focus for our Investments business as we provide the solutions and insight to enable these objectives. In early 2022 we appointed a Chief Sustainability Officer for the business, alongside a newly created Sustainability Group. Our focus has since been recognised with external awards, such as Environmental Finance's ESG fixed income fund of the year, and the Scottish Financial Services Award for Net Zero in 2023. We believe there is a long-term opportunity to enable sustainable investment for our clients and continue to invest in our people, tools, and capabilities to support this. Conversely, we also recognise the risk innate to shifting client preferences should we not be positioned to meet evolving needs.

Our focus on reporting

The regulatory landscape for sustainability reporting continues to move at pace. Due to the global nature of our business, we are exposed to an array of emergent reporting standards, and there is a risk of inadvertent non-compliance, alongside costs to resource and report the required disclosure. Our first and second-line teams continue to monitor the regulatory landscape and we are alert to the implications of frameworks such as ISSB and CSRD. We have historically been an early adopter of sustainability reporting frameworks, such as TCFD, so believe we have a strong foundation to achieve implementation. Nevertheless, there is a risk that we inadvertently fail to meet the expectations of our stakeholders, with potential costs and reputational impacts as the consequence.

Identified climate opportunities		Potential financial impact to abrdn	Applicability	Time horizon	Likelihood
Products and services	Development of lower carbon investment products and services	Revenue opportunity from demand for lower-carbon products and services	● Investments ● ii ● Adviser ● Operational impacts	0–10 yrs	Possible
Resource efficiency	Use of more efficient buildings, technology and transport	Reduced operational costs	● Operational impacts	0–10 yrs	Probable

Identified climate risks		Potential financial impact to abrdn	Applicability	Time horizon	Risk score
Policy and legal	Burdensome costs and/or regulatory non-compliance due to enhanced reporting regulations	Costs to gather, analyse, and publish data	● Investments ● ii ● Adviser ● Operational impacts	0–5 yrs	Medium
		Costs of inadvertent non-compliance, due to volume of global regulation	● Investments ● ii ● Adviser ● Operational impacts	0–5 yrs	High
Market	Not understanding shifts to client and customer preferences	Reduced revenue from decreased demand for products and services	● Investments	0–10 yrs	Medium
		Potential for missed opportunities due to lack of suitable products and services	● Investments ● ii ● Adviser	0–10 yrs	Medium
	Uncertainty regarding public policy on climate change	Lack of clarity regarding the pace, direction and evolution of public policy exacerbates market uncertainties and associated returns	● Investments	0–10 yrs	Medium
	Climate-related events impact the financial markets	Volatility impacting clients and reducing revenue and financial performance. Potential for financial instability	● Investments	0–10 yrs	Medium/ High
		Potential for financial market instability and uncertainty	● Investments ● Operational impacts	0–10 yrs	Medium/ High
Reputational	Increased stakeholder concern or negative sentiment	Reduced revenue from decreased demand for products and services	● Investments ● ii ● Adviser	0–5 yrs	High
		Costs associated with potential litigation due to investment decisions	● Investments ● Operational impacts	0–5 yrs	High
Physical	Increased severity of extreme weather events	Costs associated with damage to infrastructure, technology, and disruption to power networks	● Operational impacts	Ongoing	Medium
		Costs and operational impact of non- office-based disruption to colleagues/third party suppliers	● Operational impacts	Ongoing	Medium

Time periods for climate risk and opportunity radar:

Short: 0–5 years Medium: 5–10 years Long: 10+ years

● Investments ● ii ● Adviser ● Operational impacts

Climate scenario analysis

Our approach to understanding transition pathways, within managed investments.

Our beliefs driving our analysis

We believe climate scenario analysis is a critical tool to enable a thorough understanding of climate-related risks and opportunities. It is vital that we understand how physical climate change, and the energy transition, may potentially affect the investment returns of the companies and markets in which we invest on behalf of clients. We believe that doing so will support increased resilience, enable us to encourage positive change at the companies in which we invest, and support client objectives. However, there is still uncertainty regarding exactly how policies, technologies and physical impacts will unfold in the future.

Our bespoke approach

Climate scenario analysis provides the means to conduct a forward-looking, quantitative assessment of potential financial impacts arising from climate change. We use a combination of 18 bespoke and industry standard scenarios across a range of temperature rises (between 1.3 and 3.2°C by 2100) and transition pathways up to a time horizon of 2050. Our industry standard scenarios are based upon those created by the Network for Greening the Financial System (NGFS), with our bespoke approach allowing us to incorporate plausible policy assumptions across regions and sectors. This results in a mean scenario that captures our view of the most plausible energy transition. Our third-party modelling partner supports our analysis and refinement of our insights on an annual basis. Our approach goes further to consider the credibility of company transition plans, using a six-factor scoring framework developed in-house. This addresses one of the primary challenges of scenario analysis in that companies negatively exposed to the energy transition can also alter their strategies and take advantage of transition opportunities. Our credibility assessment covers approximately 1,200 of the largest firms by sector, which means that 79% of the 1,000 largest equities in our climate scenario tool are covered by this assessment.

Limitations of modelling

Our framework has limitations inherent to forward-looking analysis and assumptions. Our analysis is primarily focused on equity and fixed income assets, and it is important to acknowledge a reliance on external data, which though improving, remains lacking across some regions and sectors. Our climate scenario analysis cannot capture the impacts from companies coming into and out of business during the energy transition. Our baseline scenario also assumes that the market has accurately priced transition risks and does not account for market inefficiencies or level of understanding of market participants. The overriding limitation is that our exercise is a simplification of the real world and must be reviewed alongside other analysis to support effective decision-making.

Our insight and conclusions

Our latest insight suggests the world is not on track to achieve Paris Agreement goals, with our analysis suggesting that the most likely outcome is a 2.3°C world by 2100. Our framework allows us to generate forecasts on the effects of our climate scenarios on over 24,000 equity assets and 52,000 corporate bonds. This can be aggregated to sector, regional, and fund levels. However, our core insight is that the impact from climate change is mostly a micro phenomenon. This is because at an aggregate level the negative impacts on individual securities are largely offset by positive effects on others; therefore, suggesting actionable insight comes from looking at the dispersion across and within sectors. Figure 1 illustrates this and plots the dispersion of uplifts and impairments across sectors using our mean scenario as our most plausible view of the energy transition.

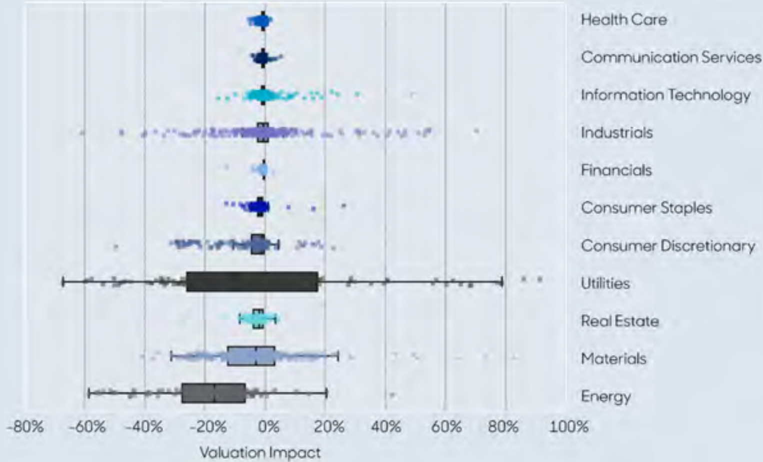
Resilience of abrdn as a firm

Our climate scenario analysis takes an external view to inform our investment processes. The resilience of the Group is explored in the Viability statement on page 74.

Figure 1:

Estimated asset impairments and uplifts from our latest research

Probability weighted mean scenario, February 2023.



Our climate change toolkit

Identifying and managing climate-related risks

Climate-related risk is integrated within our Enterprise Risk Management Framework, which is subject to Board oversight. We operate 'three lines of defence' with defined roles and responsibilities across the business. Climate change is considered amongst our principal risks and uncertainties but is not defined as a principal risk due to its close association with other risk categories.

In other words, we view climate risk to be material, but it is better perceived through financial or regulatory and legal risk categories at the enterprise level. More information on our principal risks from pages 76-79.

Identifying and assessing climate-related risks

Our identification of climate-related risks and opportunities is led by our first line sustainability teams, with our Group risk assessment being based on our Enterprise Risk Management risk impact matrix. Our Investments business has a dedicated Sustainability Group, led by our Chief Sustainability Officer, and we have a Corporate Sustainability team which works closely with our businesses to identify and manage sustainability risks and opportunities, including those related to climate change.

Our climate risk and opportunity radar (page 41) reflects our assessment. Climate change considerations are part of our day-to-day risk management processes, but we periodically revalidate our Group assessment. In January 2024, our Chief Risk Officer chaired a workshop with representatives from across abrdn to refresh our radar. The focus of the radar is the likelihood and impacts of risks and opportunities, and we have mitigation, or realisation strategies aligned to each risk or opportunity. We consider inherent risk and quality of controls to determine a residual risk score.

Our business is predominantly exposed to transition risk (and opportunity) as markets, policy, and regulations come to terms with alignment to a lower carbon world. This is of particular significance for our Investments business as we invest on behalf of our clients and incorporate material climate-related risks and opportunities into our investment processes. We believe our Adviser and ii businesses face less direct exposure to climate-risks, as platform versus investment management businesses.

Managing risk with our climate change toolkit

In addition to the expertise of our sustainability and ESG professionals, we have developed a range of tools to integrate and inform both our internal decision-making processes and those of our platform clients. These tools support decision-making with data, research, and insight, and in the case of our Investments business, are integrated with our risk management processes.[1] It is important to be clear that climate considerations are not material to every investment decision, and integration depends on the objective of the fund or strategy, nor are tools without limitations. Supporting data is drawn from a range of vendors with different levels of data coverage. We aim to improve our capabilities each year.

Carbon metrics
Provides a baseline for measuring climate impact, providing an understanding of portfolio carbon intensity and financed emissions. This enables an understanding of climate-related risks at portfolio, sector, and company levels.

Climate scenario analysis platform
Provides a forward-looking view on transition and physical risks and opportunities. Enables assessment of potential financial impacts by geography, sector, and company. Supports portfolio construction and solution development.

Credibility assessment framework
Our framework assesses corporate net zero targets using a six-factor scale, considering ambition, performance, readiness, policy environment, market penetration, and governance. This supports our identification of transition leaders.

Portfolio alignment
In 2023 we developed a portfolio alignment tool, which assesses target design and emissions performance of 20,000+ companies. We translate the output to three alignment metrics, with initial application to a subset of our funds.

Blueprint for Decarbonisation: Real Estate
Our direct real estate investment process is informed by 21 sustainability indicators, which include climate factors to support the determination of risks and opportunities. This is an input into our due diligence process.

ii ACE 40 investments
The 'ACE 40' list aims to support retail investors to find quality choices among the available universe of sustainable funds across asset classes, regions, and investment styles to allow them to construct a global well-diversified portfolio.

Adviser platform enablement
Our platform provides access to a range of sustainable investment options. We believe this is an increasing consideration for advisers and provide information outlining common types of sustainable investments on our website.

- Investments
- ii
- Adviser

1. Further information on toolkit applicability in our 2023 Sustainability and TCFD report, available at www.abrdn.com/annualreport

Active ownership and solutions

Enabling decarbonisation through ownership and solutions

Focus on real-world decarbonisation

Our climate engagement strategy is focused on understanding climate-related financial risks within our holdings and driving real-world decarbonisation. One way we can do this is through engaging with our largest financed emitters to seek transparency on decarbonisation milestones and to advocate for increased disclosure. In 2022, for our public market investments, we launched a two-year engagement programme with our top 20 largest financed emitters. Our expectation is that over two years we will observe meaningful progress against climate-related milestones. If we do not see sufficient progress against these milestones, we will take voting action and/or consider reducing our financial exposure, if we believe a lack of progress represents a clear financial risk to our clients. Our assessment of companies is informed by relevant standards, such as the Climate Action 100+ net zero benchmark, and our own credibility assessment framework. We provide additional information on our progress to date in our Stewardship report and Sustainability and TCFD report. Available at www.abrdn.com/annualreport

Exercising voting and ownership rights

In addition to encouraging improvement through targeted engagement, we may take voting action at companies that we identify as climate laggards and on climate-related shareholder resolutions. Our public voting policy outlines our expectations, and we disclose our voting decisions on our website the day after a general meeting. We use data from groups, such as CDP, to inform our decisions and understanding.

Climate change resolutions	2023	2022
Resolutions voted	**162**	141
Votes in favour	**40%**	56%
Votes against management	**55%**	26%

'Say on climate' resolutions

We are supportive of ambitious corporate sustainability strategies and targets but note an increasing trend toward those strategies being tabled for shareholder approval. While we welcome the intention of the transparency, we believe they have the potential to dilute board accountability and limit potential future investor challenge. We have therefore taken the decision to abstain from those resolutions, as we believe other mechanisms offer more effective approaches.

Collaboration and advocacy

We are members of the Net Zero Asset Managers initiative, the Institutional Investors Group on Climate Change (IIGCC), the Powering Past Coal Alliance (PPCA) and Climate Action 100+. We are also research funding partners for the Transition Pathway Initiative. Our belief is that industry collaboration is an important mechanism to encourage action and promote best practice. The Net Zero Investment Framework (NZIF) from the IIGCC is the foundation for our approach to climate solutions. We contributed toward NZIF as part of our involvement with IIGCC.

Investment solutions in support of climate goals

We are proactively developing climate transition and low carbon investment solutions to align climate ambition with investment opportunity, to help our clients achieve their climate goals. We work with current and prospective clients to understand and enable their objectives. Our focus is to offer a range of options for clients, whether they have made commitments to net zero, or are interested more broadly in transition opportunities.

Climate considerations are incorporated to different extents across our fund range, with our sustainability focused solutions designed to meet four broad types of client needs. We offer a small number of climate thematic funds, but also apply climate-related screens, or decarbonisation targets to other sustainability focused products. We also work directly with clients on segregated mandates to outline how we can support any climate-related objectives they may have. This is in addition to using tools, such as climate scenario analysis, and research capabilities to inform our wider investment processes (pages 42 to 43).

Many of our clients have set goals aligned to net zero but this does not automatically translate to mandates. Markets and policy environments need to align to support decarbonisation at pace. Equally, terms like sustainability and ESG are increasingly subject to public challenge. Against this backdrop our Head of Sustainability Insights and Climate Strategy spent time during 2023 speaking with clients in the US, Australia, Singapore, Hong Kong, and at COP28; hearing first-hand from investors as to their priorities, and highlighting some of the risks and opportunities we have identified related to climate change. We will continue to actively engage with our clients in support of their objectives.

Portfolio decarbonisation

We are targeting a 50% reduction in the carbon intensity of in-scope assets versus a 2019 baseline by 2030, within our Investments business.

In 2023 we report a 41% reduction in the carbon intensity of in-scope public market assets (2022: 27%), and a 25% reduction to the carbon intensity of in-scope direct real estate assets (2021: 7% increase), versus our 2019 baselines.

Public markets: Progress to date

This is our second year of reporting against our target, with a 41% reduction in the carbon intensity of in-scope public market assets versus our 2019 baseline (2022: 27%). In-scope assets include equities, fixed income, and active quantitative strategies, with decarbonisation across each asset class. Our progress to date is in-line with our initial expectations, based on emission intensity trajectories from climate scenario analysis, and we note a gradual increase to client mandated decarbonisation in segregated accounts, which is an important enabler to achieving our target. We also note client inflows to low-carbon quantitative strategies over the last three years, with these products being a significant contributor to reducing public market carbon intensity, due to targeting low-carbon exposures as part of the product strategy mandate.

Real-world decarbonisation

There remain significant challenges to overcome to achieve real-world decarbonisation, including favourable policy environments, data availability, and client demand. Reductions in portfolio carbon intensity may not be attributable to real-world impact. Our strategy to drive this change is supported by climate scenario analysis, work to understand corporate credibility (page 42), active ownership, and solutions development (page 44). Our carbon target is an aggregate indicator and does not reflect specific objectives of all clients and funds.

Additional portfolio emissions metrics

Our teams can monitor a range of carbon metrics, with tools enabling disaggregation to specific holdings. These metrics are not part of our target but can inform our processes, and support climate-related risk management.

Real estate: Reporting a less volatile metric

In our 2022 disclosure we noted our intention to introduce the calculation of real estate emissions intensity by floor area (m^2). This is a static denominator; whereas our previous metric used valuation (£GAV), which can be volatile and may less meaningfully represent the carbon intensity of real estate assets. We are restating our data using the floor area metric, as we believe this to be a more credible basis to monitor our long-term target.

Drivers of change in carbon intensity

Between 2019 and 2022, we note a reduction in carbon intensity by floor area of 25%. This can be attributed to changes to property type composition of in-scope portfolios, decarbonisation of UK and EU energy grids, and more efficient management of assets. We note a reduction by floor area of 35% to office assets, which typically have a higher carbon intensity than other asset types. This is often due to the proportion of landlord procured energy (Scope 1 and 2) being higher for offices than for retail and industrial parks, where tenants often procure a higher proportion of energy. Changes to our portfolio, such as this, mean that our reported reduction cannot be directly attributed to real-world changes. However, on a like-for-like basis (e.g. assets that were held through 2019 and 2022), we note an 18% reduction in carbon intensity, illustrating a carbon intensity reduction irrespective of portfolio change.

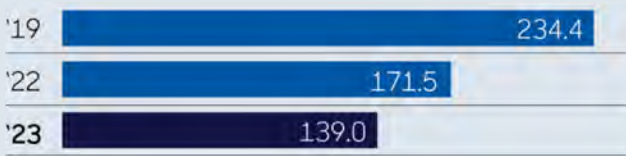
Taking the long-term view

Our portfolio of assets is diverse, and we have a framework to understand the actions required to support our target. This is expected to outline transition pathways for all our direct real estate funds by 2025, with supporting actions to achieve real-world decarbonisation.

Public market decarbonisation 26% AUMA)

WACI: tCO_2e/\$m Revenue (Scope 1 and 2)

41% reduction (2022: 27% reduction)

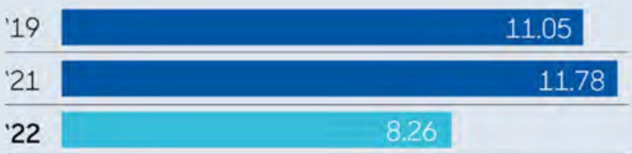


Weighted average carbon intensity (WACI) is our method of tracking public market decarbonisation, in line with the original recommendations of TCFD. In-scope assets include equities, fixed income, and active quantitative strategies.

Real estate decarbonisation (2% AUMA)

Carbon intensity: $kgCO_2e/m^2$ (Scope 1 and 2)

25% reduction (2021 : 7% increase)



Carbon intensity for in-scope direct real estate is normalised by floor area and reported for the 2022 financial year. There is a significant lag to the collection of real estate metrics from individual assets, preventing reporting to 31 December 2023.

Further information available in our 2023 Sustainability and TCFD report, available at www.abrdn.com/annualreport

Operational targets and emissions

We are targeting operational net zero by 2040, with clear progress versus our interim objective.

In 2023 we remained on track to meet our objective of a 50% reduction in reported operational emissions by 2025. We report a 69% reduction versus our 2018 base year. This is driven largely by a significant reduction to business travel since 2018, which we attribute to the adoption of hybrid working within abrdn, and amongst those we work with. We also note significant declines in emissions associated with energy use in our office since 2018, which we have consolidated as part of wider organisational change programmes. Year-on-year, we note an increase in reported operational emissions by 4%.

Despite a fall in travel related emissions since our baseline year, we note an uptick in business travel since 2022, which is offset by reductions in energy use in our offices, and a reduced estimate for employees working from home (see page 47). This increased business travel demonstrates a partial return to pre-COVID-19 working patterns, with our challenge now to support behaviour change to address these residual emissions. Our ways of working have fundamentally changed, with this now fully reflected in our corporate emissions profile. Further information, including limitations, and reporting method provided on page 47.

Operational climate targets[1] in metric tonnes of CO_2e (tCO_2e)		2018 base year	2022	**2023**	% change versus base year
Operational net zero by 2040 / **50% reduction in operational emissions by 2025**		32,218	9,550[2]	**9,919**	-69%
Scope 1 and 2 reported emissions in metric tonnes of CO_2e (tCO_2e)					
Scope 1[3]		2,667	817	**739** △	-72%
Scope 2 (Location based)[4]		7,069	2,031	**1,821** △	-74%
Total Scope 1 and 2 (Location based)		9,736	2,848	**2,560**	-74%
Scope 2 (Market based)		4,376	687	**558**	-87%
Scope 3 reported emissions[5] in metric tonnes of CO_2e (tCO_2e)					
Fuel- and energy-related activities		451	150	**135**	
Waste from operations		–	5	**7**	
Business travel[6]		22,031	4,175	**6,012**	
Employees working from home[7]		–	2,372	**1,205**	
Total Scope 3		22,482	6,702	**7,359** △	-67%
Total energy consumption in kilowatt-hours (kWh '000s)					
UK energy consumption		26,658	10,639	**10,746**	-60%
Global energy consumption (excluding UK)		8,451	2,388	**1,812**	-79%
Total energy consumption		35,109	13,027	**12,558** △	-64%
Emissions intensity metric in metric tonnes of CO_2e (tCO_2e)					
Scope 1 & 2 emissions intensity per full-time employee equivalent (FTE)[8]		1.57	0.56	**0.54**	-66%
Reported emissions by location in metric tonnes of CO_2e (tCO_2e)					
Scope 1	UK	2,629	776	**702**	-73%
	Global (excluding UK)	38	41	**37**	-3%
Scope 2 (Location based)	UK	4,181	1,305	**1,275**	-70%
	Global (excluding UK)	2,888	726	**546**	-81%

1. Operational net zero and interim reduction targets are based on reported Scope 1, 2, and 3 absolute emissions (tCO_2e) reductions.
2. 2022 total restated to 9,550 tCO_2e (previously 14,246 tCO_2e) following the application of a revised method to estimate employees working from home.
3. Scope 1 emissions include natural gas, fluorinated gas, company-owned vehicles, and stationary fuel.
4. Scope 2 emissions include purchased electricity and district heating.
5. Scope 3 reported emissions do not include some emissions categories deemed to be material but where data is currently unavailable. Refer to page 47.
6. Rail and flight journeys for business travel are calculated using the GHG Protocol's distance-based method. Exclusions apply to countries in APAC, where only Singapore and Australia are included.
7. 2022 estimate associated with employees working from home restated to 2,372 tCO_2e (previously 7,068 tCO_2e) due to methodology changes. Refer to page 47.
8. Emissions intensity reporting based on FTE as of 31 December 2023 of 4,719 (2022: 5,130 and 2018: 6,192). We deem this the most applicable intensity metric for our operational emissions footprint due to our impacts largely relating to how and where we work, e.g., offices, travel, and homeworking.

△ 2023 data subject to Independent Limited Assurance in accordance with ISAE(UK)3000 and ISAE3410 by KPMG. Assurance statement and detailed reporting criteria included in the Sustainability and TCFD report at www.abrdn.com/annualreport

Emissions reporting

Method and supporting commentary

Operational reporting methodology

Our emissions inventory on page 46 is reported in line with Greenhouse Gas (GHG) Protocol. We use an operational control boundary and exclude any joint ventures and associates. Emissions associated with our direct operations are therefore representative of abrdn plc and its wholly-owned and operated subsidiaries.

Scope 1 and 2 emissions categories

Scope 1 and Scope 2 emissions are captured and converted from recorded metrics, such as kilowatt-hours (kWh) to tonnes of carbon dioxide equivalent (tCO_2e) using regional guidance on conversion factors. If data is unavailable for in-scope sites on 31 December, emissions are estimated using comparative time periods or other applicable methods.

Reported Scope 3 emissions categories

We report fuel and energy related activities (Category 3), waste from operations (Category 5), business travel (category 6), and an estimate for employees working from home. For each category we follow GHG Protocol guidance and prioritise the conversion of real data, such as passenger kilometres travelled, to tCO_2e using applicable conversion factors. We are reliant on third parties for the collection of some of this data, including waste contractors and travel booking platforms. There are also immaterial limitations linked to completeness in that data may not always be available for our entire estate or is subject to estimates or apportioning due to shared offices. We prioritise reporting based on proportion FTE and aim for continuous improvement year on year.

Other Scope 3 emissions categories

We do not currently report against all 15 categories of Scope 3 defined by the GHG Protocol. Our assessment is that some categories are not material due to the nature of our operations. However, we acknowledge gaps related to purchased goods and services (Category 1), capital goods (Category 2), employee commuting (Category 7) and investments (Category 15). During 2023 our procurement function has worked to develop a Category 1 and 2 baseline, which we expect to report in future. We also carried out an employee survey which will enable us to establish a Category 7 baseline. Our focus for Category 15 has been to enable our clients to understand emissions related to their portfolios and we disclose portfolio carbon intensity metrics on page 45, with scope limited by data coverage and availability. This does not currently include financed emissions associated with the assets on the abrdn balance sheet (pages 162-163). Our intention is to disclose all material emissions categories over time. However, our priority is to ensure the data capability to enable client objectives. We will continue to allocate resources with that view but expect to add to our disclosure over time. This may result in adjustments to our reported baseline and targets in future periods.

Restating emissions linked to homeworking

In 2022 we noted our intention to reflect on our approach to estimating carbon emissions associated with colleagues working from home. We continue to believe this is the right thing to do but acknowledge the lack of an accepted standard method to calculate those emissions. In 2023 we have revised our approach in collaboration with our partners, Pawprint, using an employee survey to inform the basis of the calculation. Our 2023 figure (1,205 tCO_2e) is significantly lower than previous years' estimations. This is due to a reduction in homeworking, more nuanced analysis of home energy use and the model now accounting for numbers of people working from home and dividing the energy requirements per individual. We have also restated our 2022 figures using our new methodology with Pawprint to enable the reporting of comparative figures.

Portfolio emissions metrics

As investors we do not have access to real-time emissions data from companies and assets. There also remain significant reporting gaps across some regions and sectors, with Scope 3 reporting still to fully develop. We use Scope 1 and 2 data to track progress against our target and report core portfolio level metrics (page 45). The source for this data set in public markets is a specialist third-party provider, whereas data for real estate is collected directly from those assets. Both routes include a lag associated with data being reported, collated, and made available to investors. Asset classes other than listed equity, corporate credit, and real estate remain difficult to accurately monitor due to data availability and nascent methodologies. Our portfolio metrics are based upon the original recommendations of TCFD, and methods established by the Partnership for Carbon Accounting Financials (PCAF), which we believe to be best practice. It is also important to recognise that portfolio-carbon metrics are subject to volatility not related to changes in emissions, with revenues, asset values, and markets as key drivers. We believe that tracking and reporting these metrics is critical, but that tools such as climate scenario analysis (page 42) are also essential to support decision-making.

Our commitments

We are:

Client first

From every seat in our business, we understand our unique role in enabling our clients to be better investors, regardless of where we fit in the organisation.

"I'm a problem solver – if I can't find the solution to a clients' needs, I'll find someone who can (and see it through to the end!)"

Kate Doyle

Empowered

We speak up, challenge and act. We take ownership for our work, we accept accountability for our successes and, when they happen, our failures too.

"Empowerment leads to trust and a sense of ownership, and this can in turn lead to increased speed of delivery"

Will Lynch

Ambitious

We strive for exceptional performance. We also know when to balance pace with perfection to get things done. We are passionate about the positive impact we can have on our business.

"Ambition means constantly seeking new and improved ways of doing things"

Jacqueline Tan

Transparent

We have the honest and important conversations that fuel our performance and build trusted relationships.

"Transparency is about being open with people – it helps to build trust and confidence in one another"

Jose Paulino

Embedding our commitments

Actions we are taking in support of colleague engagement

In early 2022 we set out to redefine our culture at abrdn, which supports the delivery of our purpose and strategy. This involved looking across the business to understand what our colleagues feel proud of and reflecting on what our clients need from us to deliver our strategy. Our commitments are the output of this reimagining. Our objective was to create an environment where colleagues feel empowered to speak up, where we are ambitious in what we do, but also transparent in how we go about it, ensuring we enable our clients to be better investors.

During 2023 we have focused on integrating our commitments into every stage of colleague experience, supported by powerful storytelling and robust feedback mechanisms. We have also been focused on taking actions to improve transparency, communication, and recognition across the organisation, with a series of engagement programmes.

Our 2023 engagement results

Each year our annual engagement survey provides colleagues with the opportunity to have their voices heard. Our November 2023 survey saw 79% of our people take part, with over 5,200 comments providing a rich picture of how we are doing across areas of focus. Amidst a challenging market, ongoing transformation, and organisational change, overall colleague engagement increased slightly to 54% (2022: 50%). We see positive scores attributed to the roles people play, their sense of inclusion, the nature of their work, and motivation levels. Where we have focused, we see improvements across 2023, with increased scores around leadership, systems, and processes. As we transform abrdn, we continue to focus on our culture and the actions we need to take to shape our overall colleague experience. Whilst we know there is work to do, we are ambitious and committed to making demonstrable progress for our people.

Talking talent series

We are focused on creating an environment where colleagues feel abrdn is the place to grow their careers. Building on our 2022 series we invited leaders and colleagues to come together to share personal development stories through 'Talking talent'. This helps amplify our existing learning and development programmes and illustrate opportunities available at different career stages.

Awards and recognition

In 2022 only 44% of colleagues felt recognised for their work in the business. We want colleagues to feel celebrated for the extraordinary work they do, so we launched our first 'abrdn awards,' with over 600 colleagues receiving a nomination which was a great response as we came together in celebration. In 2023 we saw an improvement to 64% of colleagues feeling recognised for their work.

Leadership communication programme

Colleagues told us they needed to hear more from our senior leaders. In response we launched six new communication channels to facilitate authentic conversations between colleagues and leaders. This includes monthly CEO broadcasts, frequent townhalls, and informal coffee sessions with targeted groups. We collect feedback from these sessions and have seen upticks to how colleagues feel about transparency and in their understanding of our strategy.

> "This is exactly what we need as staff – honesty, transparency and the opportunity to ask questions."

Anonymous survey feedback

Between January 2023 and November 2023, we observed a 12% increase in colleague confidence in our leaders.

Leadership communication channels active during 2023	Leadership visibility	Clarity of strategy	Understanding and connection to our purpose	Building confidence in our future	Equipping leaders for success
As it is (CEO messaging) Monthly broadcast to all colleagues	●	●	●	●	
Let's Hear It (colleagues) Bi-monthly live Q&A with our leaders	●	●	●	●	
Let's Hear It (leaders) Bi-monthly live Q&A with our leaders	●	●	●	●	●
Leader Essentials Monthly email for all people leaders		●	●	●	●
Results Live Q&A focused on performance	●	●	●	●	●
Executive Leadership Team (ELT) coffee sessions Small informal group conversations	●	●	●	●	

Diversity, equity & inclusion (DEI)

We believe in the benefits of a diverse and inclusive workforce, with different perspectives helping to improve decision making

Our strategy intends to make a positive impact across our business and is led by our Executive Leadership Team, with oversight from our Board. We are focused on delivering our gender, ethnicity, and social mobility action plan, with four guiding priorities. We also believe setting targets is an effective way to make progress. Our targets to 2025 are outlined on page 51, and we have introduced a senior leadership ethnicity target, which we will begin reporting on from 2024, with the aim to be delivered in 2027. This follows the recommendation of the UK Government supported Parker Review. Our approach is recognised externally, and we were delighted to be named in the 2023 Financial Times Diversity Leader List and be given recognition from Citywire, 100 Women in Finance, and the Equality Group. Find out more at www.abrdn.com/annualreport

Our four guiding priorities:	
1	**DEI is part of our purpose.** We embed our commitment to DEI through our brand, culture, suppliers and partners we choose, and the way we engage with companies we invest in.
2	**Our ways of working are inclusive.** Our priority is to make sure people feel connected and that all opportunities are equitable. Managers lead inclusive working for hybrid teams.
3	**We feel valued and included everyday.** We focus on building the capability and awareness to drive inclusive conversations and active allyship.
4	**We bring diverse talent through our organisation.** We focus on minimising any potential bias or barriers in our processes, policies, and approach.

Our gender, ethnicity, and social mobility action plans

Gender
Achieve gender balance across all levels of our organisation.

What we have done:

Recruitment
Tools such as augmented writing software for job adverts, returnship programmes for women, and partnerships with organisations such as GAIN (Girls are Investors) help attract more women into roles in our business.

Development
Introduction of development offerings for women at early and mid-career stages.

Data
We promote accountability by providing leaders with increasingly detailed data.

Capability
Actions taken to address barriers to career progression, such as steps to build our Career Framework, and creating safe spaces to share and learn.

Colleague support
Our Balance colleague network provides support and runs sessions on topics such as mental health and career progression.

Policy
Our benefits policies and gender policies are inclusive, including equal parent leave in the UK.

Ethnicity
Improving outcomes for ethnic minority colleagues.

What we have done:

Recruitment
Tools such as diverse interviewer pools, and partnerships with organisations such as 10000 Interns Foundation to help us reach minority ethnic candidates.

Developing understanding
We produced a 'Talk about race' guide to support colleagues talking openly about race and to build inclusion.

Data
We believe industry transparency helps drive progress and have published ethnicity data on regional representation.

Capability
We run cultural awareness workshops and promote 'Human Library' learning opportunities.

Colleague support
Our Unity colleague network runs regular events and provides learning opportunities across the business.

Public commitments.
We were one of the inaugural signatories to the Race At Work Charter in 2018 and also joined the Corporate Call to Action and Coalition for Equity and Opportunity.

Social mobility
Positive outcomes for people facing barriers in society.

What we have done:

Fair work
We are accredited UK Living Wage and Living Hours employers.

Recruitment
We have partnerships with organisations such as SEO London to help us reach candidates from different economic backgrounds.

Developing understanding
We produced a 'Talk about class' guide to support colleagues talking openly about social mobility issues.

Data
We have embedded social mobility questions into our recruitment processes to deepen our understanding.

Colleague support
Our NextGen colleague network runs regular events across the business.

Working across our industry
We work collaboratively with groups including the Living Wage Foundation. These collaborations help us share best practice and encourage cross industry working.

Example actions from our business to support inclusivity:

Active ownership and gender diversity
In 2023 we wrote to 16 US companies to outline our minimum expectation of 30% female representation on boards of companies with a market capitalisation of $10bn or more. In total we took voting action at 90 US companies due to board gender diversity concerns.

Adviser
In 2023 our Client Engagement Hub piloted the use of biometric technology, which can monitor stress levels at work. We hope to identify insights from the data to support colleague wellbeing, and to help us be client first, through increased learning, or training, on common themes.

ii and Pension Essentials
In 2023 we launched Pension Essentials, expanding our Which? Recommended SIPP pension product to provide lower fees for pots under £50,000. Our Great British Retirement survey supports this need, finding that 76% of self-employed people are paying nothing into a pension.

Diversity targets

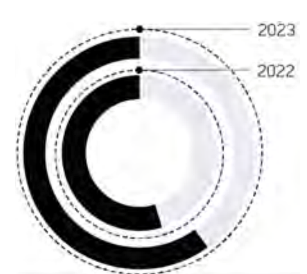
We have set 2025 targets to improve diversity across abrdn

Our diversity targets have been in place since 2020 and those relating to our Board members are consistent with the FCA reporting requirements introduced in 2022. We go further and report additionally on gender representation across our global business, and senior leadership teams. We note that, as part of organisational redesign, reductions in total headcount correlate with a reduction in gender representation for our senior leadership population. We know there is much more to do and remain committed to our targets and actions.

Statement of the extent of consistency with the FCA Listing Rules requirements for reporting Board diversity

As of 31 December 2023, 40% of the abrdn plc Board identified as women, with 1 Director identifying as from a minority ethnic background. This information is self-reported by Board members. No senior positions on the abrdn plc Board, as defined by FCA LR 9.8.6 R(9), were held by women on the reference date. This represents a change from 2022 due to a change of Chief Financial Officer during the period. Other senior roles retain continuity between periods. abrdn is committed to diversity, equity, and inclusion and Board appointments are always with due regard to the benefits of diversity. The Board continues to support its Diversity Statement. Further detail on pages 92-93.

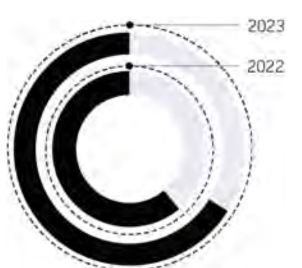
△ 2023 data subject to Independent Limited Assurance in accordance with ISAE(UK)3000 and ISAE3410 by KPMG. Assurance statement and detailed reporting criteria included in the Sustainability and TCFD report at www.abrdn.com/annualreport



abrdn plc Board

Target: 40% women, 40% men, 20% any gender by 2025

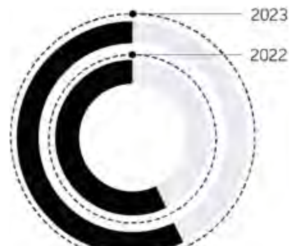
	Women	Men
2022	45% 5 (of 11)	55% 6 (of 11)
2023	**40%** △ **4 (of 10)**	**60%** **6 (of 10)**



Senior leadership[8]

Target: 40% women, 40% men, 20% any gender by 2025 (CEO-1 and 2)

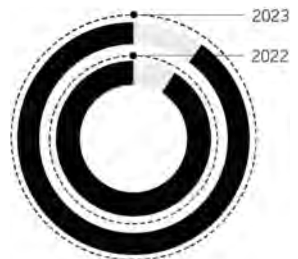
	Women	Men
2022	39% (of 132)	61% (of 132)
2023	**34%** △ **(of 96)**	**66%** **(of 96)**



Global workforce[9]

Target: 50% gender balance (+/-3% tolerance) by 2025

	Women	Men
2022	43% (of 5,147)	57% (of 5,147)
2023	**43%** △ **(of 4,742)**	**57%** **(of 4,742)**



abrdn plc Board

Ambition: 2 Directors identifying as minority ethnic by 2025

	Minority	Majority
2022	9% 1 (of 11)	91% 1 (of 11)
2023	**10%** △ **1 (of 10)**	**90%** **1 (of 10)**

Board and executive management gender representation[1,2]	Number of Board members	Percentage of the Board	Number of senior positions on the Board[3]	Number in executive management[4]	Percentage of executive management
Men	6	60%	4	12	86%
Women	4	40%	–	2	14%
Board and executive management ethnic representation[5]					
White British or other White (including minority-white groups)	9	90%	4	10	71%
Asian/Asian British	1	10%	–	1	7%
Not specified/prefer not to say[6]	–	–	–	3	21%

Subsidiary Director gender representation[7]	Number of Subsidiary Directors in 2023	Percentage of Subsidiary Directors in 2023	Number of Subsidiary Directors in 2022	Percentage of Subsidiary Directors in 2022
Men	16 (of 30)	53%	13 (of 25)	52%
Women	14 (of 30)	47%	12 (of 25)	48%

1. Gender for Board members is self-reported.
2. Gender for executive management is obtained from self-reported employee records.
3. Senior positions on the abrdn plc Board are Chief Executive Officer, Chief Financial Officer, Senior Independent Director, and Chair.
4. Executive management team includes Executive Leadership Team and excludes administration roles.
5. Ethnicity data for Board and executive management is self-reported (using local census data categories and collected where legally possible).
6. Includes one individual based in a country where we do not collect diversity data.
7. Relates to Directors of the Company's direct subsidiaries as listed in Note 44(a) of the Group financial statements and not otherwise classified above.
8. Senior leadership includes Company Secretary but excludes administration roles, and individuals on garden leave.
9. 63 colleagues without gender data on our people system are excluded from the headcount data (2022: 60).

Identifying, attracting and retaining talent

We segment the approach we take to talent, which helps us focus on specific DEI and development priorities for each career stage

Identifying, attracting and retaining the best talent for our business is fundamental to our strategy. Through a period of transformation, we have continued to prioritise the importance of inclusive recruitment with our Hiring for Success interviewer training programme. This equips our hiring communities to identify and mitigate potential biases. Colleagues can also volunteer to be part of our Diverse Interviewer Pool, which we expanded during 2023. Our role profiles are monitored for non-inclusive language using technology, and we use personalised automated onboarding to keep successful candidates engaged in advance of their start dates.

Early careers

Our focus is to build and maintain diverse early careers talent globally. We work with partners to reach talent who may not be attracted to opportunities in our industry. In 2023 we became a corporate sponsor of GAIN and provided internships to members. We also committed to offering internships via the Able Intern Programme, which seeks to address the underrepresentation of disabled talent in the UK. In 2023 our graduate intake was 44% identifying as female (2022: 61%) and 19% identifying as from a minority ethnic background (2022: 26%). Also, 78% of our UK trainees attended a state school (2022: 72%).

Mid-career

We aim to identify a strong talent pipeline and demonstrate the value of growing our internal talent, with around 31% of our roles being filled internally. We have development programmes targeted toward mid-career colleagues, also with courses run specifically for women. We also continued to run our Returners Programme, for the third-consecutive year.

Senior career

All our search partners for senior talent are obliged to present diverse candidates as part of the recruitment process. We also look to ensure our Executive Leadership Team succession pipeline has the breadth and diversity of experience needed to deliver our strategy. This has shaped our 'Future Leaders' programme, which is entering into its second cohort and is designed to include learning tailored to strategic objectives.

Developing talent with our learning strategy

There is no one-size-fits-all approach to learning. We aim to give all our colleagues the tools and resources they need to take control of their development, and to support the delivery of our strategy. Our aim is to:

- Develop skills and capabilities to support our strategy.
- Support colleagues to build successful careers.
- Create engagement in our organisation.

Technology is at the heart of our learning strategy, allowing us to create an inclusive approach to development while also managing costs and the environmental impact of travel. Virtual classroom sessions and digital resources are established mechanisms for delivering courses and content.

Our Leadership Academy

Launched in 2023, our Leadership Academy takes a segmented approach to ensure we develop leadership skills at every career stage. We have developed programmes on the following themes:

Leading self
Devoting time and energy to self-development. Topics include: collaboration, creativity, and problem solving.

Leading others
Building the ability to get the best from others. Topics include: coaching, developing others, and strategic thinking.

Leading the business
Inspiring others to build for the future. Topics include: storytelling, personal impact, strategy, and empowering inclusivity.

The development of our academy was informed directly by colleague feedback, as we aim to amplify opportunities available at all career stages. We collate continuous feedback and track KPIs for our all programmes. We provide additional detail in our Sustainability and TCFD report, available at www.abrdn.com/annualreport

In addition to our Academies, we continue to provide graduate, school leaver and internship programmes, each of which have dedicated development support, including apprenticeships and professional qualifications. We also have a process for employees to apply for funding for external courses and qualifications. We work across the business to identify organisational needs on an ongoing basis and colleague feedback is central to our approach. Achieving the right blend of human and digital learning opportunities continues to be a key focus as we support colleagues to get the most from AI and technologies that are being introduced through business transformation.

Equity and inclusivity

Our role in enabling a fairer, more inclusive, society through examples of our actions supporting our people, clients, and communities

Our UK gender pay and bonus gaps

We have reduced our UK gender pay gaps in 2023 for the sixth consecutive year and believe we have the appropriate actions in place to address this long term. Our mean bonus gap increased by 9.1 percentage points during 2023. Average bonuses for both men and women decreased but some types of bonus payments, such as those associated with sales roles, were less impacted. These roles currently have a higher proportion of men, therefore driving an increase in the mean bonus gap.

UK gender pay and bonus gaps	2023	2022
Mean pay gap	**24.8%**	28.7%
Median pay gap	**18.8%**	24.2%
Mean bonus gap	**55.3%**	46.2%
Median bonus gap	**34.6%**	47.4%

We are committed to continued reductions in our gender pay gap, with a key contributing factor being that more men occupy senior roles than women. We have four actions in place to address this imbalance:

1	**Representation targets**	We set targets for representation of women at all levels across the organisation.
2	**Gender action plan**	We have a gender action plan in place to focus actions on attraction, retention and progression of women at early, mid and senior career stages.
3	**Industry collaboration**	We set a collective industry target to reduce the industry gender pay gap by 50% by 2030, in partnership with the Diversity Project.
4	**Executive accountability**	We were one of the first signatories to the HM Treasury Women in Finance Charter, linking delivery of our targets to pay through our Executive Director scorecard.

We benchmark our progress every year through the Bloomberg Global Gender Equality Index and have been recognised on the index for the last five years.

Feeling valued and included everyday

Ethnicity, gender, and social mobility are our primary areas of focus, but in 2023 we set out LGBTQ+ priorities for the organisation and put more support in place for disability and neurodiversity. We are working to create a culture where everyone feels they belong and were proud to secure 'Excellent' rating for LGBTQ+ equality by the Human Rights Campaign in 2022 (100%) and 2023 (95%). We also became a Disability Confident employer in 2023, under the UK Government Scheme.

Support for customers in vulnerable circumstances

We support advisers to achieve the best outcomes for their clients, which includes additional support for customers in vulnerable circumstances. Anyone could find themselves in vulnerable circumstances in their lives. The FCA identifies four key drivers of vulnerability including: health, life events, resilience, and capability.

Through our Client Engagement Hub, we can provide the support and tools for clients with vulnerabilities and aim to make processes as effortless as they would be for anyone. We have a team of specialists who are trained to provide additional help when a vulnerability is identified, and we tailor our services in instances where the client may contact us again. We do this using the data and advanced technology behind our platform.

Our accessibility services also support additional needs. We can translate certain documents into braille, or large print, and can accept calls from registered Sign Language interpreters, or through RelayUK, which enables users to type to talk. During 2023 we have also been working to identify third parties we can engage with to help further support advisers and their clients with vulnerabilities. With our proactive focus on training, technology and collaboration, our goal is to lead the way, as vulnerability could affect anyone at any time.

Supporting financial education with MyBnk

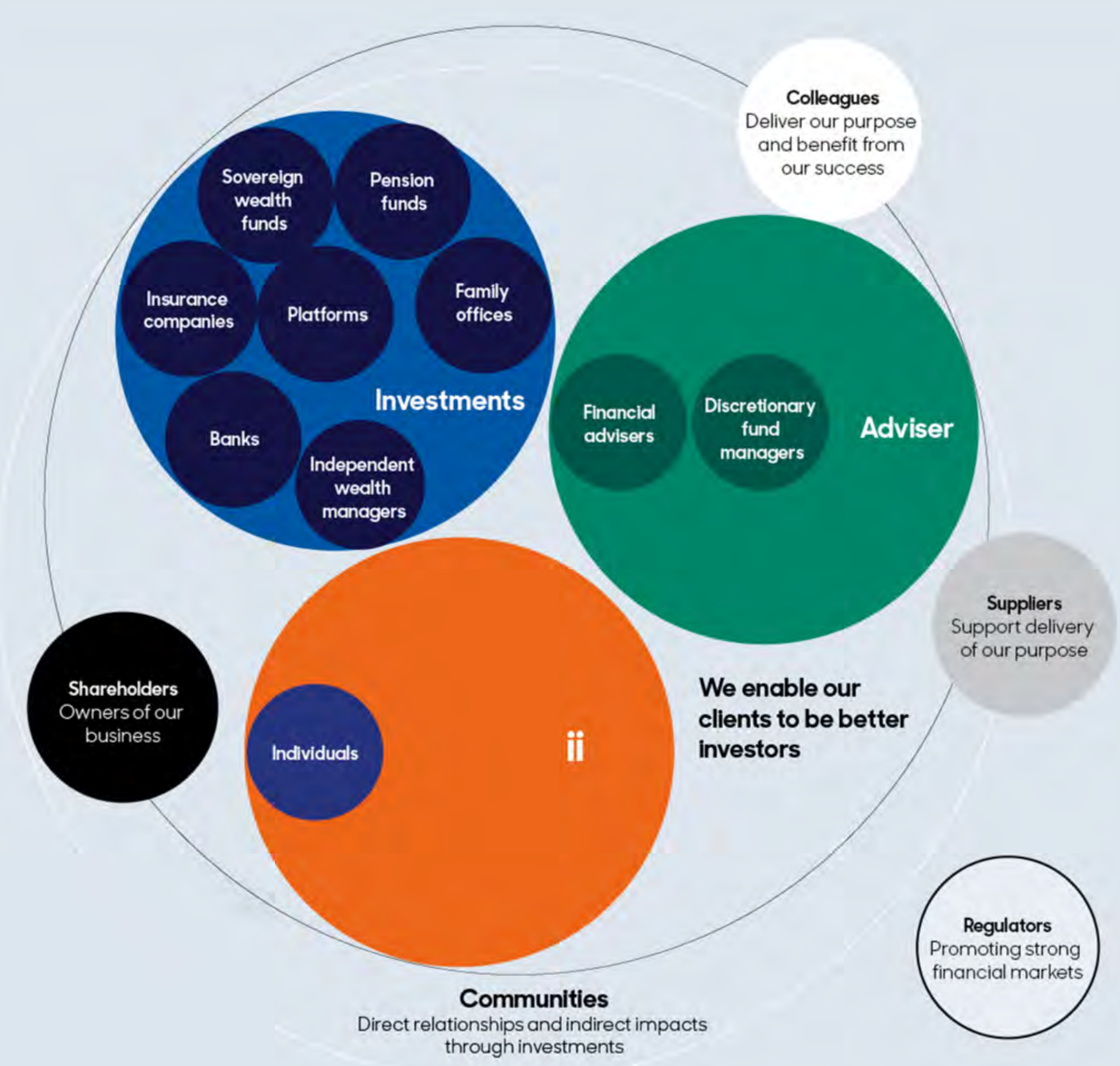
In 2022 we launched a three-year partnership with MyBnk, whose mission is to empower young people to take charge of their future by bringing money to life. We expanded this partnership in 2023, with our total commitment now over £1,300,000 via the abrdn Charitable Foundation. Our support will enable MyBnk to deliver financial education programmes and money management workshops. Learn more about community impact in our Sustainability and TCFD report at www.abrdn.com/annualreport

"We are excited to be supporting MyBnk, by working together we can make a difference to the financial confidence of young people across the UK."

Kirsty Brownlie
Sustainability Manager, Social impact

Delivering our purpose in collaboration with our stakeholders

We are driven to enable our clients to be better investors, and work with all our stakeholders to achieve our purpose



Section 172 (1) statement

The Board recognises the requirements of reporting against matters set out in section 172 (1) (a) to (f) of the Companies Act. The illustration on this page and information on pages 55 to 56 identifies key stakeholders and summarises actions and engagement activities undertaken during 2023, in support of the success of the company and for the benefit of members as a whole. Further information is also provided on pages 86 to 89 of the Directors report.

Engaging with our stakeholders

We recognise our responsibility to engage with our stakeholders and this plays an important role in the long-term decisions we make

Examples of stakeholder engagement during 2023

Stakeholder	Engagement	Related outcomes
Clients	**How do we engage?** – Our purpose is to enable our clients to be better investors. We have client first teams across the business, and we monitor specific success metrics to holistically capture the experience of different client groups. **What did we learn?** – Our Investments business has a diverse client base. We monitor a range of measures to track client experience, with independent client survey feedback highlighting strong client service and account management. – Listening to feedback is critical, with indicators, such as consistently 'Excellent' ratings from ii customers on Trustpilot, illustrating this in practice. – Similarly for Adviser, we are targeting world-class customer satisfaction scores, with a satisfaction score of 90% in our Adviser business.	**Related outcomes:** – Examples of our investments in action on pages 16 to 17. – Learn more about our Adviser client experience on page 31. – We are strengthening the ii platform for our customers. Learn more on page 35.
Shareholders	**How do we engage?** – Our Annual General Meetings (AGM) offer shareholders the opportunity to interact directly with our Chair and Board. – In November 2022 we delivered a 'Spotlight on Adviser' presentation to investors, which received positive feedback. Following this, in July 2023 we held an analyst day to spotlight the ii business and strategy. – During 2023, we also carried out a comprehensive programme of meetings with domestic and international investors. **What did we learn?** – Feedback from our analyst day in July 2023 was positive, with acknowledgement of the market opportunities for ii and benefits of the subscription model for abrdn. – Feedback from our programme of meetings reflects a broad range of investor interests. Learn more on page 86.	**Related outcomes:** – On 24 January 2024 we confirmed our intention to provide the market with a trading update, including AUMA and net flows, for the first and third quarters of the year. This reflects our understanding of investor appetite for an increase in the frequency of our communication. – The business aims to encourage all-employee share ownership. Learn more on page 127.
Suppliers	**How do we engage?** – All suppliers providing services within the scope of our third-party risk management framework are engaged through due diligence assessment and ongoing monitoring. – Strategic supplier relationships have dedicated relationship managers to support greater oversight and engagement. – Environmental, social, and governance topics are included within our oversight reviews. **What did we learn?** – Through due diligence and ongoing monitoring, we are able to assess suppliers against our third party expectations as outlined in our Global Third Party Code of Conduct. – Many of our suppliers align with our expectations and, in many cases, demonstrate an established understanding of ESG related risks. However, where suppliers do not align, we have discovered that we must establish stronger controls to support them and monitor their performance.	**Related outcomes:** – In 2023 the business onboarded a new supplier risk assessment and monitoring platform to better understand our supply bases exposure and approach to sustainability related risks (environment, labour and human rights, business ethics, and supply chain).
Regulators	**How do we engage?** – abrdn retains membership of various industry groups and forums, which supports the development of a collective sector view. – We proactively respond to consultations on major sustainability reporting standards, which impact us both as investors and disclosers. **What did we learn?** – We are supportive of the regulatory focus on non-financial reporting as we work towards common sustainability disclosure standards. – We are also strong believers in client first outcomes and support the implementation of requirements such as Consumer Duty.	**Related outcomes:** – During 2023 we responded to the Transition Plan Taskforce consultation on its Disclosure Framework. – Our Adviser business have published a series of insights to support implementation of Consumer Duty requirements.

Examples of stakeholder engagement during 2023 *continued*

	How do we engage? / What did we learn?	Related outcomes:
Communities	**How do we engage?** – We conduct research and publish insights relating to topics such as financial inclusion, savings and retirement, and the low carbon transition. – The abrdn Charitable Foundation directs our community impact strategy, with a focus on tomorrow's generation. – Our colleagues volunteer and fundraise for a variety of charitable causes. We provide 3 paid volunteering days to abrdn colleagues to enable this. **What did we learn?** – Insights from our research such as, ii's Great British Retirement survey shows that 56% of those aged 41 to 55 believe they may never retire. – Our colleagues have primarily chosen to volunteer for environmental and social welfare causes, accounting for 50% of the total time disclosed.	**Related outcomes:** – £2.1m contributed to charitable causes in 2023 (2022: £2.4m). – 3,248 hours spent volunteering by colleagues during 2023 (2022: 2,842). – Insights from research can inform product offering, with ii launching its pension essentials product in 2023.
Colleagues	**How do we engage?** – Our annual colleague engagement survey (page 49). – Pulse surveys throughout the year checking in with colleagues. – Our Let's Hear It sessions and townhalls provide candid Q&A opportunities with our Executive Leadership Team. **What did we learn?** – Where we have focused, we have driven improvements through 2023, with increased scores around leadership, systems, and processes. – With support from culture champions around the business our commitments are now integrated into each stage of colleague experience. – Colleagues' sense of transparency and understanding of strategy have been positively impacted by six new communication channels (page 49). – Our Board Employee Engagement programme includes a number of opportunities throughout the year for employees to engage with our designated NED for employee engagement.	**Related outcomes:** – Focus on increased visibility and communication from senior leaders, with Let's Hear It and As It Is sessions. – Talking Talent internal communications campaign to highlight learning and development opportunities. – Our first global abrdn Awards to recognise teams and individuals across the business.

Board Employee Engagement (BEE) programme

Hannah Grove continued as our designated Non-Executive Director for employee engagement.

BEE purpose

– Ensure that employee perspectives and sentiments are heard and understood by the Board to help inform decision-making.
– Develop an environment where colleagues understand the role of the plc Board and have direct access to our Non-Executive Directors (NEDs).

Programme pillars

1. Listening sessions
2. Meet the NEDs events
3. Employee network engagement
4. Reporting and measurement

"Without doubt the biggest highlight for me is interacting with abrdn's people. The company has an extraordinary depth of talent and it's been a privilege to get to know our colleagues better."

Hannah Grove

BEE programme – 2023 in summary

Total employee attendance	Listening sessions	Meet the NEDs events	Employee network engagements	NEDs involved in the programme	Site visits	Average event rating
797	**11**	**6**	**9**	**100%**	**14** including in UK, US and APAC	**8.6/10**

Find out more about our BEE engagement on page 87.

Non-financial and sustainability information

Summary of climate disclosure

We continue to support disclosure against the recommendations of the TCFD framework. This is critical for us as we assess climate-related risks and opportunities as investors. The information on this page summarises where we have made required disclosures under FCA LR 9.8.6R (8) and Companies Act 414CA and 414CB in this report. We also provide additional information in our separate Sustainability and TCFD report (pages 11-48), which we believe adds value for our stakeholders and reflects common market practice.

Statement of the extent of consistency with FCA LR 9.8.6R (8) for TCFD aligned disclosure

We believe our disclosure within this report, and the additional information in our Sustainability and TCFD report, to be consistent with the 11 recommendations of the TCFD framework, except for complete disclosure of Scope 3 financed emissions. Data availability continues to be a challenge and has bearing on the completeness of information we can report. We acknowledge that our reporting may evolve in future periods. Our view is that sufficient climate-related data is available to better enable our investment processes and to manage our objectives as a responsible business. This also allows us to track our progress against targets, outlined on pages 45 and 46.

Climate and environment

Our continued focus is on managing our climate-related risks and opportunities, which is presently the most material environmental matter for our business. This is reflected through our related governance, management, and targets. In 2023, we also took steps to understand potential nature-related impacts and dependencies in our public market portfolios, with nature-based risks and opportunities increasingly an area of focus. We also recognise other environmental matters, such as operational resource consumption and responsible waste management. Our team are looking at improving available data on metrics such as water and waste, but this is not presently assessed as material, relative to other non-financial matters.

Relevant policies

- Our Sustainability and TCFD report provides additional information on our areas of focus

Policy outcomes

- Climate targets applicable to operations and investments
- Active engagement approach, and solutions development

Related risks

- Refer to page 41.

Risk management

- Sustainability and ESG professionals across the business
- Tools developed to support and inform processes

Selected non-financial KPIs

- GHG emissions metrics
- Climate-related voting and engagement activity

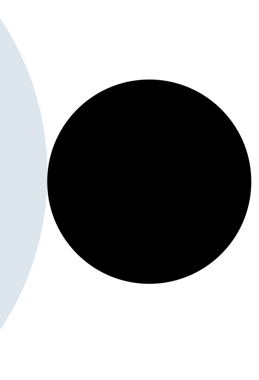
Recommended TCFD-aligned disclosure[1]	
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	Page 40.
Describe management's role in assessing and managing climate related risks and opportunities.	Page 40.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Page 41.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 41-44.
Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	Pages 41-42.
Risk management	
Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 43-44.
Describe the organisation's processes for managing climate-related risks.	Pages 43-44.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 43.
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 45-47.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Pages 45-47.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 45-47.

1. This table exists to support users to navigate to climate-related disclosures in this report, which we believe addresses both requirements of FCA LR 9.8.6R (8) and Companies Act 414CA and 414CB. abrdn is required to report against the original 11 TCFD recommendations under the former, with the language in the latter mirroring those recommendations but rationalising the original 11 to 8 disclosure requirements. We refer to the language of the internationally recognised original 11 recommendations here to avoid duplicative signposting and believe our disclosure between pages 39 and 47 to be consistent against both reporting standards.

Summary of other matters

The information on this page addresses the requirements of Companies Act 414CA and 414CB with summary information on other important non-financial matters. Our sustainability aspiration is to create long-term sustainable value and we focus on those areas where we have significant impact or influence. This includes the areas outlined below, with additional information also available in our Sustainability and TCFD report available at www.abrdn.com/annualreport

Employees	Social matters
Our people are essential to our success and our objective is to create a transparent, inclusive, culture, where the best talent from all backgrounds can succeed. In 2023 we have been focused on embedding Our Commitments, increasing transparency across the organisation, and enabling colleagues to develop. We have targets to improve representation across the business and continue to see reductions in our UK gender pay gap. Our aspiration is that abrdn is a place where people love to work but changes to our business have meant reductions in headcount and resource pressures. We disclose detail relating to colleague engagement on page 49.	We are committed to helping our customers build long-term financial resilience and take control of their financial futures. Our focus begins with our products and services and extends to our communities through our focus on tomorrow's generation. In 2023, ii published the fifth Great British Retirement survey, which highlights common financial challenges and reinforces the role our sector can play through education, financial planning, and advice. ii also works with a peer-to-peer learning initiative to support women to expand or start their investment journey. We also expanded our partnership with MyBnk to support financial education in the UK.
Relevant policies	
– Diversity, equity and inclusion policy – Global code of conduct	– Client and customer policy – Charitable giving strategy
Policy outcomes	
– Colleague engagement survey – Inclusive recruitment and development programmes	– More inclusive products and services – Charitable partnerships via the abrdn Charitable Foundation
Related risks	
– Noted amongst principal risks and uncertainties	– Lack of financial inclusion for our key stakeholders
Risk management	
– Listening and responding to colleague feedback	– More inclusive products and services – Published research and insights – Third sector partnerships
Selected non-financial KPIs	
– Employee engagement scores – Increased representation across abrdn by 2025	– Client and customer satisfaction – Impact reporting from our charitable partnerships
Further information	
Pages 48-53.	Pages 50 and 53.



Human rights	Anti-corruption and anti-bribery
It is critical to embed respect for human rights throughout our business. We take an active approach and work across our operations and through our investments. Our annual Modern Slavery Statement provides the opportunity to chart our progress as we focus on the assessment of risk in our supply chain, with our Stewardship report outlining actions we taken to influence the companies and assets in our value chain. Our position is zero tolerance for modern slavery and child labour in supply chains. We have invested time and resources to better understand related risks, amidst a complex global network of third party suppliers and relationships.	abrdn and its people conduct business fairly, honestly, transparently, and with integrity, and do not take part in acts of corruption or pay or receive bribes, whether directly or indirectly to gain business advantage. Employees are prohibited from engaging in acts of corruption and from paying or accepting bribes or kickbacks. We have a programme and procedures in place to implement and support our Anti Bribery and Corruption Policy. In particular, employees must refuse any bribe or inducement in a manner which is not open to misunderstanding or which may give rise to false expectations, report any offers of bribes or inducements and report any suspicious behaviour.
Relevant policies	
– Global code of conduct – Third-party code of conduct – Modern slavery statement – Privacy and data protection	– Anti-Financial Crime policy – Anti Bribery and Corruption standards – Global code of conduct
Policy outcomes	
– Human rights is a focus of our active equities engagement strategy for our Investments business – Evolving capability relating to our supply chain management	– Gifts and entertainments processes working effectively – Anti Bribery and Corruption controls embedded within operating procedures
Related risks	
– Safe and secure work – Data protection and security	– Noted amongst principal risks and uncertainties
Risk management	
– Influencing our value chain and developing further understanding of the related risks in our supply chain – Data protection procedures	– Colleague Anti-Financial crime and Anti Bribery and Corruption training – Controls to prevent and detect instances of bribery and corruption
Selected non-financial KPIs	
– Voting and engagement – Third party risk assessments – Data incidents and breaches	– Completion rates of staff training – Gifts and entertainment incidents and breaches
Further information	
Page 55.	Page 79.

Our business model enables our clients to be better investors

Illustration on pages 12-13.

Our key performance indicators

Net operating revenue

£1,398m

This measure is a component of adjusted operating profit and includes revenue we generate from asset management charges, platform charges and other transactional/advice charges and treasury income.

Cost/income ratio

82%

'21 79%
'22 82%
'23 82%

This ratio measures our efficiency. We are focused on improving our cost/income ratio by increasing revenue and continued cost discipline.

Adjusted operating profit

£249m

Adjusted operating profit is our key alternative performance measure and is how our results are measured and reported internally.

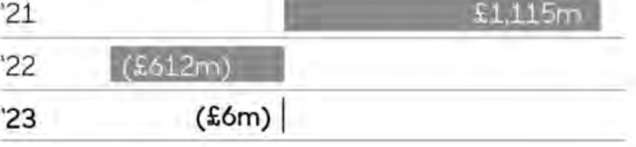
Adjusted diluted earnings per share

13.9p

This measure shows on a per share basis our profitability and capital efficiency, calculated using adjusted profit after tax.

IFRS (loss)/profit before tax[1]

(£6m)



IFRS profit/loss before tax is the measure of profitability set out in our financial statements. As well as adjusted profit, it includes items such as restructuring costs, profit on disposal of interests in associates and goodwill impairment.

Full year dividend per share

14.6p

The total annual dividend (interim and final) is an important part of the returns that we deliver to shareholders and is assessed each year in line with our stated policy to hold at 14.6p until it is covered at least 1.5 times by adjusted capital generation.

Adjusted capital generation

£299m

This measure aims to show how adjusted profit contributes to regulatory capital.

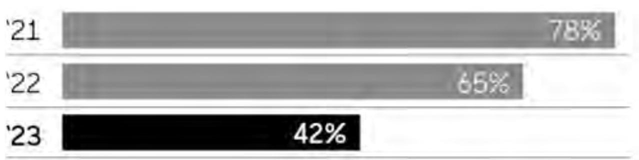
1. 2022 results have been restated for the HASL implementation of IFRS 17. 2021 results have not been restated. Refer Basis of preparation in the Group financial statements section.

Investment performance

KPI

(Percentage of AUM above benchmark over three years)

42%



This measures our performance in generating investment return against benchmark. Calculations for investment performance are made gross of fees except where the stated comparator is net of fees.

Employee engagement survey

KPI

This measure is important in gauging the engagement and motivation of our people in their roles. It also enables our managers at all levels to take local action in response to what their teams are telling them.

Other indicators

AUMA

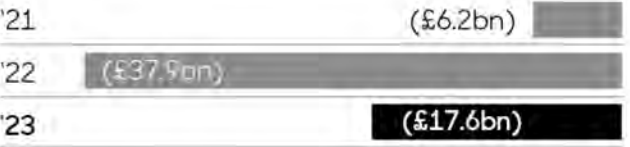
£494.9bn

Gross inflows

£64.1bn

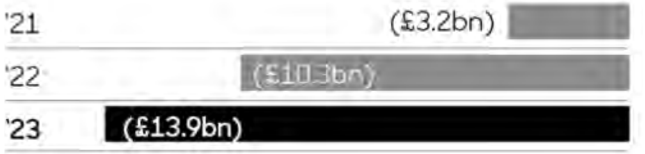
Net flows – Total

(£17.6bn)



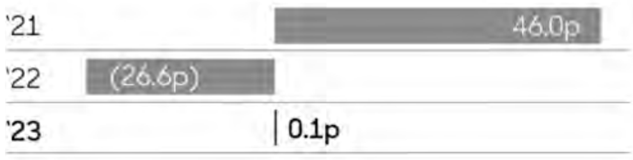
Net flows - Excl liquidity and LBG tranche withdrawals

(£13.9bn)



IFRS diluted earnings per share[1]

0.1p



APM

Alternative performance measures

We assess our performance using a variety of performance measures including APMs such as cost/income ratio, adjusted operating profit, adjusted profit before tax and adjusted capital generation.

APMs should be read together with the Group's IFRS financial statements. Further details of all our APMs are included in Supplementary information.

1. 2022 results have been restated for the HASL implementation of IFRS 17. 2021 results have not been restated. Refer Basis of preparation in the Group financial statements section.

Taking action to rebuild profitability and growth

Our diversified business and strong balance sheet are clear strengths but we need to deliver a step change in our cost base in order to lay the foundation for future growth.

I am proud to join a company with a strong conviction to enable clients at all financial stages to be better investors.

Jason Windsor
Chief Financial Officer

Overview

2023 was a challenging macro environment for the investment industry. This is evident in lower adjusted operating profit, largely reflecting lower revenues in Investments, which is closely related to the market context.

Despite this, the advantage of our three business model is clear in these results. We have built resilience into the Group and the benefits of diversification are already evident with Adviser and ii on a stronger trajectory of growth, with more efficient operating margins and clear opportunities for the future. We exceeded expectations on our net £75m cost reduction target, with savings of £102m achieved.

In addition to this £102m reduction, we are now targeting further annualised cost savings of at least £150m across the Group by the end of 2025, with the majority of actions to be taken this year.

We have undertaken a comprehensive review of our operating model. The programme is targeting the removal of management layers, increasing spans of control, and reducing overheads particularly from Group functions and support services. Approximately 80% of the cost reduction benefits will be seen in the Investments business. The total implementation costs are estimated to be around £150m.

This transformation programme will drive improved profitability and allow for reinvestment into growth areas, which is fundamental to improving performance. Initial work to deliver these efficiencies is already well underway and we will provide further updates over the course of the programme.

In 2023, we delivered on our commitment to return a significant proportion of capital generated from our Indian stake sales to shareholders: £300m by way of share buybacks and the remainder via dividends. We also generated capital following the sales of our discretionary fund management and US private equity businesses which supported the strategic moves to acquire closed-end funds from Macquarie, Tekla, and First Trust to further strengthen our capabilities in this area.

Our balance sheet remains strong, and this enables us to fund the implementation costs of our transformation programme from our balance sheet. We will continue to be disciplined in our allocation of capital to invest in the business in order to drive growth and to support continued returns to shareholders.

I believe the actions that we have taken to build resilience into our business and move towards improved profitability, despite industry headwinds, combined with the significant additional cost savings we are now targeting, will put us in a stronger position to deliver on our commitment to enable our clients to be better investors.

Profit

Adjusted operating profit for 2023 was down 5% to £249m (2022: £263m). This includes a reduction of £80m in Investments principally due to a significant decline in revenue in this business. This was partly offset by an increase in adjusted operating profit in both our Adviser and ii businesses, to £118m (2022: £86m) and £114m (2022: £72m) respectively. ii includes the benefit of a full 12 months contribution compared to 7 months in 2022.

The IFRS loss before tax was £6m (2022: loss £612m[1]) including adjusting items of £336m (2022: £865m[1]), with a decrease in the impairment of intangible assets and restructuring costs compared to 2022. The goodwill impairments in 2023 of £62m (2022: £340m) include the impact of lower projected revenues as a result of adverse markets and macroeconomic conditions, and for Finimize the impact of lower short-term projected growth following a strategic shift that prioritises profitability over revenue growth.

The cost/income ratio was stable at 82% (2022: 82%) reflecting the benefit from the efficient Adviser and ii cost models, offset by lower revenue in Investments.

Net operating revenue

Net operating revenue of £1,398m (2022: £1,456m) was down 4%, including the impact of the challenging market conditions in Investments. This was partially offset by increases in revenue in both Adviser and ii, reflecting higher treasury income for both businesses, and the benefit of a full 12 months of ii.

In Investments, net operating revenue was 17% lower than in 2022 largely due to net outflows and lower market performance impacting average AUM, and changes to the asset mix. While redemptions were lower, gross flows were also lower reflecting the client response to the uncertain market environment, particularly in equities and multi-asset. Net outflows and market performance in multi-asset and equities resulted in a reduction in average AUM of 16% and 14% respectively. Our Phoenix partnership continues to produce results with £6.0bn (2022: £2.9bn) of gross inflows from their bulk purchase annuity business, reflecting our insurance asset management capabilities and proprietary techniques.

In our Adviser business, net operating revenue was 21% higher than 2022 at £224m (2022: £185m) comprising £167m Platform charges (2022: £174m), £31m treasury income (2022: £11m) and £26m other (2022: £nil). The higher revenue included the c£15m benefit of a revised distribution agreement with Phoenix and c£11m from threesixty/MPS following the transfer from the Personal Wealth business.

In our ii business (excluding Personal Wealth), net operating revenue increased to £230m (2022: £114m), largely reflecting the benefit of a full 12 months of revenue. Revenue continues to benefit from diverse streams. Treasury income on client cash balances contributed £134m, benefiting from the continued rise in interest rates. Trading revenue of £48m was impacted by muted levels of customer activity given the uncertain market conditions. Revenue from subscriptions was £54m.

In Personal Wealth, net operating revenue of £57m (2022: £87m) reduced by £30m due to a c£19m impact from the transfer of the MPS business to Adviser and the sale of abrdn capital to LGT, c£6m from the transfer of threesixty to Adviser, and the impact of adverse market movements.

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

Adjusted operating expenses

Adjusted operating expenses decreased by 4% to £1,149m (2022: £1,193m), reflecting management actions to reduce costs, mostly offset by the inclusion of £103m (2022: £47m) of ii[1] expenses for the full 12 month period. Excluding ii[1], expenses were 9% lower at £1,046m (2022: £1,146m).

In the Investments business, we exceeded the targeted £75m reduction that we outlined previously. The £102m cost reduction in Investments was driven by lower staff costs reflecting 8% lower front/middle office FTEs and reduced market data and outsourcing costs, partly offset by the impact of staff cost inflation.

In Adviser, the cost/income ratio improved to 47%, benefiting from higher treasury income and the revised distribution agreement with Phoenix.

For ii overall, expenses increased reflecting the full 12 months of ii (excluding Personal Wealth). The cost/income ratio improved from 64% to 60%, despite the impact on profitability in Personal Wealth due to the revenue impacts on this business outlined above.

As I have touched on already, further significant cost savings across the business are targeted to improve efficiency and profitability.

Capital

Our capital position provides us with resilience during periods of economic uncertainty and volatility.

In 2023, we have been disciplined in our allocation of capital with a combination of investment in the business to drive growth and continued returns to shareholders.

We generated a total of £713m capital from the sales of our listed Indian stakes (£576m), and the disposals of our discretionary fund management and US private equity businesses (£137m). We have now completed the sale of our remaining stakes in HDFC Life and HDFC Asset Management, which further simplifies our group structure.

We have continued to invest in the business through strategic bolt-on acquisitions, building out our global top three position in closed-end funds. In 2023, we completed the acquisition of four closed-end funds from Macquarie and acquired the healthcare fund management capabilities of Tekla for a total of £152m. We also used the proceeds from our non-core disposals to support restructuring costs of £121m, including the reshaping of the Investments business.

We returned £300m by way of share buybacks in line with our commitment to return a significant proportion of the proceeds of our stake sales. As we outlined in our FY 2022 results, we returned £0.6bn of capital in total to shareholders in 2023 by way of dividends and share buybacks.

Going forward, we will continue to have a disciplined approach to generation and allocation of our capital:

- We are committed to taking significant cost actions to restore our core Investments business to a more acceptable level of profitability. To achieve the desired simplification and cost savings, total implementation costs are estimated to be around £150m. We will deploy CET1 surplus capital to fund this restructuring over 2024 and 2025.
- We will continue to scan the market for bolt-on acquisitions within key thematic markets, such as the most recent acquisition of the healthcare fund management capabilities of Tekla.
- As part of our approach to allocating capital, we hold a buffer over regulatory capital to provide a level of management flexibility and capital strength and resilience during periods of volatility.
- It remains the Board's current intention to pay a total annual dividend of 14.6p (with the interim and final both at 7.3p per share), until it is covered at least 1.5 times by adjusted capital generation. Over the short term, the dividend will largely be supported by adjusted capital generation and our surplus capital.

Outlook

As demonstrated in our 2023 results, we have reshaped the business. The resulting diversification in sources of revenue and inherent cost efficiency within Adviser and ii partly offset the revenue impact from net outflows and adverse market movements within Investments. Looking forward, we expect inflation to moderate slowly, and we have assumed a stable interest rate environment. This will continue to benefit ii and Adviser where we expect the average cash margin for 2024 to be broadly in line with 2023. The outlook for global markets remains uncertain. Where market conditions, structural and cyclical, remain challenging for active asset managers we continue to expect headwinds arising from changing client demand and preferences. Within Insurance in particular, we expect the asset rotation from active equity and fixed income strategies to passive quantitative strategies experienced in 2023 to continue into 2024. This together with related pricing changes, may result in a further contraction of revenue margin.

Notwithstanding this backdrop we are taking action to restore profitability and to transform the way we operate, through simplification and leveraging technology across the Group, particularly in Investments. As we have said, the work to achieve at least £150m of cost savings is now underway. While 80% of the cost savings is expected to benefit Investments, we anticipate cost growth in ii and Adviser to be approximately 3-5% per annum over 2024-2026 reflecting continued growth and reinvestment in these businesses. Implementation of the transformation programme is expected to take place primarily in 2024, with c£60m benefit from lower adjusted operating expenses expected in 2024, and will be completed by the end of 2025. We expect total restructuring costs of less than £150m in 2024, to support the group cost transformation programme, and further investment in the Adviser platform.

The strength of our balance sheet allows us to fund these restructuring expenses, and to maintain the dividend. Our balance sheet is further strengthened by our Phoenix stake and the staff pension scheme which has a significant surplus. Our focus remains to be disciplined in our allocation of capital to drive growth, and to maintain the dividend payment until capital generation improves.

1. Relates to ii (excluding Personal Wealth).

Results summary

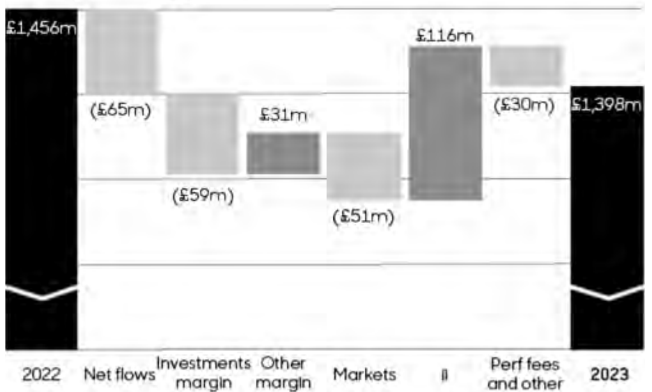
Analysis of profit	2023 £m	2022[1] £m
Net operating revenue	**1,398**	1,456
Adjusted operating expenses	**(1,149)**	(1,193)
Adjusted operating profit	**249**	263
Adjusted net financing costs and investment return	**81**	(10)
Adjusted profit before tax	**330**	253
Adjusting items including results of associates and joint ventures	**(336)**	(865)
IFRS loss before tax	**(6)**	(612)
Tax credit	**18**	66
IFRS profit/(loss) for the year	**12**	(546)

The IFRS loss before tax was £6m (2022: loss £612m) including an adjusted operating profit of £249m (2022: £263m). Adjusting items were £336m (2022: £865m) including:

- Losses of £178m (2022: losses £187m) from the change in fair value of significant listed investments (HDFC Asset Management, HDFC Life and Phoenix) as a result of the fall in the share price of these companies in 2023.
- Restructuring and corporate transaction expenses were £152m (2022: £214m), mainly consisting of property related impairments, severance, platform transformation and specific costs to effect savings in Investments.

Adjusted operating profit was £14m lower than 2022 largely due to the revenue impact of continued net outflows and adverse market movements, which particularly impacted high yielding equities. The 2023 results included a contribution from ii[2] for the full 12 months (2022: seven months) which benefited net operating revenue by £230m (2022: £114m) and adjusted operating profit by £127m (2022: £67m). Removing ii[2], adjusted operating profit was 38% lower than 2022 at £122m (2022: £196m).

Net operating revenue



Net operating revenue decreased by 4% reflecting:

- Impact from net outflows[3] of c4%, and adverse Investments margin movements.
- Although the market declines seen in 2022 began to reverse in 2023, the lower average AUMA compared with 2022 impacted revenue by c4%.
- Benefit of £116m from the full 12 months of ii[2] in 2023.
- Performance fees reduced by £16m mainly within real assets, where 2022 saw a number of funds coming to the end of their natural lifecycle, triggering performance fees at maturity.

The diversification that now drives our sources of revenue has helped to mitigate the impact of market volatility, including the benefit from ii's subscription model and the higher total treasury income of £165m (2022: £69m). Net operating revenue reduced by 13% excluding ii[2].

Adjusted operating expenses

	2023 £m	2022 £m
Staff costs excluding variable compensation	**511**	527
Variable compensation	**75**	85
Staff and other related costs[4]	**586**	612
Non-staff costs	**563**	581
Adjusted operating expenses	**1,149**	1,193

Adjusted operating expenses decreased by 4% reflecting management actions to reduce costs, mostly offset by the inclusion of £103m (2022: £47m) of ii[2] expenses for the full 12 month period. Excluding ii[2], expenses were 9% lower at £1,046m (2022: £1,146m) reflecting:

- 7% lower staff costs (excluding variable compensation), with the benefit of lower FTEs (13%), partly offset by wage inflation.
- Lower variable compensation reflecting business performance.
- 9% lower non-staff costs, with cost savings partly offset by the impact of inflation.

The Group cost/income ratio was stable at 82% (2022: 82%) reflecting the benefit from the efficient Adviser and ii cost models, offset by lower revenue in Investments.

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.
2. Relates to ii (excluding Personal Wealth).
3. Reflects the estimated impact on net operating revenue as a result of net outflows in both the current and prior period, as a percentage of prior period revenue.
4. See Supplementary information for a reconciliation to IFRS staff and other employee related costs.

Investments

Adjusted operating profit **£50m**

Net operating revenue **£878m**

Net operating revenue yield **23.5bps**

Net flows (Excl. liquidity) **(£15.3bn)**

	Total		Institutional and Retail Wealth[1]		Insurance Partners[1]	
	2023	2022	**2023**	2022	**2023**	2022
Net operating revenue[2,3]	**£878m**	£1,060m				
Adjusted operating expenses[2]	**(£828m)**	(£930m)				
Adjusted operating profit[2]	**£50m**	£130m				
Cost/income ratio[2]	**94%**	88%				
Net operating revenue yield	**23.5bps**	25.4bps	**32.6bps**	36.1bps	**10.0bps**	10.5bps
AUM	**£366.7bn**	£376.1bn	**£211.2bn**	£231.2bn	**£155.5bn**	£144.9bn
Gross flows	**£50.3bn**	£59.3bn	**£28.1bn**	£36.5bn	**£22.2bn**	£22.8bn
Redemptions	**(£69.3bn)**	(£100.3bn)	**(£46.0bn)**	(£48.1bn)	**(£23.3bn)**	(£52.2bn)
Net flows	**(£19.0bn)**	(£41.0bn)	**(£17.9bn)**	(£11.6bn)	**(£1.1bn)**	(£29.4bn)
Net flows excluding liquidity[4]	**(£15.3bn)**	(£37.8bn)	**(£14.2bn)**	(£8.4bn)	**(£1.1bn)**	(£29.4bn)
Net flows excluding liquidity and LBG[4,5]	**(£15.3bn)**	(£13.4bn)	**(£14.2bn)**	(£8.4bn)	**(£1.1bn)**	(£5.0bn)

Adjusted operating profit

- Profit reduced by £80m (62%) to £50m, reflecting 17% lower revenue, partly offset by 11% lower costs.
- Results in our Investments business reflect the challenging economic environment and market turbulence that has impacted across the industry.

Net operating revenue

- 17% lower than 2022 largely due to net outflows and lower market performance impacting average AUM, and changes to the asset mix.
- Performance fees of £14m (2022: £30m) were earned mainly from Asian equities and Insurance Partners.

Adjusted operating expenses

- Whilst there is a reduction in profitability in the year, we exceeded the £75m net cost reduction target.
- Adjusted operating expenses reduced by £102m (11%) to £828m (2022: £930m[2]) driven by lower staff costs reflecting 8% lower front/middle office FTEs and reduced market data and outsourcing costs, which was partly offset by the impact of staff cost inflation.
- Adjusted operating expenses also benefited from reduced brand marketing activity and lower project change costs compared to 2022.

Institutional and Retail Wealth

Net operating revenue

- 17% lower at £724m (2022: £868m[2]) due to a 7% reduction in average AUM to £220.0bn (2022: £236.2bn). Multi-asset and equities average AUM down 16% and 14% respectively.
- Reduction in average AUM primarily relates to net outflows and market performance.

Gross flows

- Excluding liquidity, £6.8bn (26%) lower at £19.5bn (2022: £26.3bn) mainly in equities, multi-asset and alternative investment solutions. This reflected the client response to the uncertain market environment which impacted the wider industry, as many clients delayed investment decisions.

Revenue yield

- 3.5bps lower at 32.6bps largely due to the decrease in the higher margin equities average AUM impacting the asset mix. Equities are 22% (2022: 24%) of average AUM at a yield of 60.7bps (2022: 62.5bps).
- The reduction in the multi-asset yield reflects the growing proportion of lower yielding MyFolio in this asset class.

Net flows

- Net outflows were £5.8bn higher than 2022 at £14.2bn (excluding liquidity) due to lower gross flows.
- Excluding liquidity, net outflows represent 7% of opening AUM compared with 4% in 2022.
- Redemptions (excluding liquidity) were £1bn lower than 2022 at £33.7bn due to lower real asset outflows.

1. Wholesale has been renamed Retail Wealth, Insurance has been renamed Insurance Partners.
2. Finimize and our digital innovation group have moved from Investments to Other. Comparatives have been restated.
3. Includes performance fees of £14m (2022: £30m).
4. Institutional/Retail Wealth liquidity net flows excluded.
5. Flows excluding LBG do not include the final tranche withdrawals in 2022 of £24.4bn relating to the settlement of arbitration with LBG.

Insurance Partners

Net operating revenue

- 20% lower in 2023 at £154m (2022: £192m), reflecting the impact of 13% reduction in average AUM to £147.7bn primarily due to net outflows, market declines in 2022 and the impact of the final LBG tranche withdrawal of £24.4bn in 2022.

Gross flows

- £0.6bn lower than 2022 at £22.2bn (2022: £22.8bn).
- Our Phoenix partnership continues to produce results with £6.0bn (2022: £2.9bn) of gross inflows from their bulk purchase annuity business, reflecting our insurance asset management capabilities and proprietary techniques.

AUM

- Insurance AUM increased by £10.6bn to £155.5bn with net outflows offset by positive market movements.

Revenue yield

- Net operating revenue yield decreased to 10.0bps (2022: 10.5bps). We expect the asset rotation from active equity and fixed income strategies to passive quantitative strategies experienced in 2023 to continue into 2024, this together with related pricing changes, is expected to result in a further contraction of yields.

Net flows

- Net outflows improved by £3.9bn in 2023 at £1.1bn (2022: £5.0bn outflow excluding LBG tranche withdrawals), representing (0.8%) of opening AUM compared with (2.4%) in 2022.

Investment performance

% of AUM ahead of benchmark[1]	1 year		3 years		5 years	
	2023	2022	**2023**	2022	**2023**	2022
Equities	**27**	30	**17**	63	**48**	65
Fixed income	**81**	65	**75**	72	**84**	79
Multi-asset	**12**	13	**15**	50	**22**	22
Real assets	**30**	57	**56**	63	**45**	52
Alternatives	**100**	88	**100**	100	**100**	100
Quantitative	**100**	17	**100**	27	**37**	29
Liquidity	**100**	84	**95**	97	**97**	97
Total	**44**	41	**42**	65	**52**	58

Investment performance over the three-year time period has weakened, with 42% of AUM covered by this metric ahead of benchmark (2022: 65%). The drop in the three-year performance reflects a challenging period for active managers, particularly those with a quality equity investment style with a bias towards Asia and Emerging Markets.

Performance for fixed income, quantitative, alternative investment strategies, and liquidity remains consistently strong and illustrates the resilience of our performance delivery in these asset classes. Key outperforming strategies include Emerging Market Debt, Euro Investment Grade, Euro High Yield, Money Markets, Ultra Short Munis and our full range of Quantitative Enhanced Index strategies.

Equities has been impacted by our AUM bias towards Asia and Emerging Markets and the quality growth style which have both struggled when compared to the exceptionally narrow performance of the Magnificent 7 stocks in the US. The faltering recovery in China has been a headwind for our larger Asia, Emerging Markets and China strategies due to our domestic overweight. However, there are strong areas of outperformance in Emerging Market Income, Emerging Market Small Cap, UK Value and European Small Cap strategies.

2023 was also a challenging backdrop for our multi-asset strategies. However, our Multi-Manager range, while behind long term cash based composite benchmarks used in the calculation above, is performing well versus peers with 67% ahead of peer group[2].

Real estate valuations experienced some of the sharpest corrections in history in late 2022/early 2023 which impacted returns over all periods. However, after the sharp de-rating in our favoured sectors of logistics and industrials we have seen some performance recovery coming through YTD to Q3 2023, with funds benefiting from being underweight to UK offices and continued robust performance from German Residential. Our Listed Real Estate funds are outperforming over 1, 3 and 5 years.

1. Calculations for investment performance use a closing AUM weighting basis and are made gross of fees except where the stated comparator is net of fees. Benchmarks differ by fund and are defined in the investment management agreement or prospectus, as appropriate. These benchmarks are primarily based on indices or peer groups. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected. Further details about the calculation of investment performance are included in the Supplementary information section.
2. Morningstar category peer group average over 3 years to 31 December 2023.

Adviser

Adjusted operating profit **£118m**

Net operating revenue **£224m**

Net operating revenue yield **30.6bps**

Net flows **(£2.1bn)**

	2023[1]	2022
Net operating revenue	**£224m**	£185m
Adjusted operating expenses	**(£106m)**	(£99m)
Adjusted operating profit	**£118m**	£86m
Cost/income ratio	**47%**	54%
Net operating revenue yield	**30.6bps**	26.1bps
AUMA[2]	**£73.5bn**	£68.5bn
Gross flows	**£5.8bn**	£6.6bn
Redemptions	**(£7.9bn)**	(£5.0bn)
Net flows	**(£2.1bn)**	£1.6bn

Adjusted operating profit

- Strong earnings performance with profit up 37% to £118m, against a backdrop of challenging market conditions.
- Cost/income ratio improved to 47%, benefiting from higher revenue as detailed below, and outsource costs savings.

Net operating revenue

- 21% higher than 2022 at £224m, comprising £167m Platform charges (2022: £174m), £31m treasury income (2022: £11m) and £26m other (2022: £nil).
- Rise in interest rates resulted in an increase in treasury income on client balances to £31m and increase in cash interest paid to clients.
- H2 2023 includes c£15m benefit of a revised distribution agreement with Phoenix, relating to the SIPP product that we will be taking legal ownership of in 2024.
- 2023 revenue also included c£11m from threesixty/MPS following the transfer from the Personal Wealth business.
- The average margin earned on client cash balances during 2023 was c228bps and the indicative Adviser average cash margin for 2024 is expected to be broadly in line with 2023.

Revenue yield

- Increased to 30.6bps due to the higher revenue explained above, with average AUMA in line with 2022 at £70.8bn.

AUMA

- 7% increase in 2023 due to inclusion of AUM of c£2.6bn relating to our Managed Portfolio Service (MPS) business and favourable market movements.
- Our MPS business, which was part of the discretionary fund management business, has been retained and moved to the Adviser business from the Personal Wealth business in May 2023 in order to maximise opportunities available through the Adviser distribution model. Our platforms have a footprint with 50% of UK adviser firms, resulting in a significant opportunity for the MPS business.

Gross flows

- Inflow activity (including MPS) reduced by 12% in 2023, reflecting muted client activity across the industry due to ongoing market uncertainty and the cost of living impact on customers' ability to save. This has a heightened impact on our Adviser business where gross flows are primarily driven by existing customers.

Net flows

- Net outflows of £2.1bn reflect the market conditions, customer behaviours in response to the increased cost of living and the short-term impact in 2023 resulting from the technology upgrade.

1. The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023 respectively. Comparatives have not been restated.
2. Includes Platform AUA of £70.9bn (2022: £68.5bn).

ii

Adjusted operating profit **£114m**

Net operating revenue **£287m**

Net operating revenue yield **58.8bps**

Net flows **£2.9bn**

	Total[1]		ii (excluding Personal Wealth)		Personal Wealth[1]	
	2023	2022	**12 months to 31 Dec 2023**	7 months to 31 Dec 2022[2]	**2023**	2022
Net operating revenue	**£287m**	£201m	**£230m**	£114m	**£57m**	£87m
Adjusted operating expenses	**(£173m)**	(£129m)	**(£103m)**	(£47m)	**(£70m)**	(£82m)
Adjusted operating profit/(loss)	**£114m**	£72m	**£127m**	£67m	**(£13m)**	£5m
Cost/income ratio	**60%**	64%	**45%**	41%	**123%**	94%
Net operating revenue yield[3]					**58.8bps**	59.2bps
AUMA	**£66.0bn**	£67.1bn	**£61.7bn**	£54.0bn	**£4.3bn**	£13.1bn
Gross flows	**£10.2bn**	£5.6bn	**£9.5bn**	£4.1bn	**£0.7bn**	£1.5bn
Redemptions	**(£7.3bn)**	(£3.7bn)	**(£6.2bn)**	(£2.5bn)	**(£1.1bn)**	(£1.2bn)
Net flows	**£2.9bn**	£1.9bn	**£3.3bn**	£1.6bn	**(£0.4bn)**	£0.3bn

Adjusted operating profit

- Higher profit reflects the inclusion of £127m for the full 12 month result for ii[4], compared to only seven months in 2022.
- ii[4] has continued to perform well against an uncertain market environment.
- Personal Wealth restructured during 2023, with transfers of business to Adviser and the sale of abrdn Capital to LGT. The loss of £13m in 2023 was mainly due to the lower revenue detailed below and the impact of inflation on expenses.

Net operating revenue

- Revenue[4] of £230m continues to benefit from diverse revenue streams. Treasury income contributed £134m (2022: £58m), benefiting from the continued rise in interest rates. Trading revenue of £48m (2022: £27m) was impacted by muted levels of customer activity in uncertain market conditions. Revenue from subscriptions was £54m (2022: £32m).
- Average cash margin was 236bps in 2023 and the indicative ii average cash margin for 2024 is expected to be broadly in line with 2023.
- Personal Wealth revenue reduced by £30m due to a c£19m impact from the transfer of the MPS business to Adviser and the sale of abrdn capital to LGT, c£6m from the transfer of threesixty to Adviser, and the impact of adverse market movements.

Revenue yield

- Personal Wealth revenue yield was broadly flat at 58.8bps with average AUMA of £9.7bn, 28% lower than 2022.

AUMA

- ii[4] AUA increased to £61.7bn (2022: £54.0bn) including £0.5bn from internal customer transfers in December 2023, with the industry leading AUA per customer up 13% to £152k.
- Personal Wealth AUMA decreased to £4.3bn (2022: £13.1bn) mainly due to the sale of abrdn Capital, (AUM of c£6bn) to LGT, which completed on 1 September 2023 and MPS AUM of c£2.5bn moving to the Adviser business in H1 2023.

Gross and net flows

- ii[4] net inflows remained strongly positive in 2023 at £3.3bn despite a subdued retail market across the year.
- Personal Wealth net outflows of £0.4bn include the impact of client uncertainty following the announcement of the sale of our discretionary fund management business.

ii[4] operational metrics	**2023 12 Months**	2022 12 Months
Total customers at year end	**407k**	402k
Total customers excluding EQi and Share Centre migrated customers and pension trading accounts	**310k**	299k
Customers holding a SIPP account	**62.4k**	51.5k
Customer cash balances	**£5.5bn**	£6.0bn
AUA per customer	**£152k**	£134k
New customers	**30.2k**	29.2k
Daily average retail trading volumes	**15.7k**	17.3k

1. The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023 respectively. Comparatives have not been restated.
2. Results for interactive investor (excluding Personal Wealth) included following the completion of the acquisition on 27 May 2022.
3. Net operating revenue yield is shown for Personal Wealth only. Revenue for ii[4] is not aligned with AUA and therefore revenue yield is not presented.
4. Relates to ii (excluding Personal Wealth).

Overall performance

Adjusted operating profit **£249m**

IFRS loss before tax **(£6m)**

Adjusted capital generation **£299m**

Net flows **(£17.6bn)**

Segmental summary	Adjusted operating profit 2023 £m	Adjusted operating profit 2022 £m	AUMA 2023 £bn	AUMA 2022 £bn	Net flows 2023 £bn	Net flows 2022 £bn
Investments[1,2]	**50**	130	**366.7**	376.1	**(15.3)**	(13.4)
Adviser	**118**	86	**73.5**	68.5	**(2.1)**	1.6
ii[3]	**114**	72	**66.0**	67.1	**2.9**	1.9
Other[1]	**(33)**	(25)	**-**	–	**-**	–
Eliminations	**-**	–	**(11.3)**	(11.7)	**0.6**	(0.4)
Total	**249**	263	**494.9**	500.0	**(13.9)**	(10.3)
Liquidity net flows					**(3.7)**	(3.2)
LBG tranche withdrawals					**-**	(24.4)
Total net flows (including liquidity and LBG)					**(17.6)**	(37.9)

Assets under management and administration

Assets under management reduced by 1% to £494.9bn (2022: £500.0bn):

- Net outflows excluding liquidity of (£13.9bn), with outflows in Investments and Adviser partly offset by positive flows of £2.9bn in ii.
- Market and other movements of £19.4bn mainly reflecting positive movements in Investments, driven by Insurance partners.
- Net impact of corporate actions of (£6.9bn) primarily due to the sales of the discretionary fund management and US private markets businesses, partly offset by the acquisition of the specialist healthcare fund management business of Tekla.

Analysis of profit

	2023 £m	2022[4] £m
Net operating revenue	**1,398**	1,456
Adjusted operating expenses	**(1,149)**	(1,193)
Adjusted operating profit	**249**	263
Adjusted net financing costs and investment return	**81**	(10)
Adjusted profit before tax	**330**	253
Adjusting items including results of associates and joint ventures	**(336)**	(865)
IFRS loss before tax	**(6)**	(612)
Tax credit	**18**	66
IFRS profit/(loss) for the year	**12**	(546)

Adjusted net financing costs and investment return

Adjusted net financing costs and investment return resulted in a gain of £81m (2022: loss £10m):

- Investment losses, including from seed capital and co-investment fund holdings reduced to £3m (2022: loss £34m).
- Net finance income of £50m (2022: costs £5m) reflecting a higher rate of interest on cash and liquid assets and the benefit from the redemption of the 5.5% Sterling fixed rate subordinated notes in December 2022.
- Higher net interest credit relating to the staff pension schemes of £34m (2022: £29m) reflecting an increase in the opening discount rate due to a rise in corporate bond yields.

1. Adjusted operating loss consists of net operating revenue £9m (2022: £10m) and adjusted operating expenses £42m (2022: £35m). Finimize and our digital innovation group have moved from Investments to Other. Comparatives have been restated. Refer Note 2 in the Group financial statements section.
2. Investments net flows exclude Institutional/Retail Wealth liquidity and LBG tranche withdrawals.
3. Personal has been renamed ii and includes Personal Wealth unless otherwise stated.
4. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

Adjusting items

	2023 £m	2022[1] £m
Restructuring and corporate transaction expenses	**(152)**	(214)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(189)**	(494)
Profit on disposal of subsidiaries and other operations	**79**	–
Profit on disposal of interests in associates	**-**	6
Change in fair value of significant listed investments	**(178)**	(187)
Dividends from significant listed investments	**64**	68
Share of profit or loss from associates and joint ventures	**1**	5
Reversal of impairment/(impairment) of interests in associates and joint ventures	**2**	(9)
Other	**37**	(40)
Total adjusting items including results of associates and joint ventures	**(336)**	(865)

Restructuring and corporate transaction expenses were £152m, comprising restructuring costs of £121m (2022: £169m) in property related impairments, severance, platform transformation, and specific costs to effect savings in Investments, offset in part by a £32m release of provision for separation costs, with further details provided in Note 33 of the Group financial statements. Corporate transaction costs of £31m (2022: £45m) primarily related to prior year transactions and the sale of our European-headquartered private equity business.

Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts reduced to £189m, mainly due to the lower impairments of £63m (2022: £369m). Impairments of goodwill in 2023 of £62m (2022: £340m), comprising £36m (2022: £nil) for our financial planning business and £26m (2022: £41m) for Finimize. In 2022, there was also a goodwill impairment of £299m in Investments. The impairments in 2023 include the impact of lower projected revenues as a result of adverse markets and macroeconomic conditions, and for Finimize the impact of lower short-term projected growth following a strategic shift that prioritises profitability over revenue growth. Further details are provided in Note 13 of the Group financial statements.

Profit on disposal of interests in subsidiaries and other operations relates to the sales of our discretionary fund management business and our US private equity and venture capital business. See Note 1 for further details.

Profit on disposal of interests in associates was £nil. The 2022 profit of £6m related to the sale of our stake in Origo Services Limited.

Change in fair value of significant listed investments of (£178m) from market movements is analysed in the table below:

	2023 £m	2022 £m
Phoenix	**(77)**	(44)
HDFC Asset Management	**(96)**	(105)
HDFC Life	**(5)**	(38)
Change in fair value of significant listed investments	**(178)**	(187)

The final HDFC Life and HDFC Asset Management stakes were sold on 31 May 2023 and 20 June 2023 respectively.

Dividends from significant listed investments relates to our shareholdings in Phoenix (£54m) and HDFC Asset Management (£10m).

Share of profit or loss from associates and joint ventures reduced to a profit of £1m (2022: £5m). The results for HASL have been impacted by the adoption of IFRS 17 on 1 January 2023. As required by IFRS 17, the standard has been applied retrospectively with a resulting restatement of the carrying value of the joint venture and opening retained earnings as at 1 January 2022. This change resulted in our 2022 share of HASL profit increasing from the £7m previously reported to £10m.

	2023 £m	2022[1] £m
HASL	**3**	10
Virgin Money UTM/Other	**(2)**	(5)
Share of profit or loss from associates and joint ventures	**1**	5

Reversal of impairment/(impairment) of interests in associates and joint ventures was £2m in 2023 relating to a reversal of impairment on Virgin Money UTM. See Note 14 for further details. The £9m in 2022 related to an impairment of Tenet Group Ltd.

Other adjusting items in 2023 includes the £36m liability insurance recovery of the £41m single process execution event provision reflected at 2022, net of a £5m excess. Other adjusting items in 2023 also includes a £21m provision expense for a potential tax liability. See Note 11 for further details of other adjusting items and Note 33 for further details on provisions.

See pages 179 and 194 for further details on adjusted operating profit and reconciliation of adjusted operating profit to IFRS profit. Further details on adjusting items are included in the Supplementary information section.

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section (page 167).

Tax policy

We have important responsibilities in paying and collecting taxes in the countries in which we operate. Our tax strategy is therefore, guided by a commitment to high ethical, legal and professional standards and being open and transparent about what we are doing to meet those standards.

Tax expense

The tax credit attributable to the IFRS loss for the year, excluding amounts relating to prior periods, is £1m which gives rise to an effective tax rate of 17%. The overall IFRS tax credit, including tax credits relating to prior periods of £17m, is £18m (2022: credit £66m) which results in an effective tax rate of 300% (2022: 11%) due to the relative scale of the loss in the year. The difference to the UK Corporation Tax rate of 23.5% is mainly driven by:

- Dividend income and fair value movements from our investments in Phoenix not being subject to tax.
- Movements in the fair value of our investment in HDFC Asset Management being tax effected at the Indian long-term capital gains tax rate, which is lower than the UK Corporation Tax rate.
- Profit on the sale of abrdn Capital not being subject to tax.
- Goodwill impairments not deductible for tax purposes.
- Prior year adjustments to deferred tax liabilities on intangibles.

The tax expense attributable to adjusted profit is £50m (2022: £22m), an effective tax rate of 15% (2022: 9%). This is lower than the 23.5% UK rate primarily due to changes in the applicable deferred tax rates on temporary differences and pension scheme surplus movements included on a net of tax basis.

Total tax contribution

Total tax contribution is a measure of all the taxes abrdn pays to and collects on behalf of governments in the territories in which we operate. Our total tax contribution was £449m (2022: £443m). Of the total, £201m (2022: £186m) was borne by abrdn whilst £248m (2022: £257m) represents tax collected by abrdn on behalf of the tax authorities. Taxes borne mainly consist of corporation tax, employer's national insurance contributions and irrecoverable VAT. The taxes collected figure is mainly comprised of pay-as-you-earn deductions from employee payroll payments, employees' national insurance contributions, VAT collected and income tax collected on behalf of HMRC on platform pensions business.

You can read our tax report on our website www.abrdn.com/annualreport

Earnings per share

- Adjusted diluted earnings per share increased to 13.9p (2022: 10.5p) due to the higher adjusted profit after tax and the benefit from share buybacks in 2022 and 2023.
- Diluted earnings per share was a profit of 0.1p (2022: loss 26.6p[1]) reflecting the factors above, impairments and fair value losses of significant listed investments.

Dividends

The Board has recommended a final dividend for 2023 of 7.3p (2022: 7.3p) per share. This is subject to shareholder approval and will be paid on 30 April 2024 to shareholders on the register at close of business on 15 March 2024. The dividend payment is expected to be £130m.

External dividends are funded from the cumulative dividend income that abrdn plc receives from its subsidiaries and associates (see below for details of cash and distributable reserves). The need to hold appropriate regulatory capital is the primary restriction on the Group's ability to pay dividends. Further information on the principal risks and uncertainties that may affect the business and therefore dividends is provided in the Risk management section.

The adjusted capital generation trend and related dividend coverage is shown below:

Return of capital

On 5 June 2023 we commenced a £150m share buyback which was extended to £300m on 8 August 2023. This completed on 19 December 2023 with a total of 161m shares repurchased at an average price of £1.86 per share.

Capital and liquidity

Adjusted capital generation

Adjusted capital generation which shows how adjusted profit contributes to regulatory capital increased by 15% to £299m.

	2023 £m	2022 £m
Adjusted profit after tax	**280**	231
Less net interest credit relating to the staff pension schemes	**(34)**	(29)
Less AT1 debt interest	**(11)**	(11)
Add dividends received from associates, joint ventures and significant listed investments	**64**	68
Adjusted capital generation	**299**	259
Restructuring and corporate transaction expenses (net of tax)	**(121)**	(178)
Net capital generation	**178**	81

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

IFPR surplus CET1 capital

The indicative surplus CET1 capital at 31 December 2023 was £876m (2022: £711m). Disposal of our remaining HDFC Life and HDFC Asset Management stakes, in May and June 2023 respectively, benefited regulatory capital by £576m.

Key movements in surplus CET1 capital are shown in the table below.

Analysis of movements in surplus CET1 capital (IFPR basis)	2023 £m	2022 £m
Opening surplus regulatory capital	**711**	1,799
Sources of capital		
Adjusted capital generation	**299**	259
HDFC Life, HDFC Asset Management[1] and Phoenix sales	**576**	789
Disposals[2]	**137**	-
Uses of capital		
Restructuring and corporate transaction expenses (net of tax)	**(121)**	(178)
Dividends	**(267)**	(295)
Share buyback	**(302)**	(302)
Acquisitions[3]	**(152)**	(1,364)
Other	**(5)**	3
Closing surplus CET1 capital	**876**	711

1. Capital benefit of HDFC Asset Management sales reflects the pre-tax proceeds.
2. Discretionary fund management and US private equity businesses. Capital benefit of discretionary fund management disposal includes derecognition of related intangibles (£58m).
3. ii (excluding Personal Wealth) in 2022 and Tekla and Macquarie funds in 2023.

The full value of the Group's significant listed investments is excluded from the capital position under IFPR.

A summary of our CET1 coverage is shown in the table below.

CET1 coverage	2023 £m	2022 £m
CET1 capital resources	**1,466**	1,301
Total regulatory capital requirements	**1,054**	1,054
CET1 coverage	**139%**	123%

Note 42 of the Group financial statements includes a reconciliation between IFRS equity and surplus regulatory capital and details of our capital management policies.

Cash and liquid resources and distributable reserves

Cash and liquid resources remained robust at £1.8bn at 31 December 2023 (2022: £1.7bn). These resources are high quality and mainly invested in cash, money market instruments and short-term debt securities. Cash and liquid resources held in abrdn plc were £0.4bn at 31 December 2023 (2022: £0.3bn).

Further information on cash and liquid resources, and a reconciliation to IFRS cash and cash equivalents, are provided in Supplementary information.

At 31 December 2023 abrdn plc had £3.1bn (2022: £3.2bn) of distributable reserves.

IFRS net cash flows

- Net cash inflows from operating activities were £221m (2022: £110m) which includes outflows from restructuring and corporate transaction expenses, net of tax, of £78m (2022: £149m).
- Net cash inflows from investing activities were £542m (2022: outflows £86m) and primarily reflected £535m net proceeds from the final HDFC Asset Management and HDFC Life stake sales.
- Net cash outflows from financing activities were £711m (2022: £761m) with the decrease mainly due to the repayment of subordinated liabilities in 2022.

The cash inflows and outflows described above resulted in closing cash and cash equivalents of £1,210m as at 31 December 2023 (2022: £1,166m).

IFRS net assets

IFRS net assets attributable to equity holders decreased to £4.9bn (2022: £5.6bn[4]) mainly due to the share buyback and dividends paid in the year:

- Intangible assets remained at £1.6bn (2022: £1.6bn) due to additions being offset by amortisation and impairments. Further details are provided in Note 13.
- The principal defined benefit staff pension scheme, which is closed to future accrual, continues to have a significant surplus of £0.7bn (2022: £0.8bn). Further details are provided in Note 31. As part of ongoing actions taken in recent years to reduce risk in abrdn's principal defined benefit pension plan, the trustee submitted a petition to the Court of Session in March 2023 seeking a direction on the destination of any residual surplus assets that remain after all plan-related obligations are settled or otherwise provided for. On 1 August 2023, the Court of Session, among other things, confirmed that if a buy-out were to be completed and sufficient provision made for: (i) any remaining liabilities; and (ii) expenses of completing the winding-up of the pension scheme, there would be a resulting trust in respect of any residual surplus assets in favour of the employer. We are continuing to work with the trustee on next steps. Any residual surplus will be determined on a different basis to IAS 19 or funding measures of the plan surplus. The timing of release of any surplus remains a matter for the trustee. The IAS 19 defined benefit plan asset is not included in abrdn's regulatory capital.
- Financial investments decreased to £2.0bn (2022: £2.9bn) primarily due to the final stake sales in HDFC Asset Management and HDFC Life, which completed in H1 2023. At 31 December 2023 financial investments included £0.6bn (2022: £1.3bn) in relation to significant listed investments (Phoenix).

4. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

Viability statement

Longer-term prospects

The Directors have determined that three years is an appropriate period over which to assess the Group's prospects. In addition to aligning with our business planning horizon, this reflects the timescale over which changes to major regulations and the external landscape affecting our business typically take place.

The Group's prospects are primarily assessed through the strategic and business planning process. These prospects have been enhanced as a result of actions taken during the year, including through actions to simplify the business.

The assessment reflects (i) the Group's focus on its strategic priorities as set out on pages 14 to 15 and how this is expected to drive client-led growth in abrdn's three businesses and (ii) the expected impact of the transformation programme announced in January 2024.

In forming their assessment of the Group's longer-term prospects, the Directors have also taken into account:
- The Group's capital position as set out on page 73.
- The Group's substantial holdings of cash and liquid resources as well as holdings in listed equity investments, as set out on page 73.
- The Group's principal and emerging risks as set out on pages 76 to 79.

Assessment of prospects

The Directors consider the Group's focus on its strategic priorities will deliver growth while allowing the Group to maintain its regulatory capital position and the dividend policy described on page 64.

Viability

The Directors consider that three years is an appropriate period for assessing viability as this is in line with the horizon used for our business planning and stress testing and scenario analysis processes.

In considering the viability statement, the Board has reviewed and assessed the Group's principal risks in order to understand potential vulnerabilities for the business. In addition to this, the Directors assessed the Group's viability taking into account:
- Output from the Group's business planning process.
- Results from the Group's stress testing and scenario analysis programme.
- Results from the Group's reverse stress testing exercise.
- Work performed in connection with the UK's FCA and PRA rules on operational resilience.

The **business planning process** includes the projection of profitability, regulatory capital and liquidity over a three-year period, based on a number of assumptions. This includes assumptions regarding the economic outlook which reflects various factors, including the changing market conditions following the significant geopolitical and economic developments in recent years.

The Group has no debt maturing over the next three years and based on business planning projections, there is no expectation that the Group will need to draw down on its £400m revolving credit facility described on page 241.

The Group's **stress testing and scenario analysis programme** develops financial projections over a three-year horizon in response to a range of severe but plausible stresses to the business plan to understand the Group's financial resilience. This includes exploring (i) the impacts of market-wide stresses, (ii) stresses that are specific to abrdn, and (iii) stresses that combine both these elements. Whilst all of the Group's principal risks could potentially impact on the Group's financial resilience, our combined stress testing scenarios focused on those risks expected to have the most significant impact:
- Financial risk was considered through stresses to market levels, flows, and margins. The scenarios that were explored included stressing flows over all three years and assuming a market shock in 2024 with an impact that might be expected around 1-in-20 years. This included equity markets falling approximately 24% in Q1 2024 with recovery occurring from Q3 2024 through 2026 and the UK Base rate falling to 0.1% by Q1 2025 where it remains.
- Operational risks were considered in the context of the Group incurring £90m of operational losses which were assumed to represent the cumulative impact of a number of severe losses across a range of principal risk categories, such as: process execution and trade errors, technology risk, security and resilience risk, or fraud and financial crime risks.

All the scenarios explored resulted in the Group experiencing reduced profitability and, in some cases, losses over the planning horizon. Projections of capital and liquid resources fell as a result of these losses.

Given the strength and quality of the Group's financial position, the Group had sufficient capital and liquid resources to remain above its regulatory requirements without needing to take any management actions other than those assumed within the business plan.

In the event that the Group was to experience more severe stresses than those explored under the Group's stress testing and scenario analysis programme, the Group has a range of management actions it would be able to take, including a number of sizeable management actions wholly within the Group's control. This includes drawing down on the revolving credit facility, reducing discretionary expenditure, and dividend management actions.

The Group is considered to be resilient to adverse climate change over the three-year horizon; the stresses to market levels and flows explored under the stress testing and scenario analysis programme are deemed to capture the possible consequences of climate change over this period.

Reverse stress testing involves exploring the quantitative and/or qualitative impacts of extreme scenarios which could threaten the viability of our business model. For this year's exercise, we investigated the potential for cyber-attacks to impact on the Group's viability.

Initial analysis highlighted that, given the diversification of revenues arising from the Group's three businesses, the Group's viability was most likely to be threatened where significant disruption was experienced by more than one business.

The Group's IT architecture and related controls were found to reduce the risk of a single cyber-attack having a material impact on more than one business. As a result, it was concluded that significant disruption was only likely to be experienced by more than one business where the Group suffered more than one cyber-attack.

Based on the above, the reverse stress test scenario that was explored focused on a ransomware cyber-attack impacting on the abrdn Group, followed a few months later by a cyber-attack impacting FNZ's ability to serve abrdn. In exploring this extreme scenario, consideration was given to understanding the possible disruption that could arise in the Investments and Adviser business such that the abrdn Group could become non-viable.

The investigations concluded that the Group's non-viability was most likely to arise due to (i) a significant outflow of AUMA from the Investments business following the cyber-attack on the abrdn Group and (ii) the Adviser business reaching a point of non-viability following disruption caused by the cyber-attack on FNZ.

The Group operates extensive controls to protect the business against cyber-attacks and engages actively with third parties to understand and, where necessary, request improvement in the controls they operate.

The likelihood of two cyber-attacks arising in the manner described is considered to be very remote. This, and the controls in place to mitigate the impact of such cyber-attacks, supports the assessment of viability and no qualification is considered necessary.

Over recent years the Group has also explored reverse stress tests including the failure of a critical third-party administrator in the Investments business, the loss of critical staff and extreme financial market shocks. The work performed concluded that these events had a low likelihood of occurrence and were not considered likely to threaten the Group's viability. These conclusions are considered to remain valid.

Operational resilience reflects the ability of firms and the financial sector as a whole to prevent, adapt and respond to, and recover and learn from operational disruptions. In addition to causing potential harm to customers and threatening market integrity, such operational disruptions and the unavailability of important business services have the potential to threaten viability.

To support the Group's operational resilience, and in line with UK regulatory expectations, the Group reviews and approves important business services, impact tolerance thresholds, and operational resilience self-assessments on an annual basis. The Group also undertakes measures where relevant to comply with operational resilience regulations in overseas jurisdictions, for example Singapore and Ireland.

The Group continues to enhance its operational resilience and defences against risks through enhancement programmes. This is to ensure the Group complies with UK regulatory expectations around operational resilience that must be met by March 2025 and helps to further reduce risks of non-viability.

Assessment of viability

The Directors confirm that they have a reasonable expectation that abrdn plc will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Managing risk for better outcomes

Our approach to risk management

A strong risk and compliance culture underpins our commitment to put client and customers first and safeguard the interests of our shareholders. Our Board has ultimate responsibility for risk management and oversees the effectiveness of our Enterprise Risk Management (ERM) framework.

ERM framework

The ERM framework supports risk management throughout our business. We operate 'three lines of defence' with defined roles and responsibilities. We continually evolve our framework to meet the changing needs of the company and to make sure it keeps pace with industry best practice. In 2023, improvements to the framework included:

- Delivering a new approach to Risk and Control Self Assessments, focused on key business outcomes and executive accountability.
- Improving abrdn's risk acceptance process.
- Improved management information to better measure how the framework is applied in practice.
- Reviewing our risk taxonomy.
- Strengthening capabilities within Enterprise Risk.
- Further embedding of capabilities to support Operational Resilience and Consumer Duty outcomes.
- Updating our Global Code of Conduct.

Business risk environment

The commercial environment remained challenging during 2023 given the market and economic environment and geopolitical events and risks. Inflation remained high, accompanied by the continued tightening of monetary policy. These conditions adversely impacted market levels and client flows over the year.

We have continued to simplify our business model, delivering on recent transformation projects and continued diversification of the Group's revenue, following the acquisition of ii in 2022.

We have simplified and focused our investment capabilities on areas where we have both the skill and the scale to capitalise on the key theme shaping the market, through either public markets or alternative asset classes. We have completed the sales of our US private equity and discretionary fund management businesses and announced the sale of our European private equity business. We have also acquired the healthcare fund management capabilities of Tekla, as part of our journey to refocus our business to become a 'specialist' manager.

We continue to manage a lot of change across the business, to simplify and achieve sustainable growth. The volume of change may create bandwidth issues and operational stretch on top of our core activities, whilst we balance the demands of the business simplification and growth agendas. We continue to monitor how we attract, retain and develop our colleagues and engage regularly on colleague engagement.

Client and customer interests are at the heart of our business. We continue to focus on good outcomes which we deliver across our business. During 2023, we implemented the FCA's new Consumer Duty requirements, which came into force on 31 July. This is embedded in our Global Code of Conduct and supported by our Consumer Duty mandatory training and our Client and Customer Policy.

The Consumer Duty requirements place specific obligations on the abrdn Group's businesses to demonstrate Value for Money for its clients. This is achieved by avoiding biased incentive schemes and by our Value for Money framework, underpinned by our culture and strategy.

Evolving and emerging risks

We are vigilant to risks that could crystallise over different horizons and impact our strategy, operations and our clients. These risks vary in nature as they cover geopolitical, economic, societal, technological, legal, regulatory and environmental themes. We distil internal and external research to consider how risks could emerge and evolve.

We provide our clients and customers fair and transparent fee structures and are engaged with the FCA (in the UK) on retention of interest earned on cash balances. Some notable risks (and opportunities) for our business include adoption of modern technologies, uncertainty driven by geopolitics, unprecedented market shifts, evolving cyber threats and climate change.

Sustainability risks[1]

We have a responsibility to shareholders, clients, customers and all stakeholders to assess, report on, manage and mitigate our sustainability risks. As an investment firm, we need to consider the impact of our corporate activities while making investments in line with client mandates. We are mindful of the increasing challenges around providing consistent ESG disclosures across multiple geographies.

During 2023, we continued to deliver against a number of key milestones. These included regulatory disclosure requirements under the EU SFDR and UK TCFD and enhancing our climate and carbon analytical tools. We completed the integration of ESG data into our investment data platform to support 2024 regulatory reporting and transitioned to a new ESG screening and exclusion tool. We have commenced a review of the UK SDR reporting and disclosure requirement for delivery in 2024.

1. See Note 34 for disclosure relating to the financial impact of climate-related risk on the Group financial statements.

Principal risks and uncertainties

We categorise our risks across 12 principal risk categories which have both internal and external drivers. Within our ERM framework, we have developed more detailed taxonomy of risks under these principal risk categories. This allows us to systematically monitor the risk profile of our business. Principal and emerging risks are subject to active oversight and robust assessment by the Board. These risks are described in the following table.

Risk to our business	How we manage this risk
Strategic risk	
– The current external geopolitical and macroeconomic environment presents a wide range of risks that could impact our business plan and the implementation of our strategy. – The volume of internal change also poses a risk to the delivery of our plans. – Risks could include failing to meet client expectations, poor strategic decision-making or failure to adapt.	We continued to simplify our business model, increase efficiency and improve the blend of capabilities, technology and processes. We successfully completed key acquisitions and disposals to simplify our business and strengthen our capabilities for future growth. Each business has a clear growth strategy. We rigorously assess inorganic opportunities for their contribution to our core strategy and client needs. Market and competitor intelligence has aided decision-making. We have maintained focus on geopolitical and macroeconomic developments to understand and manage implications.
2 **Financial risk**	
– This is the risk of having insufficient financial resources, suffering losses from adverse markets or the failure or default of counterparties. It is impacted by our flows experience, global market conditions and the fees we charge on investment mandates, platforms and wealth management services. – Our strong capital and liquidity position enabled the continuation of returning capital to shareholders through share buybacks, while still maintaining a strong capital position.	Business planning and stress testing is used to project our financial resources under a range of scenarios and confirm the financial resilience of our business. During 2023, we continued to operate to the UK Investment Firms Prudential Regime which determines regulatory capital and liquidity requirements for the group and its key entities. Our UK regulator completed a planned Supervisory Review and Evaluation Process during 2023, as standard for the industry. Our Treasury Policy includes minimum standards for managing liquidity, market and counterparty risks, including the credit quality of our counterparties.
3 **Conduct risk**	
– Our business relies on our ability to deliver good service and fair client and customer outcomes. – There is a risk that we fail to achieve this through our operational activities and the implementation of our change programmes. – This could lead to customer and client harm, reputational damage and loss of income.	Being client and customer-led is a commitment and an essential aspect of our culture. This means the continuous focus on client and customer outcomes in all that we do. Our ERM framework supports the management of conduct risk with clear expectations around conduct goals and responsibilities. In 2023, we updated our Global Code of Conduct and implemented the FCA's Consumer Duty. Work is continuing to embed the new framework, improve management information and ensure compliance of closed book products, required by 31 July 2024.

Risk to our business | **How we manage this risk**

Regulatory and legal risk

Risk to our business

- High volumes of regulatory change can create interpretation and implementation risks.
- Compliance failures can lead to poor customer and client outcomes, sanctions, reputation damage and income loss.
- During 2023 the company continued to respond to and implement regulatory change, including in relation to ESG and the new Consumer Duty requirements in the UK.
- Potential risks of changing capital and liquidity requirements.
- Tax risk is inherent in the nature of our global business. This could lead to reputational risk and/or financial loss for our business.

How we manage this risk

We actively monitor developments and engage with our regulators on the regulatory landscape, given the broad and complex rules that the firms' operations must apply globally, including the implementation of new regulatory policy initiatives. We also invest in compliance and monitoring activity across the business. The evolution of regulatory divergence between the UK and EU rulebooks is a particular focus for the group in view of our business footprint.

We work with our regulators and tax authorities, to address requirements and expectations.

Our relationships with key regulators are based on trust and transparency while our compliance and legal teams support senior managers across our business.

Operational risks (5-12)

Process execution and trade errors

Risk to our business

- This is the risk that processes, systems or external events could produce operational errors.
- During 2023 there was continued management focus on process execution and trade errors.

How we manage this risk

We have established processes for reporting and managing incidents, risk events and issues. We monitor underlying causes of error to identify areas for action, promoting a culture of accountability and continuously improving how we address issues.

People

Risk to our business

- Our people are our greatest asset. Business change has the potential to impact engagement and morale.
- Engaging with our people, and supporting their wellbeing, is critical to our strategy and the success of our business.

How we manage this risk

We invest considerable time listening to and communicating with our staff and have well-established approaches to engaging at all levels.

We continue to monitor and have responded to market pressures and increased competition for talent in our industry. We use targeted approaches to support retention and recruitment for our key business functions.

7 Technology

Risk to our business

- There is a risk that our technology may fail to keep pace with business needs. There is also the significant risk of unauthorised access of our systems and cyber-attack.
- These risks are relevant to a wide range of potential threats to the business including internal failure, external intrusion, supplier failure and weather events.
- Our current IT estate is complex and there are dependencies on third party suppliers that need to be managed in a dedicated way.

How we manage this risk

We have an ongoing programme to invest in and enhance our IT infrastructure controls. We benchmark our IT systems environment to identify areas for improvement and further investment.

We delivered our Adviser platform technology upgrade in February, to allow abrdn to deliver better adviser and customer outcomes, greater operational efficiency, and exit transitional services with Phoenix.

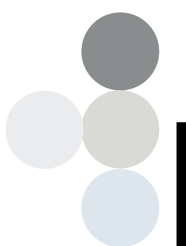
We maintain heightened vigilance for cyber intrusion, with dedicated teams monitoring and managing cyber security risks. We carry out regular testing on penetration and crisis management.

Risk to our business	How we manage this risk
8 Security and resilience	
– Incidents that can impact business resilience and continuity include environmental issues, terrorism, economic instabilities, cyber-attacks and operational incidents. – The risk of disruption from inside the organisation is broadly stable. However, tools for exploiting IT vulnerabilities are becoming more widely available globally and are frequently used by criminal groups to enable ransomware attacks.	We continue to strengthen our operational resilience. Crisis management and contingency planning processes are regularly reviewed and tested, to strengthen our resilience and response. We are preparing to implement changes in relation to the new EU Digital Operational Resilience Act, to be implemented by January 2025.
9 Fraud and financial crime	
– As a business that handles clients' money, we are exposed to the risk of fraudulent and dishonest activity. – As we engage with a wide number of external parties, we have to be vigilant to the risk that these parties are connected with criminal behaviour, or subject to sanctions by national or global authorities.	We have improved the control environment for anti-money laundering. Processes are in place to identify client activity linked with financial crime, globally. These include controls for anti-money laundering, anti-bribery, fraud and other areas of financial crime. We continue to work with the financial authorities and our industry peers to assist those targeted by scams.
10 Change management	
– As a diverse, global investment firm, we are continually implementing change to improve our business or meet regulatory expectations. As well as being costly, failure to deliver change effectively can lead to poor client and customer outcomes and/or regulatory non-compliance.	The ongoing simplification of our business model enables us to be more agile and respond at pace to changes in the economic environment. In our commitment to transformation, we are positioning our business for a longer-term sustainable future and have committed to actions to align our resources and capabilities. We have established governance processes with project resources and clearly defined roles across the three lines of defence.
11 Third party management	
– We outsource various activities to third party suppliers and are exposed to a variety of delivery, regulatory and reputational risks as a result.	Our Third-Party Risk Management framework continues to evolve in line with external developments, industry practice and regulatory developments.
12 Financial management process	
– We have extensive financial reporting obligations to clients, customers, shareholders, regulators and other stakeholders. Failures in these processes could impact decision-making and lead to regulatory and litigation risk.	Our financial reporting activities align to external reporting standards and industry best practice. These activities are subject to extensive internal control and external assurance.

The cover to page 79 constitute the Strategic report which was approved by the Board and signed on its behalf by:

Stephen Bird
Chief Executive Officer
abrdn plc
(SC286832)
26 February 2024

Governance



Contents

Board of Directors	82
Corporate governance statement	86
1. Audit Committee report	98
2. Risk and Capital Committee report	107
3. Nomination and Governance Committee report	111
4. Directors' remuneration report	115
Directors' report	135
Statement of Directors' responsibilities	141

Board of Directors

Our business is overseen by our Board of Directors. Biographical details (and shareholdings) of the Directors as at 26 February 2024 are listed below.

Sir Douglas Flint CBE – Chairman

Appointed to the Board	Age
November 2018	68
Nationality	**Shares**
British	200,000
Board committees:	NC

Sir Douglas' extensive experience of board leadership in global financial services has shaped a collaborative approach which helps to facilitate open and constructive boardroom discussion. He maintains a keen interest and involvement in international, financial and governance matters, retaining an expertise which is an important asset to abrdn. This expertise, together with his prior board experience, help to focus board attention on their stewardship responsibilities as well as guiding discussion and challenge on the design and delivery of our strategy.

In other current roles, Sir Douglas is Chairman of IP Group plc and Chairman of the Royal Marsden Hospital and Charity. He is a member of a number of advisory boards and trade associations through which he keeps abreast of industry, regulatory and international affairs of relevance to his public company responsibilities.

Previously, Sir Douglas served as Group Chairman of HSBC Holdings plc from 2010 to 2017. For 15 years prior to this he was HSBC's group finance director, joining from KPMG where he was a partner, and from 2005 to 2011 he served as a non-executive director of BP plc. He has extensive experience of business in Asia, having been a member of both the Mayor of Shanghai and Mayor of Beijing's Advisory Boards and currently serves on the International Advisory Panel of the Monetary Authority of Singapore.

Sir Douglas was awarded the CBE in 2006 and his knighthood in 2018, both in recognition of his service to the finance industry. In June 2022, he was awarded an honorary degree by the University of Glasgow, his alma mater, in recognition of his services to the business community.

Stephen Bird – Chief Executive Officer

Appointed to the Board	Age
July 2020	57
Nationality	**Shares**
British	782,355

Stephen brings a track record of delivering exceptional value to clients, creating high-quality revenue and earnings growth in complex financial markets, and deep experience of business transformation during periods of technological disruption and competitive change.

Stephen joined the Board in July 2020 as Chief Executive-Designate, becoming Chief Executive Officer in September 2020. He is an abrdn representative director to the US closed-end fund boards and the SICAV fund boards where abrdn is the appointed investment manager.

Previously, Stephen served as Chief Executive Officer of global consumer banking at Citigroup from 2015, retiring from the role in November 2019. His responsibilities encompassed all consumer and commercial banking businesses in 19 countries, including retail banking and wealth management, and operations and technology supporting these businesses. Prior to this, he was Chief Executive for Citigroup's Asia-Pacific business across 17 markets, including India and China.

Stephen joined Citigroup in 1998. Over 21 years he held leadership roles in banking, operations and technology across its Asian and Latin American businesses. Before this, he held management positions at GE Capital, where he was director of UK operations from 1996 to 1998, and at British Steel.

Stephen is a member of the Investment Association's board of directors, and the Financial Services Growth and Development Board in Scotland. He holds an MBA in Economics and Finance from University College Cardiff and is an Honorary Fellow.

Jason Windsor – Chief Financial Officer

Appointed to the Board	Age
October 2023	51
Nationality	**Shares**
British	Nil

Jason joined abrdn as Chief Financial Officer in October 2023, bringing over twenty-five years of experience in the financial services industry. Having held senior finance roles in investments, insurance and banking, Jason has established a strong track record of leadership in finance, asset management, M&A, and strategy.

His most recent role before joining abrdn was Chief Financial Officer of Persimmon plc. Prior to this, Jason was Group Chief Financial Officer of Aviva plc between 2019 and 2022. He had previously been Chief Financial Officer of Aviva's UK General Insurance and UK Life businesses, Chief Capital & Investments Officer, and a director on the board of Aviva Investors.

Before joining Aviva in 2010, Jason spent 15 years at Morgan Stanley in London and Singapore, latterly as a Managing Director within its Investment Banking Division, where he advised UK and international banks, insurers and asset managers on M&A, capital raising and strategy.

Jason is a governor of Felsted School in Essex.

Jason holds a BA (Hons) from the University of Oxford, with a Part II thesis in Atmospheric chemistry.

Key to Board committees

R Remuneration Committee
RC Risk and Capital Committee
A Audit Committee
NC Nomination and Governance Committee
☐ Committee Chair

Jonathan Asquith – Non-executive Director and Senior Independent Director

Appointed to the Board	Age
September 2019	67
Nationality	**Shares**
British	205,864
Board committees:	R NC

Jonathan has considerable experience as a non-executive director within the investment management and wealth industry. This brings important insight to his roles as Senior Independent Director and Chair of our Remuneration Committee.

Jonathan is a non-executive director of CiCap Limited and its regulated subsidiary Coller Capital Limited. He is also a non-executive director of B-FLEXION Group Holdings SA and subsidiaries including Vantage Infrastructure Holdings and Capital Four Holding A/S. At the end of 2020 he stepped down as Deputy Chair of 3i Group plc after nearly 10 years as a board member. Previously, he has been Chair of Citigroup Global Markets Limited, Citibank International Limited, Dexion Capital plc and AXA Investment Managers. He has also been a director of Tilney, Ashmore Group plc and AXA UK plc.

In his executive career Jonathan worked at Morgan Grenfell for 18 years, rising to become group finance director of Morgan Grenfell Group, before going on to take the roles of Chief Financial Officer and Chief Operating Officer at Deutsche Morgan Grenfell. From 2002 to 2008 he was a director of Schroders plc, during which time he was Chief Financial Officer and later Executive Vice Chairman.

He holds an MA from the University of Cambridge.

Catherine Bradley CBE – Non-executive Director

Appointed to the Board	Age
January 2022	64
Nationality	**Shares**
British and French	12,181
Board committees:	A NC RC

Catherine has more than 30 years'executive experience advising global financial institutions and industrial companies on complex transactions and strategic opportunities. She brings knowledge from working across Europe and Asia, serving on the boards of leading consumer-facing companies, and working with regulators which provides valuable input to her roles as Chair of our Audit Committee and non-executive Chair of interactive investor, a wholly owned subsidiary of the group.

Catherine is a non-executive director of Johnson Electric Holdings Limited, and easyJet plc, where she chairs the finance committee. She is also senior independent director of Kingfisher plc.

Previously, Catherine served on the boards of leading industrial and consumer-facing companies in the UK, France, and Hong Kong. She was appointed by HM Treasury to the board of the Financial Conduct Authority in 2014 and played an important role in establishing the FICC Markets Standards Board in 2015. Catherine stepped down from these boards in 2020. Between 2021 and 2022 she was also a board member of the Value Reporting Foundation, where she co-chaired the audit committee.

In her executive career, Catherine has held a number of senior finance roles in investment banking and risk management: in the US with Merrill Lynch, in the UK and Asia with Credit Suisse, and in Asia with Société Générale. She returned to Europe in 2014 to start her non-executive career.

Catherine graduated from the HEC Paris School of Management with a major in Finance and International Economics. She was awarded a CBE in 2019.

John Devine – Non-executive Director

Appointed to the Board	Age
July 2016	65
Nationality	**Shares**
British	52,913
Board committees:	RC A NC

John's previous roles in asset management, his experience in the US and Asia, and his background in finance, operations and technology are all areas of importance to our strategy. John's experience is important to the board's discussions of financial reporting and risk management. He is Chair of our Risk & Capital Committee.

John was appointed a director of our business in July 2016, at that time Standard Life plc. From April 2015 until August 2016, he was non-executive Chair of Standard Life Investments (Holdings) Limited.

He is non-executive Chair of Credit Suisse International and of Credit Suisse Securities (Europe) Limited, and a non-executive director of Citco Custody Limited and Citco Custody (UK) Limited.

From 2008 to 2010, John was Chief Operating Officer of Threadneedle Asset Management Limited. Prior to this, he held a number of senior executive positions at Merrill Lynch in London, New York, Tokyo and Hong Kong.

He holds a BA (Hons) from Preston Polytechnic, and MBA in Banking from Bangor University and is a Fellow of the Chartered Institute of Public Finance and Accounting.

Hannah Grove – Non-executive Director

Appointed to the Board	Age
September 2021	60
Nationality	**Shares**
British and American	33,000
Board committees:	NC R

Hannah brings more than 20 years of leadership experience in the global financial services industry. Her expertise includes leading brand, client and digital marketing and communications strategies, including those for major acquisitions, which she combines with deep knowledge of regulatory and governance matters. She is also our designated non-executive director for board employee engagement and sits as a non-executive director on the boards of Standard Life Savings Limited and Elevate Portfolio Services Limited, wholly owned subsidiaries of abrdn group.

Before joining our Board, Hannah enjoyed a 22-year career at State Street. This included 12 years as Chief Marketing Officer, retiring from the role in November 2020. She was a member of the company's management committee, its business conduct & risk, and conduct standards committees, and a board member for its China legal entity.

Before joining State Street, Hannah was marketing director for the Money Matters Institute, supported by the United Nations, the World Bank and private sector companies to foster sustainable development in emerging economies.

In other current roles, Hannah is a member of the advisory board of Irrational Capital. She has also received significant industry recognition as a champion of diversity and inclusion and is a member of the board of advisors for reboot, an organisation that aims to enhance dialogue around race both at work and across society.

Pam Kaur – Non-executive Director

Appointed to the Board	Age
June 2022	60
Nationality	**Shares**
British	Nil
Board committees:	A RC

Pam has more than 20 years' experience of leadership roles in business, risk, compliance, and internal audit within several of the world's largest and most complex financial institutions during periods of significant change and public scrutiny. She brings considerable expertise in leading the development and implementation of compliance, audit and risk frameworks and adapting these to changing regulatory expectations.

Pam currently holds the role of Group Chief Risk and Compliance Officer at HSBC and is also a director of the Hong Kong Shanghai Banking Corporation. Between 2019 and 2022, she served as a non-executive director on the board of Centrica, where she was also a member of the audit and risk committee, the nomination committee and the safety, environment and sustainability committee.

Since qualifying as a chartered accountant with Ernst & Young, Pam has progressed through a range of technical, compliance, anti-fraud and risk roles with Citigroup, Lloyds TSB, Royal Bank of Scotland, Deutsche Bank and HSBC. These positions have given her extensive insight into the benefits of effective internal control systems that recognise external regulatory requirements.

She holds an MBA and B.Comm in Accountancy from Punjab University, and is a fellow of the Institute of Chartered Accountants of England and Wales.

Key to Board committees

R Remuneration Committee
RC Risk and Capital Committee
A Audit Committee
NC Nomination and Governance Committee
☐ Committee Chair

Michael O'Brien – Non-executive Director

Appointed to the Board	**Age**
June 2022	60
Nationality	**Shares**
Irish	173,780
Board committees:	A RC

Mike has held executive leadership roles within a number of leading global asset managers in London and New York. He brings extensive asset management experience, with a key focus throughout his career on innovation and technology-driven change in support of better client outcomes. A qualified actuary, during his executive career with JP Morgan Asset Management, BlackRock Investment Management and Barclays Global Investors, he was responsible for developing and leading global investment solutions, distribution and relationship management strategies.

Mike is a non-executive director of Carne Global Financial Services Limited, and he is a senior adviser to Osmosis Investment Management. He is also an investment adviser to the British Coal Pension Funds.

Previously, Mike served on the board of the UK NAPF and was a member of the UK NAPF Defined Benefit Council. He retired in 2020 from his role as Co-Head, Global Investment Solutions at JP Morgan Asset Management. Prior to his move to BlackRock in 2000, Mike qualified as an actuary with Towers Watson, where he served as an investment and risk consultant.

Mike graduated from Limerick University with a BSc in Applied Mathematics. He is also a Chartered Financial Analyst and a Fellow of the Institute of Actuaries.

Cathleen Raffaeli – Non-executive Director

Appointed to the Board	**Age**
August 2018	67
Nationality	**Shares**
American	9,315
Board committees:	R RC

Cathi has strong experience in the financial technology, wealth management and banking sectors with a background in the platforms sector, as well as international board experience. She brings these insights as non-executive Chair of the boards of Standard Life Savings Limited and Elevate Portfolio Services Limited, wholly owned subsidiaries of abrdn group. Her role provides a direct link between the board and the platform businesses that help us connect with clients and their advisers.

Cathi is managing partner of Hamilton White Group, LLC which offers advisory services, including business development, to companies in financial services growth markets. In addition, she is managing partner of Soho Venture Partners Inc, which offers third-party business advisory services.

Previously, Cathi was lead director of E*Trade Financial Corporation, non-executive director of Kapitall Holdings, LLC and President and Chief Executive Officer of ProAct Technologies Corporation. She was also a non-executive director of Federal Home Loan Bank of New York, where she was a member of the executive committee, and Vice Chair of both the technology committee and the compensation and human resources committee.

She holds an MBA from New York University and a BS from the University of Baltimore.

Corporate governance statement

The Corporate governance statement and the Directors' remuneration report, together with the cross references to the relevant other sections of the Annual report and accounts, explain the main aspects of the Company's corporate governance framework and seek to give a greater understanding as to how the Company has applied the principles and reported against the provisions of the UK Corporate Governance Code 2018 (the Code).

Statement of application of and compliance with the Code

For the year ended 31 December 2023, the Board has carefully considered the principles and provisions of the Code (available at **www.frc.org.uk**) and has concluded that its activities during the year and the disclosures made within the Annual report and accounts comply with the requirements of the Code. The statement also explains the relevant compliance with the FCA's Disclosure Guidance and Transparency Rules Sourcebook. The table on page 140 sets out where to find each of the disclosures required in the Directors' report in respect of all of the information required by Listing Rule 9.8.4 R, and our statement on Board diversity is on page 92.

(i) Board leadership and company purpose

Purpose and Business model

The Board ratifies the Company's purpose set out on page 3 of the Strategic report, and oversees implementation of the Group's business model, which it has approved, and which is set out on pages 12 and 13. Pages 2 to 79 show how the development of the business model in 2023 supports the protection and generation of shareholder value over the long term, as well as underpinning our strategy for growth. A significant development in 2023 supporting these objectives was the continued diversification of the business model through relentless focus on costs within the Investments business, continued investment in the Adviser business and the integration of ii and the Personal Wealth business. The Board's consideration of current and future risks to the success of the Group is set out on pages 76 to 79, complemented by the report of the Risk and Capital Committee on pages 107 to 110.

Oversight of culture

The Board and the Nomination and Governance Committee play a key role in overseeing how the management of the Group assesses and monitors the Group's culture. Through engagement surveys and the Board Employee Engagement programme, the Board acquires a clear view on the culture evident within the Group's businesses and how successfully expected behaviour is being embedded across the group in ways that will contribute to our success.

The Board holds management to account for a range of engagement and diversity, equity and inclusion outcomes, which are seen as important indicators of culture, and which form a key part of the executive scorecard.

The Board and the executive leadership team (ELT) have defined a set of Commitments – Client First, Empowered, Ambitious and Transparent – which embody our cultural aspirations at abrdn and are designed to create the best working environment for our colleagues, so contributing to better customer experience and outcomes. Our culture is defined by these Commitments and the behaviours which underpin them, which are set out on page 48.

Stakeholder engagement

The Annual report and accounts explains how the Directors have complied with their duty to have regard to the matters set out in section 172 (1) (a)-(f) of the Companies Act 2006. These matters include responsibilities with regard to the interests of customers, employees, suppliers, the community and the environment, all within the context of promoting the success of the Company. The table on pages 88 and 89 sets out the Board's focus on its key relationships and shows how the relevant stakeholder engagement is reported up to the Board or Board Committees.

Engaging with investors

The Group's Investor Relations and Secretariat teams support the direct investor engagement activities of the Chairman, Senior Independent Director (SID), CEO, CFO and, as relevant, Board Committee chairs. During 2023, we carried out a comprehensive programme of meetings with domestic and international investors, via a range of 1:1, group, conference and reporting related engagements. Investors had broad interests including progress on cost reduction targets, synergies between the three business units, progress on strategy to drive revenue growth, investment performance, financial performance and share price, capital allocation and strategy for returns to shareholders, the relationship with Phoenix and the role of the share stake, customer cash balances and the regulatory focus on this area given high interest rates, and corporate governance, including approach to ESG and sustainability. The Chairman, SID, CEO and CFO bring relevant feedback from this engagement to the attention of the Board.

The Board ensures its outreach activities encompass the interests of the Company's circa one million individual shareholders. Given the nature of this large retail shareholder base, it is impractical to communicate with all shareholders using the same direct engagement model followed for institutional investors. Shareholders are encouraged to receive their communications electronically and around 400,000 shareholders receive all communications this way. The Company actively promotes self service via the share portal, and more than 203,000 shareholders have signed up to this service. Shareholders have the option to hold their shares in the abrdn Share Account where shares are held electronically and around 91% of individual shareholders hold their shares in this way.

To give all shareholders easy access to the Company's announcements, all information reported via the London Stock Exchange's regulatory news service is published on the Company's website. The CEO and CFO continue to host formal presentations to support both the full year and half year financial results with the related transcript and webcast available from the Investors' section of the Company's website. For 2024, the Company published a Q4 2023 update in mid-January and intends to publish Q1 and Q3 2024 updates after the close of these periods.

The 2023 Annual General Meeting (AGM) was held in Edinburgh on 10 May 2023. The meeting was arranged as a 'hybrid' meeting. This allowed shareholders to participate in the meeting remotely, as well as in person. For those participating remotely, questions could be submitted during the meeting via a 'chat box', many of which were then posed to the Chair by a moderator. The Chair and CEO presentations addressed the main themes of the questions which had been submitted at the meeting. 45% of the shares in issue were voted. Although all resolutions were passed, a number of resolutions received less than 80% of votes cast in favour of the resolution. The results of the vote were primarily driven by a small number of shareholders, and the significant majority of shareholders who voted did so in favour of the resolutions. Following the AGM, the Company Chair and Jonathan Asquith, abrdn's Senior Independent Director, met with shareholders representing more than 80% of the shares voted against the five resolutions, to understand their views.

The resolution to re-elect Catherine Bradley CBE as a Director received 75.89% of votes in favour. One major shareholder applies more stringent requirements than prevailing proxy advisor guidelines in relation to the number of external mandates held, and the number of external mandates held by each Director are within the requirements of the proxy advisor guidelines and in line with market practice. As noted, Catherine has decided not to stand for re-election at the 2024 AGM.

The other resolutions which received less than 80% of votes cast in favour of them related to authority to allot shares, disapply pre-emption rights, buy back issued ordinary shares, and to allot shares in relation to the issuance of Convertible Bonds. The key area of concern cited by shareholders voting against the resolutions related to shareholder dilution and, in relation to share buybacks, shareholdings breaching certain thresholds. While the majority of our shareholders are supportive of the authorities sought the Board have recognised the concerns raised and will reflect these in the resolutions to be proposed at the 2024 AGM. Our 2024 AGM will be held on 24 April in Edinburgh. The AGM Guide 2024 will be published online at **www.abrdn.com** in advance of this year's meeting. The voting results, including the number of votes withheld, will be published on the website at **www.abrdn.com** after the meeting.

Engaging with employees

Hannah Grove continued as our designated non-executive Director for employee engagement for a second year. abrdn's Board Employee Engagement (BEE) programme is designed to ensure that employees' perspectives and sentiments are heard and understood by the Board to help inform decision-making, and to support colleagues' understanding about the role of the plc Board and ability to have direct access to our Non-Executive Directors (NEDs).

During 2023, the programme comprised four pillars: (i) Listening Sessions, an opportunity for colleagues to share their perspectives and feedback in smaller group settings throughout the year, (ii) Meet the NEDs sessions, for larger groups of colleagues to interact with Board members and ask questions directly, (iii) Employee Network engagement, focused on both gathering perspectives from abrdn's Diversity and Inclusion cohorts, and recognising them for their contributions, and lastly (iv) Reporting and measurement, including regular thematic updates to the Board and abrdn's ELT, feedback gathered about the programming specifically via post event surveys, and measurement compared to wider abrdn colleague sentiment through the engagement survey.

Based on this strategy, the following are some example activities from 2023:

- Eleven Listening Sessions were held with groups across various levels, businesses and geographies, including Culture Champions, the Future Leaders cohort, Investment teams, Finimize and interactive investor colleagues.
- Five Meet the NEDs sessions took place including events with all colleagues in London and Boston, as well as a specific session held by our subsidiary Adviser board directors for Adviser colleagues in Edinburgh.
- Nine Employee Network engagements: including a recognition event for network chairs with plc Board members in Edinburgh, a session with the newly launched NextGen network in Tokyo, and a roundtable discussion with our US network chairs in Philadelphia.

In 2023, BEE activity spanned eight abrdn locations across the UK, US and APAC, with sessions and events delivered in a combination of in-person, virtual or hybrid formats.

Overall, colleague sentiment garnered was broad in reach in terms of geography, as well as business areas. The BEE programme received positive and constructive feedback from colleagues that participated in the programme. Hannah provided regular updates from the BEE programme to the Board covering themes raised by colleagues including compensation, strategy, the pace of change, technology and empowerment.

In 2024, the BEE programme will maintain its core objectives, gathering feedback and demonstrating actionable outcomes, and focusing on key themes including culture, strategy and connecting the dots across abrdn. Communication and measurement will continue to underpin activity with plans to increase the frequency of updates on the programme to all colleagues throughout the year. We will also continue to benchmark the programme externally to understand best practices and new approaches.

On 24 January 2024 the Company announced a transformation programme. In the first half of 2024, a number of BEE initiatives will be focused on employee listening and engagement with opportunity to discuss the commitments made. In addition, we will look to capture insights from the BEE programme to support the Board in its assessment of how the Company's desired culture has been embedded in accordance with the updated requirements of the recently published UK Corporate Governance Code.

Summary of Stakeholder engagement activities

In line with their obligations under s.172 of the Companies Act 2006, the Directors consider their responsibilities to stakeholders in their discussions and decision-making. The table below illustrates direct and indirect Board engagement with various stakeholders. More details of stakeholder engagement activities can be found on pages 55 and 56.

Key stakeholders	Direct Board engagement	Indirect Board engagement	Outcomes
Clients	– The CEO meets with key clients as required and reports to the Board on such meetings. – The CEO takes part in key client pitches to hear directly from clients on their requirements. – The Chair meets with peers and key clients at conferences and industry membership and advisory boards where he represents the Group. – Board members feed into Board discussions any feedback received directly from clients.	– The CEOs of the businesses report at Board meetings on key client engagement, support programmes and client strategies. – Market share data and competitor activity are reported to the Board. – Results of client perceptions survey/customer sentiment index are reported.	– Engagement supported the development of the key client management process, and our client solutions and ESG approaches. – The businesses position the business around client needs with performance accountability measured on that basis. – Investment processes are driven by understanding client needs and designing appropriate solutions taking into account client risk appetite and sophistication.
Our people	– 'Meet the NEDs' BEE sessions for a diverse mix of staff at all levels allows direct feedback in informal settings. – Employee engagement NED in place and active with the employee diversity networks as well as with employees through their representatives. The BEE NED reports regularly to the CEO and the Board. – Each year, the Chair and NEDs all mentor one or two CEO-1 or -2 level emerging talent. – The CEO and CFO run 'Town Hall' sessions.	– The Chief People Officer (CPO) reports to the Nomination and Governance Committee meeting on key hires and employee issues including development needs to support succession planning. – The CPO produces reporting for the Board drawing out key factors influencing staff turnover, morale and engagement. – Viewpoints and employee surveys collect aggregate, regional and functional trend data which is reported to the Board.	– Engagement feedback recognised in Board discussions. – Engagement feedback is a key input to talent and development programmes and the design of reward philosophy.

Key stakeholders		Direct Board engagement	Indirect Board engagement	Outcomes
Community	Business partners/ supply chain	– CEO oversees the Phoenix, FNZ and Citigroup relationships and meets with his opposite numbers as required. – ED direct meetings with core suppliers. – The Risk and Capital Committee reviews the dependency on critical suppliers and how they are managed. – The Audit Committee leads an assessment of external audit performance and service provision. – The Board received detailed papers supporting the outsourcing of technology and business services.	– The Board hears reports on first line key supplier relationships and their role in transition and transformation activities. – Supplier due diligence surveys are undertaken. – Tendering process includes smaller level firms. – Access and audit rights in place with key suppliers. – Modern slavery compliance process in place. – Procurement/payment principles and policies in place. – Certain key suppliers regularly discussed at Audit Committee, Risk and Capital Committee and Board. – Oversight of key outsourcing arrangements reported to the Board.	– The development of our business through our relationships with partners is a critical element of the Board's strategy. – Transformation discussions have included a focus on the quality, service provision, availability and costs of relevant suppliers. – The overriding guidelines for business partnerships have been established as working for both parties and creating efficient operations. – The Board sought executive assurance on the operation and working practice of key suppliers.
	Communities	– Board members present at relevant events and conferences. – Chair/CEO/CFO represent the Group on public policy and industry organisations. – Board is kept up to date with the activities of the abrdn Financial Fairness Trust and the abrdn Charitable Foundation	– Stewardship/sustainability teams report regularly to the Board and Committees. – Feedback on annual Stewardship and Sustainability and TCFD reports. – Review of charitable giving strategy. – ESG presentations to the Board.	– Considered as input to the Group's charitable giving programmes. – Engagement drives the expression of our purpose.
	Regulators/ policymakers/ governments	– Regular engagement by CEO, CFO, Chair and Committee Chairs. – FCA has access to the Board. – 'Dear Board/CEO' letters issued from regulators. – Relevant engagement with regulators in overseas territories.	– CFO and Chief Risk Officer (CRO) update the Board regularly. – Board hears reports on the results of active participation through industry groups.	– Relevant Board decisions recognise regulatory impact and environment.
Shareholders	Shareholders	– Results, AGM presentations and Q&A. – Chair, CEO and CFO meetings with investors. – Chair, Committee Chairs, Senior Independent Director and BEE NED round table with governance commentators. – Remuneration Committee Chair meetings with institutional investors. – Chair/CEO direct shareholder correspondence.	– Regular updates from the EDs/ Investor Relations Director/ Chair/Chair of Remuneration Committee summarising the output from their programmes of engagement. – Analyst/Investor reports distributed to the Board. – As relevant, feedback from corporate brokers. – Dedicated mailbox and shareholder call centre team.	There has been continued dialogue with shareholders on remuneration matters including in the period to the 2023 AGM in respect of the Directors' Remuneration Policy.

Speaking up

The workforce has the means to raise concerns in confidence and anonymously, and these means are well communicated. The Audit Committee's oversight of the whistleblowing policy and the Audit Committee Chair's role to report to the Board on whistleblowing matters is covered in the Audit Committee report on page 99.

Outside appointments and conflicts of interest

The Board's policy encourages executive Directors to take up one external non-executive director role, as the Directors consider this can bring an additional perspective to the Director's contribution. Stephen Bird has representative director roles, on fund boards where abrdn is the appointed investment manager and on the Investment Association. Jason Windsor is a Governor of Felsted School and a Director of Felsted School Trustees Limited.

Any proposed additional appointments of the non-executive Directors are firstly discussed with the Chair and then reported to the Nomination and Governance Committee prior to being considered for approval. The Senior Independent Director takes that role in relation to the Chair's outside appointments. The register of the Board's collective outside appointments is reviewed annually by the Board. Directors' principal outside appointments are included in their biographies on pages 82 to 85. These appointments form part of the Chair's annual performance review of individual non-executive Directors' contribution and time commitment, and similarly that of the Senior Independent Director of the Chair.

The Directors continued to review and authorise Board members' actual and potential conflicts of interest on a regular and ad hoc basis in line with the authority granted to them in the Company's Articles. As part of the process to approve the appointment of a new Director, the Board considers and, where appropriate, authorises their potential or actual conflicts. The Board also considers whether any new outside appointment of any current Director creates a potential or actual conflict before, where appropriate, authorising it. All appointments are approved in accordance with the relevant group policies. At the start of every Board and Committee meeting, Directors are requested to declare any actual or potential conflicts of interests and in the event a declaration is made, conflicted Directors can be excluded from receiving information, taking part in discussions, and making decisions that relate to the potential or actual conflict.

(ii) Division of responsibilities

The Group operates the following governance framework.

Governance framework

Board

The Board's role is to organise and direct the affairs of the Company and the Group in accordance with the Company's constitution, all relevant laws, regulations, corporate governance, and stewardship standards. The Board's role and responsibilities, collectively and for individual Directors, are set out in the Board Charter. The Board Charter also identifies matters that are specifically reserved for decision by the Board. During 2023, the Board's key activities included approving, overseeing and challenging:

- The updated strategy and the 2024 to 2026 business plan to implement the strategy.
- Capital adequacy and allocation decisions including the decision to sell stakes in HDFC Asset Management.
- Oversight of culture, our standards and ethical behaviours.
- Dividend policy including the decision framework governing when to return the dividend to growth.
- Financial reporting.
- Risk management, including the Enterprise Risk Management (ERM) framework, risk strategy, risk appetite limits and internal controls and in particular how this was adapted for blended working including working from home.
- Significant corporate transactions.
- Succession planning, in particular in the appointment of Jason Windsor.
- The quarterly performance of the Investments business.
- The ESG approach, both as a corporate and as an asset manager.
- Significant external communications.
- The work of the Board Committees.
- Appointments to the Board and to Board Committees.
- Matters escalated from subsidiary boards to the Board for approval.

The Board regularly reviews reports from the Chief Executive Officer and from the Chief Financial Officer on progress against approved strategies and the business plan, as well as updates on financial market and global economic conditions. There are also regular presentations from the Business CEOs and business functional leaders.

Chair

- Leads the Board and ensures that its principles and processes are maintained.
- Promotes high standards of corporate governance.
- Together with the Company Secretary, sets agendas for meetings of the Board.
- Ensures Board members receive accurate, timely and quality information on the Group and its activities.
- Encourages open debate and constructive discussion and decision-making.
- Leads the performance assessments and identification of training needs for the Board and individual Directors.
- Speaks on behalf of the Board and represents the Board to shareholders and other stakeholders.

Chief Executive Officer (CEO)

The CEO operates within authorities delegated by the Board to:

- Develop strategic plans and structures for presentation to the Board.
- Make and implement operational decisions.
- Lead the other executive Director and the ELT in the day-to-day running of the Group.
- Report to the Board with relevant and timely information.
- Develop appropriate capital, corporate, management and succession structures to support the Group's objectives.
- Together with the Chair, represent the Group to external stakeholders, including shareholders, customers, suppliers, regulatory and governmental authorities, and the local and wider communities.

Senior Independent Director (SID)

The SID is available to talk with our shareholders about any concerns that they may not have been able to resolve through the channels of the Chair, the CEO or Chief Financial Officer, or where a shareholder was to consider these channels as inappropriate.

The SID leads the annual review of the performance of the Chair.

Non-executive Directors (NEDs)

The role of our NEDs is to participate fully in the Board's decision-making work including advising, supporting and challenging management as appropriate.

Nomination and Governance Committee (N&G)

- Board and Committee composition and appointments.
- Succession planning.
- Governance framework.
- Culture, Diversity, Equity & Inclusion (DEI).

Audit Committee (AC)

- Financial reporting.
- Internal audit.
- External audit.
- Whistleblowing.
- Regulatory financial reporting.
- Non-financial reporting (ESG).

Remuneration Committee (RC)

- Development and implementation of remuneration philosophy and policy.
- Incentive design and setting of executive Director targets.
- Employee benefit structures.

Risk and Capital Committee (RCC)

- Risk management framework.
- Compliance reporting.
- Risk appetites and tolerances.
- Transactional risk assessments.
- Capital adequacy.
- Anti-financial crime.

Executive leadership team (ELT)

The ELT supports the CEO by providing clear leadership, line of sight and accountability throughout the business. The ELT is responsible to the CEO for the development and delivery of strategy and for leading the organisation through challenges and opportunities.

Businesses

Business CEOs support the CEO to deliver growth across the business:

- Investments.
- Adviser.
- ii.

Talent

The Chief People Officer (CPO) supports the CEO in developing talent management and succession planning and culture initiatives.

Efficient Operations

Strategy, Technology, Legal and Finance ELT members, including the CFO, support the CEO by overseeing global functions and the delivery of functional priorities.

Control

The Chief Risk Officer (CRO) supports the ELT and the CEO in their first line management of risk. The Chief Internal Audit Officer attends ELT controls meetings.

The framework is formally documented in the Board Charter which also sets out the Board's relationship with the boards of the key subsidiaries in the Group. In particular, it specifies the matters which these subsidiaries refer to the Board or to a Committee of the Board for approval or consultation.

You can find the Board Charter on our website www.abrdn.com

Board balance and director independence

The Directors believe that at least half of the Board should be made up of independent non-executive Directors. As at 26 February 2024, the Board comprises the Chair, seven independent non-executive Directors and two executive Directors. The Board is made up of six men (60%) and four women (40%) (2022: men 55%, women 45%). Brian McBride stepped down from the Board on 10 May 2023 and Stephanie Bruce stepped down on 11 May 2023. Jason Windsor was appointed to the Board on 23 October 2023.

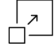
The Chair was independent on his appointment in December 2018. The Board carries out a formal review of the independence of non-executive Directors annually. The review considers relevant issues including the number and nature of their other appointments, any other positions they hold within the Group, any potential conflicts of interest they have identified and their length of service. Their individual circumstances are also assessed against independence criteria, including those in the Code. The Nomination and Governance Committee, on behalf of the Board, conducts a particularly rigorous review for any non-executive director whose term exceeds six years. In addition to the above, this review includes any feedback from the Board effectiveness review, ongoing overall contribution, and the output from individual annual performance discussions with each NED conducted by the Chair. John Devine is the only non-executive Director to have served beyond six years, with Cathi Raffaeli and Sir Douglas Flint passing this timeline later in 2024. No issues or considerations were raised through this assessment.

Following the review, the Board has concluded that all the non-executive Directors are independent and consequently, the Board continues to comprise a majority of independent non-executive Directors.

Jonathan Asquith served as Senior Independent Director throughout 2023. In this role, he is available to provide a sounding board to the Chair and serve as an intermediary for the other Directors and the shareholders. He also led the process to review the Chair's performance.

The roles of the Chair and the CEO are separate and are summarised on page 91. Each has clearly defined responsibilities, which are described in the Board Charter.

The Directors have access to the governance advice of the Company Secretary whose appointment and removal is a matter reserved to the Board.



You can find out more about our Directors in their biographies on pages 82 to 85.

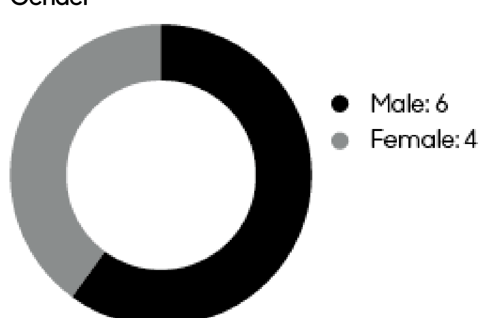
(iii) Board composition, succession, diversity and evaluation

The Board's policy is to appoint and retain non-executive Directors who bring relevant expertise as well as a wide perspective to the Group and its decision-making framework. The Board continues to support its Board Diversity statement which states that the Board:

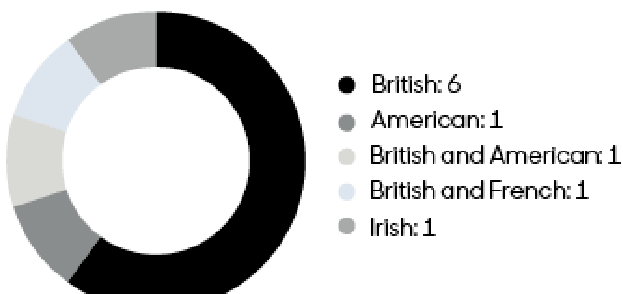
- Believes in equity and supports the principle that the best person should always be appointed to the role with due regard given to the benefits of diversity, including gender, ethnicity, age, and educational and professional background when undertaking a search for candidates, both executive and non-executive.
- Recognises that diversity can bring insights and behaviours that make a valuable contribution to its effectiveness.
- Believes that it should have a blend of skills, experience, independence, knowledge, ethnicity and gender amongst its individual members that is appropriate to its needs.
- Believes that it should be able to demonstrate with conviction that any new appointee can make a meaningful contribution to its deliberations.
- Is committed to maintaining its diverse composition.
- Supports the CEO's commitment to achieve and maintain a diverse workforce and an inclusive workplace, both throughout the Group, and within the ELT.
- Has a zero-tolerance approach to unfair treatment or discrimination of any kind, both throughout the Group and in relation to clients and individuals associated with the Group.

Board Diversity

Gender



Nationality



Diversity activities and progress to meet our targets are covered in the People – Diversity, equity & inclusion section of the Strategic report on page 50. The ELT's diversity policy is covered in the Diversity, equity and inclusion section of the Directors' report on page 138.

Board changes during the period are covered above and in the Directors' report on page 137.

Ethnicity

- White: 9
- Asian: 1

In accordance with Listing Rule 9.8.6(9), as at 31 December 2023:
- at least 40% of the individuals on the board of directors are women;
- at least one individual on the board of directors is from a minority ethnic background;

During 2023, we applied our policy on diversity when searching for a successor to Stephanie Bruce, with Jason Windsor ultimately appointed, as CFO. Consequently, we do not currently meet the requirement under Listing Rule 9.8.6(9)(a)(ii) to have a woman represented in the identified Board leadership positions (Chair, Senior Independent Director, CEO or CFO).

The Board supports the principle that the person best qualified, in the particular circumstances of the role, should always be appointed to the role with due regard given to the benefits of diversity, including the full range of protected characteristics, as well as cognitive diversity. This principle applies to the search for and appointment of all candidates, both executive and non-executive. In reviewing the composition of the Board, the Committee regards the Committee Chair roles as equal in importance to the designated roles, which is reflected in their current composition.

Board appointment process, terms of service and role

Board appointments are overseen by the Nomination and Governance Committee and more information can be found on page 113.

Each non-executive Director is appointed for a three-year fixed term and shareholders vote on whether to elect/re-elect them at every AGM. Once a three-year term has ended, a non-executive Director can continue for a maximum of two further terms, if the Board is satisfied with the non-executive Director's performance, independence and ongoing time commitment. Taking account of their appointment dates the current average length of service of the non-executive Directors is three years. For any non-executive Directors who have already served two three-year terms, the Nomination and Governance Committee considers any factors which have the potential to impact their independence or time commitment prior to making any recommendation to the Board. No Directors came to the end of a three-year term during 2023.

External search consultants may be used to support Board appointments. The Group has used the services of MWM Consulting to support senior management searches. MWM Consulting has no other connection to the Group or the Directors.

Time commitment

The letter of appointment confirms that the amount of time each non-executive Director is expected to commit to each year, once they have met all of the approval and induction requirements, is a minimum of 35 days.

When appointing a non-executive Director, the Nomination and Governance Committee carefully considers time commitments, investor guidelines and voting policies and their application on current directorships. The Committee also reviews in detail the planned changes to a non-executive Director's portfolio and overall capacity, including the balance of listed and non-listed non-executive Director roles. This is also reviewed by the Chairman as part of a formal sequence of bilateral conversations with each Board member during the Company's annual Board Effectiveness process. This covers: time commitment and the impact of any anticipated changes to external appointments over the next 12 months; conflicts of interest and; any training requirements that would support the Board member in their role during the year. The Company supports plc Directors taking active roles on the main group subsidiary boards. Cathi Raffaeli chairs the Standard Life Savings Limited and Elevate Portfolio Services Limited boards, and Hannah Grove also sits on these boards. Catherine Bradley was appointed as the chair of the interactive investor Limited board on 1 January 2024. Time commitment for their roles on these group boards are also considered as part of the annual evaluation process.

Having carefully reviewed various inputs, including those outlined above and each non-executive Director's contribution and capacity in 2023, the Nomination and Governance Committee concluded that all non-executive Directors continue to have sufficient time to dedicate to their role as independent non-executive Directors of abrdn plc.

The service agreements/letters of appointment for Directors are available to shareholders to view on request from the Company Secretary at the Company's registered address (which can be found in the Shareholder information section) and will be accessible for the 2024 AGM. Non-executive Directors are required to confirm that they can allocate sufficient time to carry out their duties and responsibilities effectively. Their letters of appointment confirm that their primary roles include challenging and holding to account the executive Directors as well as appointing and removing executive Directors.

Director election and re-election

At the 2024 AGM, all of the Directors will retire and stand for election or re-election. As well as in the Board of Directors section, the AGM Guide 2024 includes background information about the Directors, including the reasons why the Chair, following the Directors' annual reviews, believes that their individual skills and contribution support their election or re-election.

Details of Directors' outside appointments can be found in their biographies on pages 82 to 85.

Advice

Directors may sometimes need external professional advice to carry out their responsibilities. The Board's policy is to allow them to seek this where appropriate and at the Group's expense. Directors also have access to the advice and services of the Company Secretary. With the exception of professional advice obtained by the Remuneration Committee, as detailed in page 133, no independent professional advice was sought in 2023.

Board effectiveness

Review process

Following the externally facilitated review in 2022, the 2023 effectiveness review was conducted internally, on behalf of the Board, by the Chairman and supported by the Company Secretary. A questionnaire was issued to each Board member, which allowed individual feedback on a confidential basis. This was supplemented by any matters a Director wished to raise as part of their year-end 1:1 discussion with the Chairman.

The tone of the review was positive and concluded that the Board and its Committees continued to operate effectively during 2023, with no material issues or concerns raised and priorities for the coming year clarified. Good progress was noted on those matters identified in the 2022 review, including greater focus on the Company's talent pipeline, the refresh of the NED mentoring programme and work undertaken to improve the flow of information across the Group. As part of this initiative, the Chairman hosted an inaugural conference in September 2023 to bring together non-executive directors from the Group's subsidiary companies and EMEA-based fund boards. The main areas arising from the 2023 review on which the Board looked to see continued improvement in 2024, both in respect of its own effectiveness and that of its Committees, were in relation to improving the insights within and brevity of materials presented, the continued development of management information to support its oversight of the Company's transformation programme and avoiding duplication across the agendas of the Board and its subsidiary companies where this could be achieved. This included the planned use of more joint sessions on matters of shared interest, such as on operational resilience, cyber security and the Company's capital management policies. The report also acknowledged that given the criticality of human talent and technology to future sustainable success, succession planning would remain a core focus for the Board as would technology development given its impact on the future of asset and wealth management.

As in prior years, the report noted the strong levels of Board engagement and participation, both in formal meetings and other Board initiatives, such as the BEE programme. The report also recognised positively Board dynamics, the effectiveness of Board Committees and the breadth of knowledge and experience of Board members. Maintaining these attributes was seen as essential to the Company's successful navigation of current macro-economic challenges and the delivery of its desired strategic outcomes.

Chair

The review of Sir Douglas's performance as Chair was led by the SID, Jonathan Asquith, supported by the Company Secretary. It was based on feedback given in returned questionnaires specifically regarding the Chairman's performance and discussions between the SID and the other non-executive Directors. The feedback was summarised into a report which was considered by the Directors in a meeting led by Jonathan Asquith and without Sir Douglas being present. It was agreed that the Chair's industry experience, style and development of the Board continued to be of significant benefit to the Group. As with the main Board evaluation, the continued focus on delivery for shareholders and other stakeholders was a key priority and the important role that the Chairman plays in supporting the execution of the Group's strategy was recognised. Jonathan Asquith met with Sir Douglas to pass on feedback from the review directly and his final report was made available to all non-executive Directors.

Directors

An important part of the annual effectiveness review process is the individual evaluation of each member of the Board. This process is undertaken personally by the Chair and this year was conducted through year-end bilateral discussions with each Board member to a specific agenda. These discussions ran alongside the broader effectiveness process and fed into Nomination and Governance Committee's consideration of director re-election and ongoing succession planning. In addition to discussing individual performance, consideration was also given to Non-Executive Directors' time commitment and capacity, conflicts of interest, any individual training and development needs and broader Company engagement opportunities.

Director induction and development

The Chair, supported by the Company Secretary, is responsible for arranging a comprehensive preparation and induction programme for all new Directors. The programme takes their background, knowledge and experience into account. If relevant, Directors are required to complete the FCA's approval process before they are appointed and Directors self-certify annually that they remain competent to carry out this aspect of their role. These processes continue to adapt to meet evolving best practice in respect of the Senior Managers and Certification Regime.

The formal preparation and Induction programme includes:

- Meetings with the executive Directors and the members of the ELT.
- Focused technical meetings with internal experts on specific areas including the three businesses, regulatory reporting, ESG, conduct risk, risk and capital management, and financial reporting.
- Visits to business areas to meet our people and gain a better insight into the operation of the business and its culture.
- Meetings with the external auditors and contact with the FCA supervisory teams.
- Meetings with the Company Secretary on the Group's corporate governance framework and the role of the Board and its Committees.

– Meetings with the Chief Risk Officer on the risk management framework as well as meetings on their individual responsibilities as holders of a Senior Management Function role.

Background information is also provided including:
– Key Board materials and information, stakeholder and shareholder communications and financial reports.
– The Group's organisational structure, strategy, business activities and operational plans.
– The Group's key performance indicators, financial and operational measures and industry terminology.

The induction programme provides the background knowledge new Directors need to perform to a high level as soon as possible after joining the Board and its Committees and to support them as they build their knowledge and strengthen their performance further.

When Directors are appointed to the Board, they make a commitment to broaden their understanding of the Group's business. The Secretariat, Finance, Risk and Reward teams monitor relevant external governance and risk management, financial and regulatory developments and keep the ongoing Board training and information programme up to date. Specific Board and Committee awareness and deep-dive sessions took place on:
– Geopolitics.
– Cyber resilience.
– abrdn's Internal Capital and Risk Assessment (being a risk management process introduced by the Investment Firms Prudential Regime).
– Operational resilience self-assessment.
– Sustainability.
– Technology.
– FCA Consumer Duty.
– Anti-Financial Crime.
– Vulnerable Customers.
– Asset class deep dives:
  - Fixed income.
  - Equities.
  - Multi-asset Investment Solutions.
  - Real Estate.
  - Real Assets and Alternatives.

(iv) Audit, risk and internal control

The Directors retain the responsibility to state that they consider the Annual report and accounts, taken as a whole, is fair, balanced and understandable, presents an assessment of the Company's position and prospects and presents the necessary information for shareholders to assess the business and strategy. They also recognise their responsibility to establish procedures to manage risk and oversee the internal control framework. The Directors' responsibilities statement is on page 141. The reports from the Audit Committee and the Risk and Capital Committee Chairs show how the Committees have supported the Board in meeting these responsibilities.

The Board's view of its principal and emerging risks and how they are being managed is contained in the Risk management section of the Strategic report on pages 76 to 79.

Annual review of internal control

The Directors have overall responsibility for the governance structures and systems of the group, which includes the ERM framework and system of internal control, and for the ongoing review of their effectiveness. The framework is designed to manage, rather than eliminate, risk and can only provide reasonable, not absolute, assurance against material misstatement or loss. The framework covers all of the risks as set out in the Risk management section of the Strategic report.

In line with the requirements of the Code, the Board has reviewed the effectiveness of the system of internal control. The Audit Committee undertook the review on behalf of the Board and reported the results of its review to the Board. The system was in place throughout the year and up to the date of approval of the Annual report and accounts 2023.

The review of abrdn's risk management and internal control systems was carried out drawing on inputs across the three lines of defence taking into account the operation of each component of the Enterprise Risk Management Framework.

The business continues to make control improvements to meet increasing regulatory expectations, particularly, in the areas of operational resilience and third-party oversight. 2023 has seen the business continue to strengthen controls within its operating model through better definition of accountability and processes. Technology advances and the implementation of actions around the Consumer Duty and Operational Resilience regulations continue to drive further improvements in the control environment. The Finance function operates a set of defined processes which operate over all aspects of financial reporting, which includes the senior review and approval of financial results, controlled processes for the preparation of the IFRS consolidation, and the monitoring of external policy developments to ensure these are adequately addressed. These processes include the operation of a Technical Review Committee and the Financial Reporting Executive Review Group to provide senior review, challenge and approval of relevant disclosures, accounting policies, and changes required to comply with external developments.

The Board's going concern statement is on page 140 and the Board's viability statement is on page 74.

(v) Remuneration

The Directors' remuneration report (DRR) on pages 115 to 134 sets out the work of the Remuneration Committee and its activities during the year, the levels of Directors' remuneration and the shareholder approved remuneration policy. The Company's approach to investing in and rewarding its workforce is set out on page 129 of the DRR. The Board believes that its remuneration policies and practices are designed to support the Company's strategy and long-term sustainable success. More information about the policies and practices can be found in the DRR.

Other information

You can find details of the following, as required by FCA Disclosure and Transparency Rule 7.2.6, in the Directors' report and in the Directors' remuneration report:

Share capital

- Significant direct or indirect holdings of the Company's securities.
- Confirmation that there are no securities carrying special rights with regard to control of the Company.
- Confirmation that there are no restrictions on voting rights in normal circumstances.
- How the Articles can be amended.
- The powers of the Directors, including when they can issue or buy back shares.

Directors

- How the Company appoints and replaces Directors.
- Directors' interests in shares.

Board meetings and meeting attendance

The Board and its Committees meet regularly, operating to an agreed timetable. Meetings are usually held in Edinburgh or London. During the year, the Board held specific sessions to consider the Group's strategy and business planning. The Chair and the non-executive Directors also met during the year, formally at each Board meeting, and informally, without the executive Directors present and where matters including executive performance and succession and Board effectiveness were discussed. The Board scheduled eight formal meetings and a focused strategy meeting in 2023.

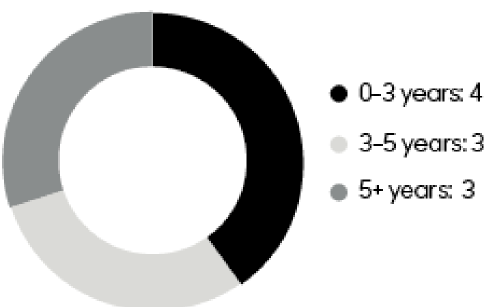
Directors are required to attend all meetings of the Board and the Committees they serve on, and to devote enough time to the Company to perform their duties. Board and Committee papers are distributed before meetings other than, by exception, urgent papers which may need to be tabled at the meeting. If Directors are not able to attend a meeting because of conflicts in their schedules, they receive all the relevant papers and have the opportunity to submit their comments in advance to the Chair or to the Company Secretary. If necessary, they can follow up with the Chair of the meeting. Recognising that some Directors may have existing commitments they cannot change at very short notice, the Board has established the Standing Committee as a formal procedure for holding unscheduled meetings. The Standing Committee meets when, exceptionally, decisions on matters specifically reserved for the Board need to be taken urgently. All Directors are invited to attend Standing Committee meetings. The Standing Committee did not meet during 2023.

The Company Chair is not a member of the Audit, Risk and Capital, or Remuneration Committees. He is invited to attend meetings of all Committees, by invitation, in order to keep abreast of their discussions and routinely does so. The table below reflects the composition of the Board and Board Committees during 2023 and records the number of meetings and members' attendance.

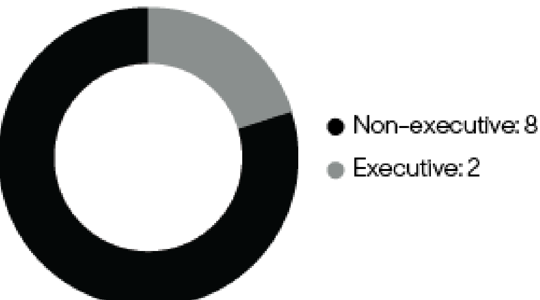
	Board	Audit Committee	Nomination and Governance Committee	Remuneration Committee	Risk and Capital Committee
Chair					
Sir Douglas Flint	**9/9**		**4/4**	–	–
Executive Directors					
Stephen Bird	**9/9**	–	–	–	–
Jason Windsor[1]	**2/2**	–	–	–	–
Non-executive Directors					
Jonathan Asquith	**9/9**	–	**4/4**	**7/7**	–
John Devine	**9/9**	**6/6**	**4/4**	–	**6/6**
Hannah Grove	**9/9**	–	**4/4**	**7/7**	–
Pam Kaur	**9/9**	**6/6**	–	–	**6/6**
Cathleen Raffaeli	**9/9**	–	–	**7/7**	**6/6**
Catherine Bradley	**9/9**	**6/6**	**4/4**	–	**6/6**
Mike O'Brien	**9/9**	**6/6**	–	–	**6/6**
Former members					
Stephanie Bruce (stood down 11 May 2023)	**3/3**	–	–	–	–
Brian McBride (stood down 10 May 2023)	**3/3**	–	–	**3/3**	–

1. Jason Windsor was appointed on 23 October 2023.

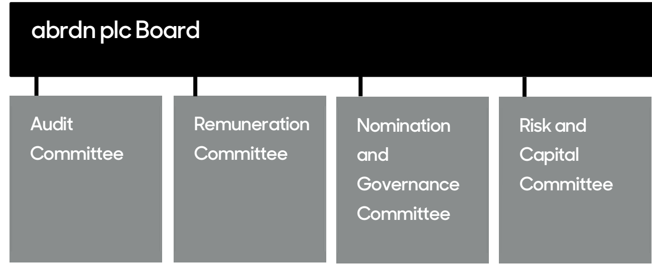
Tenure as at February 2024



Executive and Non-executive mix



Board Committees



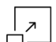
The Board has established Committees that oversee, consider and make recommendations to the Board on important issues of policy and governance. At each Board meeting, the Committee chairs provide reports of the key issues considered at recent Committee meetings, and minutes of Committee meetings are circulated to the appropriate Board members. This includes reporting from the Chair of the Audit Committee on any whistleblowing incidents which have been escalated to them. The Committees operate within specific terms of reference approved by the Board and kept under review by each Committee.

These terms of reference are published within the Board Charter on our website at www.abrdn.com

All Board Committees are authorised to engage the services of external advisers at the Company's expense, whenever they consider this necessary. With the exception of fees paid to external advisers of the Remuneration Committee, as detailed on page 133, no such expense was incurred during 2023.

Committee reports

This statement includes reports from the chairs of the Audit Committee, the Risk and Capital Committee and the Nomination and Governance Committee. The report on the responsibilities and activities of the Remuneration Committee can be found in the Directors' remuneration report section.



The Committee Chairs are happy to engage with you on their reports. Please contact them via questions@abrdnshares.com

1. Audit Committee report

The Audit Committee assists the Board in discharging its responsibilities for external financial reporting, internal controls over financial reporting and the relationship with the external auditors.

I am pleased to present my report as Audit Committee (the Committee) Chair.

While the Committee focuses its attention primarily on the Company's financial and non-financial control framework, during 2023 it has also put specific governance emphasis on:

– the integration of Internal Audit as a key, seamless partner to the Committee.
– better differentiation, sequencing, and complementarity between the Risk and Capital Committee and the Audit Committee.
– the governance around internal controls, in particular as the Enterprise Risk Management framework evolves.
– the introduction of deep-dives on key subject areas to expand the Committee's knowledge.
– oversight of the Group's evolution as it continues its transition to align its resources and capabilities to meet client needs.
– significant changes in senior personnel in the Finance function.

The Committee also continued to focus on the quality of financial reporting.

While ensuring we fulfil our delegated responsibilities on behalf of the Board, the Audit Committee is a dynamic forum which benefits from a high degree of transparency from management, enabling effective discussion and decision making. This will remain fundamental to the Committee's effectiveness and its oversight of the Company's financial and non-financial reporting and control environment during 2024.

The report is structured in four parts:

(i) Governance
(ii) Report on the year
(iii) Internal audit
(iv) External audit

Catherine Bradley
Chair, Audit Committee

(i) Governance

Membership

All members of the Audit Committee are independent non-executive Directors. For their names, the number of meetings and committee member attendance during 2023, please see the table on page 96.

The Board believes Committee members have the necessary range of financial, risk, control and commercial expertise required to provide effective challenge to management and have competence in accounting and auditing as well as recent and relevant financial experience. Catherine Bradley is a non-executive director of Johnson Electric Holdings Limited and of easyJet plc, where she chairs the finance committee. She is also senior independent director of Kingfisher plc. Catherine has previously chaired the audit committees of Groupe Peugeot Citroen and of the Financial Conduct Authority. John Devine is a member of the Chartered Institute of Public Finance and Accounting. Pam Kaur is a qualified chartered accountant. Mike O'Brien is a fellow of the Institute and Faculty of Actuaries. The Committee members are also members of audit committees related to their other non-executive Director roles.

Invitations to attend Committee meetings are extended to the Chair, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Chief Internal Audit Officer and the Group Chief Risk Officer, as well as the External auditors.

The Audit Committee meets privately for part of its meetings and also has regular private meetings separately with the external auditors and the Chief Internal Audit Officer. These meetings address the level of co-operation and information exchange and provide an opportunity for participants to raise any concerns directly with the Committee.

Key responsibilities

The Audit Committee's responsibilities are to oversee, and report to the Board on:

- The appropriateness of the Group's accounting and accounting policies, including the going concern presumption and viability statement.
- The findings of its reviews of the financial information in the Group's annual and half year financial reports.
- The clarity of the disclosures relating to accounting judgements and estimates.
- Its view of the 'fair, balanced and understandable' reporting obligation.
- The findings of its review of certain Group prudential external disclosures.
- Internal controls over financial reporting.
- ESG disclosures relating to financial and quantitative information.
- Liaison with the Remuneration Committee on any financial reporting matters related to the achievement of targets and measures.
- Outcomes of investigations resulting from whistleblowing.
- The appointment or dismissal of the Chief Internal Audit Officer, the approved internal audit work programme, key audit findings and the quality of internal audit work.
- The skills of the external audit team and their compliance with auditor independence requirements, the approved audit plan, the quality of the firm's execution of the audit, and the agreed audit and non-audit fees.

In carrying out its duties, the Committee is authorised by the Board to obtain any information it needs from any Director or employee of the Group. It is also authorised to seek, at the expense of the Group, appropriate external professional advice whenever it considers this necessary. The Committee did not need to take any independent advice during the year.

In accordance with the Senior Managers and Certification Regime the Audit Committee Chair is responsible for the oversight of the independence, autonomy and effectiveness of our policies and procedures on whistleblowing including the procedures for the protection of employees who raise concerns related to detrimental treatment. Throughout the year the Audit Committee Chair met regularly with the Chief Internal Auditor, the Chief Sustainability Officer - Investments and the Global Head of Corporate Sustainability to discuss their work, findings and current developments.

Committee effectiveness

The Committee reviews its remit and effectiveness each year. Following the externally facilitated review in 2022, the 2023 review was conducted internally, on behalf of the Board, by the Company Secretary. The review concluded that the Committee continued to operate effectively during 2023 with no material issues or concerns raised. More information about the process involved, and its outcomes, can be found on page 94.

(ii) Report on the year

Audit agenda

As well as regular reporting, agenda items were aligned to the annual financial cycle as set out below:

- Annual report and accounts 2022.
- Strategic report and financial highlights 2022.
- Financial reporting judgements.
- Process execution event in the Investments business.
- Liaison with the Remuneration Committee on any financial reporting matters related to the achievement of targets and measures.
- External auditor's review of Full year results.
- Whistleblowing.
- Sustainability reporting.
- Effectiveness of the Internal Audit function.

- Internal audit findings.
- Prudential and Regulatory reporting.
- Initial financial reporting matters for Half year 2023.
- Whistleblowing.
- External auditor's management letter, and audit strategy.
- Risk and Control Self-Assessment (RCSA) reform.

- Half year results 2023.
- External auditors' review of Half year results.
- External auditors' independence.
- Internal audit findings.
- Whistleblowing.

- Initial financial reporting matters for Full year 2023, including pension scheme assumptions.
- Non-audit services policy.
- The internal audit plan and charter.
- Internal audit findings.
- Effectiveness of the external auditors and related non-audit services.
- Whistleblowing.
- Sustainability and ESG reporting.
- Risk management and internal control system annual review and future plans.
- CASS reporting update.
- Corporate and Audit Reform update.

The indicative proportion of time spent on the business of the Committee is illustrated below:

- Financial reporting (incl. ESG reporting)
- Internal audit
- External audit
- Other matters (incl. whistleblowing, review of external developments and internal controls)

Detail of work

The focus of work in respect of 2023 is described below.

Financial and non-financial reporting

Our accounts are prepared in accordance with International Financial Reporting Standards (IFRS). The Committee believes that some Alternative Performance Measures (APMs), which are also called non-GAAP measures, can add insight to the IFRS reporting and help to give shareholders a fuller understanding of the performance of the business. The Committee considered the presentation of APMs and related guidance as discussed further in the 'Fair, balanced and understandable' section below.

The Committee reviewed the Group accounting policies and confirmed they were appropriate to be used for the 2023 Group financial statements. IFRS 17 *Insurance Contracts* was adopted in 2023. This primarily impacted our HASL joint venture business. Read more in the Basis of preparation in the Group financial statements section.

The Committee reviewed the basis of accounting and in particular the appropriateness of adopting the going concern basis of preparation of the financial statements. In doing so, it considered the Group's cash flows resulting from its business activities and factors likely to affect its future development, performance and position together with related risks, as set out in more detail in the Strategic report. The Committee recommended the going concern statement to the Board.

In addition, the Committee considered the form of the viability statement and in particular whether the three-year period remained appropriate, and concluded that it did. This reflects both our internal planning cycle and the timescale over which changes to major regulations and the external landscape affecting our business typically take place. In formulating the statement, the Committee considered the result of stress testing and reverse stress testing presented to the Risk and Capital Committee. The Committee recommended the viability statement to the Board.

During 2023, the Committee reviewed the Annual report and accounts 2022 and the Half year results 2023. For both periods it received written and/or oral reports from the Chief Financial Officer, the interim Chief Financial Officer, the Company Secretary, the Chief Internal Audit Officer and the external auditors. The Committee used these reports to aid its understanding of the composition of the financial statements, to confirm that the specific reporting standards and compliance requirements had been met and to support the accounting judgements and estimates. Following its reviews, the Committee was able to recommend the approval of each of the reports to the Board, being satisfied that the full and half year financial statements complied with laws and regulations and had been appropriately compiled.

The Committee recognises the importance of sustainability and ESG reporting. During 2023 the Committee discussed and reviewed the sustainability reporting landscape and the related governance framework at a number of meetings. In particular, as part of the review of the Annual report and accounts, the Committee reviewed Task Force on Climate-Related Financial Disclosures (TCFD). The Committee's review focused on ensuring metrics and outcomes were appropriately explained and validated. KPMG in their role as auditor have reviewed our TCFD disclosures as part of their audit engagement. More information can be found on page 105.

Accounting estimates and judgements

The Audit Committee considered all estimates and judgements that Directors understood could be material to the 2023 financial statements. The Committee also focused on disclosure of these key accounting estimates and judgements.

Significant accounting estimates, judgements and assumptions for the year ended 31 December 2023	How the Audit Committee addressed these significant accounting estimates and assumptions
Goodwill impairment reviews	
Goodwill is required to be tested annually for impairment and the determination of recoverable amounts for this impairment assessment is a key area of estimation. The impairment assessment is performed by comparing the carrying amount of each cash-generating unit (CGU) with its recoverable amount, being the higher of its value in use (VIU) and fair value less costs of disposal (FVLCD). In 2023 impairments of goodwill were recognised in relation to the abrdn financial planning CGU (impairment of £36m) in the ii segment and in relation to the Finimize CGU (impairment of £26m) within Other business operations and corporate costs (previously in Investments) and therefore the determination of the recoverable amount for these CGUs was a key judgement which directly impacted the amount of the impairment. The impairments include the impact of lower projected revenues as a result of adverse markets and macroeconomic conditions, and for Finimize the impact of lower short-term projected growth following a strategic shift that prioritises profitability over revenue growth. The recoverable amount for abrdn financial planning was determined based on FVLCD, with the primary approach being a multiples valuation approach based on price to revenue and price to assets under advice. The recoverable amount for Finimize was also determined based on FVLCD, with the primary approach being a revenue multiple valuation approach. Goodwill relating to the interactive investor CGU was also tested for impairment and the recoverable amount, based on FVLCD, indicated that no impairment was required.	The Committee spent time reviewing and challenging recoverable amount assumptions at three meetings. For abrdn financial planning the Committee considered several different valuation approaches and discussed the valuation assessment with management and agreed that recoverable amount was within the reasonable range. For Finimize the Committee noted that the business is inherently difficult to value as there are few directly comparable companies and therefore there are a range of reasonable valuations. The Committee discussed the valuation assessment with management and agreed that recoverable amount was within the reasonable range. The Committee agreed with management's view that the goodwill for the interactive investor CGU was not impaired. The Committee noted the inherent sensitivity of the recoverable amounts and supported the disclosure of appropriate sensitivities. Further details on goodwill impairment reviews are disclosed in Note 13 of the Group financial statements.
UK defined benefit pension plan	
In compiling a set of financial statements, it is necessary to make some judgements and estimates about outcomes that are dependent on future events. This is particularly relevant to the defined benefit pension plan surplus which is inherently dependent on how long people live and future economic outcomes. For the principal UK defined benefit pension plan, the Committee reviewed the assumptions for mortality, discount rate and inflation.	The Committee considered the proposed assumptions taking into account market data and information from pension scheme advisors. The Committee concurred with management and their actuarial advisors that appropriate adjustments are required to avoid the mortality assumptions being skewed by excess COVID-19 deaths and to allow for the ongoing uncertainty around the pandemic's impact on future mortality improvement. Note 31 of the Group financial statements provides further details on the actuarial assumptions used, and sets out the impact of mortality, discount rate and inflation sensitivities. Note 31 also provides details on the accounting policy applied and accounting policy judgements relating to the Group's assessment that it has an unconditional right to a refund of a surplus, and the treatment of tax relating to this surplus.
Tritax contingent consideration fair value	
In 2021, the abrdn group purchased 60% of the membership interests in Tritax Management LLP. Subject to certain conditions, an additional contingent deferred earn-out is expected to be payable to acquire the remaining 40% of membership interests in Tritax should the selling partners choose to exercise put options in respect of each of the years ended 31 March 2024, 31 March 2025 and 31 March 2026. The amount payable is linked to the EBITDA of the Tritax business in the relevant period. abrdn has the right to purchase any outstanding interests at the end of 2026 through exercising a call option. The contingent consideration liability is required to be recognised at fair value, which is primarily dependant on future earnings projections.	The Committee analysed and discussed management's assumptions underlying the fair value of the contingent consideration at 31 December 2023 and agreed that the fair value was within the reasonable range. The Committee reviewed and supported that disclosure of sensitivities to key assumptions should be provided given the inherent uncertainties in the valuation. See Note 36 of the Group financial statements for further details.

Significant accounting estimates, judgements and assumptions for the year ended 31 December 2023	How the Audit Committee addressed these significant accounting estimates and assumptions
Investments in subsidiaries	
In relation to the abrdn plc Company only accounts, an assessment is made at each reporting date as to whether there are any indicators of impairment in relation to investments in subsidiaries. At year end 2023 management noted that the Company's net assets attributable to shareholders of £4.6bn (post impairments) continues to be higher than the Company's market capitalisation of £3.3bn. Taking this into account along with the continued headwinds facing active asset managers, it was assessed that there were indicators of impairments in relation to the Company's asset management holding companies, abrdn Investment Holdings Limited (aIHL) and abrdn Holdings Limited (aHL). aIHL had also paid up significant dividends in 2023 following the sale of abrdn Capital Limited and the sale of its subsidiary's holding in HDFC Asset Management. Following the performance of valuation exercises, impairments of aIHL and aHL of £169m and £40m respectively have been recognised. Indicators of impairment were also identified in relation to abrdn Financial Planning Limited (aFPL). The goodwill relating to aFPL had been impaired at the consolidated level in 2023. Following the performance of the valuation which also supported the assessment of goodwill above, an impairment of the Company carrying value of £52m has been recognised. The Company's investment in its subsidiary abrdn (Mauritius Holdings) 2006 Limited (aMH06) was impaired during 2023 by £43m. The impairment resulted from the payment of dividends from aMH06 to the Company in 2023. Following the payment of the dividends, the recoverable amount of aMH06 was less than £1m. No other indicators of impairment were identified on any material investment in subsidiaries including ii which, as noted above, is also fully supported by a valuation exercise performed for goodwill purposes. Indicators of reversal of impairment must also be considered and in relation to Aberdeen Corporate Services Limited, following the recent Court of Session ruling on the surplus for the UK principal plan, it is considered appropriate to recognise a reversal of impairment of £13m.	The Committee discussed the investment in subsidiaries impairment assessment with management and noted that the judgements in relation to these assessments were materially the same as the judgements relating to the goodwill impairment reviews. The Committee supported that relevant disclosures were made in the Company only accounts including disclosure that appropriate consideration had been given to the Company net assets being higher than the abrdn market capitalisation. The Committee noted that the Company's distributable profits were £3.1bn following the 2023 impairments which continued to provide support for the dividend policy. Further details on the assessment of investments in subsidiaries are set out in Note A of the Company financial statements section.

Principal risks are disclosed in the Strategic report and recommended to the Board by the Risk and Capital Committee. The Committee was satisfied that the estimates and quantified risk disclosures in the financial statements were consistent with the Strategic report. The Committee concluded that appropriate judgements had been applied in determining the estimates and that sufficient disclosure had been made to allow readers to understand the uncertainties surrounding outcomes.

Fair, balanced and understandable

The Committee supported management's continued aim to compile the Annual report and accounts to be 'fair, balanced and understandable'.

abrdn's principles

To create clarity on fair, balanced and understandable for abrdn a set of principles is applied, as set out below:

Fair 'We are being open and honest in the way we present our discussions and analysis, and are providing what we believe to be an accurate assessment of business and economic realities.'	– The narrative contained in the Annual report and accounts is honest, accurate and comprehensive. – The key messages in the narrative in the Strategic report and Governance sections of the Annual report and accounts reflect the financial reporting contained in the financial statements. – The Key Performance Indicators (KPIs) for the period are consistent with the key messages outlined in the Strategic report.
Balanced 'We are fully disclosing our successes, the challenges we have faced in the period, and the challenges and opportunities we anticipate in the future; all with equal importance and at a level of detail that is appropriate for our stakeholders.'	– The Annual report and accounts presents both successes and challenges experienced during the year and, as appropriate, reflects those expected in the future. – The level of prominence we give to successes in the year versus challenges faced is appropriate. – The narrative and analysis contained in the Annual report and accounts effectively balances the information needs and interests of each of our key stakeholder groups.
Understandable 'The language we use and the way we structure our report is helping us present our business and its performance clearly; in a way that someone with a reasonably informed knowledge of financial statements and our industry would understand.'	– The layout is clear and consistent and the language used is simple and easy to understand (industry specific terms are defined where appropriate). – There is a consistent tone across and good linkage between all sections in a manner that reflects a complete story and clear signposting to where additional information can be found.

Activities

An Internal Review Group (IRG) is in place which reviews the Annual report and accounts specifically from a fair, balanced and understandable perspective and provides feedback to our financial reporting team on whether it conforms to our standards. The members of the IRG are independent of the financial reporting team and include colleagues from Investor Relations, ESG reporting, Risk, Internal Audit, Communications and Strategy.

The key points discussed by the IRG covered:

- The impact of markets on business performance, particularly in relation to the Investments business.
- The balance of reporting relating to the business risk environment.
- How previously reported matters had been updated.

Fair, balanced and understandable guidance was provided to relevant stakeholders involved in the Annual report and accounts production process.

The Audit Committee, reviewed the messaging in the Annual report and accounts, taking into account material received and Board discussions during the year.

Three drafts of the Annual report and accounts 2023 were reviewed by the Audit Committee at three meetings. The Committee complemented its knowledge with that of executive management and internal audit. An interactive process allowed each draft to embrace contributions.

The Annual report and accounts goes through an extensive internal verification process of all content to verify accuracy.

The Committee also reviewed the use and presentation of APMs which complement the statutory IFRS results. This review considered guidelines issued by the European Securities and Markets Authority in 2016 and the thematic reviews by the Financial Reporting Council (FRC). A Supplementary information section is included in the Annual report and accounts to explain the rationale for using these metrics and to provide reconciliations of these metrics to IFRS measures where relevant. This section also provides increased transparency over the calculation of reported financial ratios.

Adjusted operating profit and adjusted profit before tax are key profit APMs. The Committee considered whether the allocation of items to adjusted operating profit was in line with the defined accounting policies, consistent with previous practice and appropriately disclosed. Where there were judgemental areas, such as in relation to certain interactive investor related costs, the Committee specifically reviewed the proposed treatments and ensured that the Annual report and accounts provided appropriate disclosures.

The Audit Committee agreed to recommend to the Board that the Annual report and accounts 2023, taken as a whole, is fair, balanced and can be understood by someone with a reasonably informed knowledge of financial statements and our industry.

Prudential reporting

The Committee also considered disclosures relating to IFPR (Investment Firms Prudential Regime) results included in the Strategic report and notes sections of the Annual report and accounts and half year reporting, together with related assurance over these disclosures.

Internal controls

As noted earlier, the Directors have overall responsibility for abrdn's internal controls and for ensuring their ongoing effectiveness. This does not extend to associates and joint ventures. Together with the Risk and Capital Committee, the Committee provides comfort to the Board of their ongoing effectiveness.

Internal audit regularly reviews the effectiveness of internal controls and reports to the Committee and the Risk and Capital Committee.

The Finance function sets formal requirements for financial reporting which apply to the Group as a whole, defines the processes and detailed controls for the consolidation process and reviews and challenges reporting submissions. Further, the Finance function runs a Technical Review Committee and is responsible for monitoring external technical developments. The Committee focuses on ensuring appropriate sign-offs on financial results are provided, and a mechanism for the escalation of issues from major regulated subsidiary Boards is in place.

The control environment around financial and non-financial reporting will continue to be monitored closely.

In early 2023, the Committee discussed the implications of a significant process execution event and this was reflected in 2022 financial reporting.

Whistleblowing

Our people are trained via mandatory training modules to detect the signs of possible fraudulent or improper activity and how to report concerns either directly or via our independent whistleblowing hotline. The Committee Chair is the designated whistleblower's champion and the Committee receives regular updates on the operation of the whistleblowing procedures (Speak Up) from the Conduct and Conflicts Oversight Manager. The anonymised reports include a summary of the incidents raised as whistleblowing, and information on developments of the arrangements in place, to ensure concerns can be raised in confidence about possible malpractice, wrongdoing and other matters.

The Committee oversees the findings of investigations and required follow-up action. If there is any allegation against the Risk or internal audit functions, the Committee directs the investigation. The Committee is satisfied that the Group's procedures are currently operating effectively. The Committee Chair reports to the Board on the updates the Committee receives.

(iii) Internal audit

The role and mandate of the internal audit function is set out in its Charter, which is reviewed and approved by the Committee annually. Whilst internal audit maintains a relationship with the external auditors, in accordance with relevant independence standards, the external auditors do not place reliance on the work of internal audit. The internal audit plan is reviewed and approved by the Committee at least annually and is flexed during the year to respond to internal and external developments. The function's coverage aligns to the Group's activities and footprint, taking account of local internal audit requirements. Regular reporting is provided to the Committee to illustrate plan progress, any emerging risks or themes and the status of implementation of recommendations.

The Committee assesses the independence and quality assurance practices of the Internal Audit function and agrees the effectiveness of the function, aligned to the Group's objectives on an annual basis. Independent external reviews are also undertaken at regular intervals. The most recent one was completed in H2 2021 by Deloitte who assessed the abrdn internal audit function as having the highest overall rating with conformance against all aspects of the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and the Internal Audit Financial Services Code of Practice (the Standards). The Committee's own review of the function in 2023 was positive and supports the continuous evolution and enhancement of Internal Audit.

The Committee Chair meets the Chief Internal Audit Officer periodically, without management being present.

(iv) External auditors

The appointment

The Committee has responsibility for making recommendations to the Board on the reappointment of the external auditors, determining their independence from the Group and its management and agreeing the scope and fee for the audit. Following its review of KPMG's performance, the Committee concluded that there should be a resolution to shareholders to recommend the reappointment of KPMG at the 2024 AGM.

The Committee complies with the UK Corporate Governance Code, the FRC Guidance on Audit Committees with regard to the external audit tendering timetable, the provisions of the EU Regulation on Audit Reform, and the Competition and Markets Authority Statutory Audit Services Order with regard to mandatory auditor rotation and tendering. The Committee will continue to follow the annual appointment process but does not currently anticipate re-tendering the audit before 2026. This is currently considered to be in the best interests of the Company taking into account the results of the formal review of the effectiveness of the KPMG audit discussed in this section.

The audit was last subject to a tender during the first half of 2016, and on 17 May 2016 the Company announced its intention to appoint KPMG as its auditor for the year ending 31 December 2017, replacing PwC who were the Company's previous auditors.

In March 2017, the proposed acquisition of Aberdeen Asset Management PLC was announced. Consequently, the Standard Life plc Audit Committee (now abrdn plc) sought assurance that KPMG's independence would not be compromised as a result of their previous position as external auditor of Aberdeen Asset Management PLC, from its incorporation in 1983 until 30 September 2015. While recognising that the KPMG tenure had ceased nearly two years prior to the proposed acquisition, a paper outlining the matters which had been considered was brought to the Committee and, following review, the Committee was satisfied that there were no impacting issues.

KPMG's independence has subsequently been regularly reviewed by the Committee and we remain satisfied of their independence. Further detail on this assessment is set out below. We consider KPMG's tenure for abrdn plc and its group of companies to run from the completion of the 2016 tender exercise and their appointment for year end in 2017. The audit for the year ended 31 December 2023 is, therefore, KPMG's 7th year as auditor. The Senior Statutory Auditor is Richard Faulkner.

Auditor independence

The Board has an established policy (the Policy) setting out which non-audit services can be purchased from the firm appointed as external auditors. The Committee monitors the implementation of the Policy on behalf of the Board. The aim of the Policy, which is reviewed annually, is to support and safeguard the objectivity and independence of the external auditors and to comply with the revised FRC Ethical standards for auditors (Ethical Standards). It does this by prohibiting the auditors from carrying out certain types of non-audit services, and by setting out which non-audit services are permitted. It also ensures that where fees for approved non-audit services are significant, they are subject to the Committee Chair's prior approval. KPMG has implemented its own policy preventing the provision by KPMG of most non-audit services to FTSE 350 companies which are audit clients. A 70% fee cap on non-audit services to audit clients is in place.

The services prohibited by the Policy are as set out in the FRC Revised Ethical Standard 2019.

The Policy permits non-audit services to be purchased, following approval, when they are closely aligned to the external audit service and when the external audit firm's skills and experience make it the most suitable supplier.

These include:

- Audit related services, such as regulatory reporting.
- Investment circular reporting accountant engagements.
- Attesting to services not required by statute or regulation (e.g. controls reports).
- Other reports required by a regulator or assurance services relating to regulatory returns.
- Sustainability and TCFD report audits/reviews.
- Fund merger assurance engagements, where the engagement is with the manager and the external auditor is also the auditor of the fund.

KPMG has reviewed its own independence in line with these criteria and its own ethical guideline standards. KPMG has confirmed to the Committee that following its review it is satisfied that it has acted in accordance with relevant regulatory and professional requirements and that its objectivity is not impaired.

Having considered compliance with our Policy and the fees paid to KPMG, the Committee is satisfied that KPMG has remained independent.

Audit and non-audit fees

The Group audit fee payable to KPMG in respect of 2023 was £7.2m (2022: KPMG £6.2m). In addition, £2.8m (2022: £2.3m) was incurred on audit related assurance services. Fees for audit related assurance services are primarily in respect of client money reporting and the half year review. The Committee is satisfied that the audit fee is commensurate with permitting KPMG to provide a quality audit and monitors regularly the level of audit and non-audit fees. Non-audit work can only be undertaken if the fees have been approved in advance in accordance with the Policy for non-audit fees. Unless fees are small (which we have defined as less than £75,000), the approval of the Committee Chair is required.

Non-audit fees amounted to £1.0m (2022: £1.3m), of which £1.0m (2022: £1.0m) related to other assurance services and £nil (2022: £0.3m) related to other non-audit fee services. Other assurance services in 2023 primarily related to control assurance reports, which are closely associated with audit work. The external auditors were considered the most suitable supplier for these services taking into account the alignment of these services to the work undertaken by external audit and the firm's skill sets. The Committee also monitors audit and non-audit services provided to non-consolidated funds and were satisfied fees for those services did not impact auditor independence.

Further details of the fees paid to the external auditors for audit and non-audit work carried out during the year are set out in Note 7 of the Group financial statements.

The ratio of non-audit fees to audit and audit related assurance fees is 10% (2022: 15%). The total of audit related assurance fees (£2.8m) and non-audit fees (£1.0m) is £3.8m, and the ratio of these audit related assurance fees and non-audit fees to audit fees is 53% (2022: 58%). As noted above the audit related assurance fees are primarily fees in relation to required regulatory reporting, where it is normal practice for the work to be performed by the external auditor.

The Committee is satisfied that the non-audit fees do not impair KPMG's independence.

Audit quality and materiality

The Committee places great importance on the quality of the external audit and carries out a formal annual review of its effectiveness.

The Committee looks to the audit team's objectivity, professional scepticism, continuing professional education and its relationship with management, all in the context of regulatory requirements and professional standards. Specifically:

- The Committee discussed the scope of the audit prior to its commencement.
- The Committee reviewed the annual findings of the Audit Quality Review team of the FRC in respect of KPMG's audits. The Committee was satisfied insofar as the issues might be applicable to abrdn's audit, that KPMG had proper and adequate procedures in place for our audit.
- The Committee approved a formal engagement with the auditor and agreed its audit fee.
- The Committee Chair had regular meetings with the lead audit partner to discuss Group developments.
- The Committee receives updates on KPMG's work and its findings and compliance with auditor independence requirements.
- The Committee reviewed and discussed the audit findings including audit differences prior to the approval of the financial statements. See the discussion on materiality in the following paragraphs for more detail.
- The Committee also continued to monitor and discuss relevant external matters in relation to KPMG as a firm.

The Committee discussed the accuracy of financial reporting with KPMG both as regards accounting errors that would be brought to the Committee's attention and as regards amounts that would need to be adjusted so that the financial statements give a true and fair view. Differences can arise for many reasons ranging from deliberate errors (fraud etc.) to good estimates that were made at a point in time that, with the benefit of more time, could have been more accurately measured. KPMG have set overall audit materiality at £13.7m (2022: £14m) based on revenue (as set out in the KPMG independent auditors' report). This is within the range in which audit opinions are conventionally thought to be reliable. To manage the risk that aggregate uncorrected differences become material, the Committee supported that audit testing would be performed to a lower materiality threshold for individual reporting units. Furthermore, KPMG agreed to draw the Committee's attention to all identified uncorrected misstatements greater than £0.7m (2022: £0.7m). The aggregated net difference between the reported pre-tax profit and the auditor's judgement of pre-tax profit was less than £5m which was less than audit materiality. The gross differences were attributable to various individual components of the consolidated income statement and balance sheet. No audit difference was material to any line item in either the income statement or the balance sheet. Accordingly, the Committee did not require any adjustment to be made to the financial statements as a result of the audit differences reported by the external auditors.

KPMG has confirmed to the Committee that the audit complies with their independent review procedures.

2. Risk and Capital Committee report

I am pleased to present my report as Chair of the Risk and Capital Committee (or the "Committee" for the purpose of this report).

The Risk and Capital Committee supports the Board in providing effective oversight and challenge of risk management and the use of capital across the Group so as to ensure that we meet the expectations of our shareholders, regulators, and clients.

During 2023 the Committee ensured there was a client first focus in the management of risk and capital matters. Particular focus was placed on client and conduct risk, and operational and financial resilience. Throughout 2023, the Committee considered the financial and strategic considerations of the challenging market and economic environment and deepened focus on sustainability and geopolitical risks. The Committee continued to review and challenge key activities undertaken by the business and advise the Board on these, including:

- Evolution of the Enterprise Risk Management (ERM) framework.
- Delivery of the Group's ICARA and capital and liquidity.
- Conduct risks across our three businesses and implementation of the new Consumer Duty and continued support of vulnerable customers.
- Key project delivery updates from the transformation activity across the Group.
- The progress to strengthen anti-financial crime and anti-money laundering activity across the Group.
- Work to mature our approach to managing cyber resilience in line with the US National Institute of Standards and Technology (NIST) framework.
- The simplification and diversification of the business model.
- The Group's exposure to emerging risks, including client, sustainability and geopolitical risks and events.

Furthermore, the Committee has closely monitored developments from our regulators across the world as they have progressed the regulatory agenda, including the areas of ESG, operational resilience and innovation in technologies (AI).

Further details on these and other activities carried out by the Committee during the year can be found in the report that follows.

John Devine
Chair, Risk and Capital Committee

Membership

All members of the Risk and Capital Committee are independent non-executive Directors. For their names, the number of meetings and Committee member attendance during 2023, please see the table on page 96.

The Committee meetings are attended by the Chief Risk Officer. Others invited to attend on a regular basis include the Chief Executive Officer, the Chief Financial Officer, Group General Counsel and the Chief Internal Auditor, as well as the External auditors.

Regular private meetings of the Committee's members have been held during the year, providing an opportunity to raise any issues or concerns with the Chair of the Committee. The Committee's members have also held regular private meetings with the Chief Risk Officer and access to management and subject matter experts outside of the Committee meetings, to support them in gaining an in-depth understanding of specific topics.

Key responsibilities

The Company's purpose results in opportunities and exposure to a range of risks and uncertainties. Understanding and actively managing the sources and scale of these opportunities and risks are key to fulfilling this purpose.

The role of the Committee is to provide oversight and advice to the Board, and where appropriate, the Board of each relevant Group company on the following:

- The Group's current risk strategy, material risk exposures and their impact on the levels and allocations of capital.
- The structure and implementation of the Group's ERM framework and its ability to react to forward-looking issues and the changing nature of risks.
- Changes to the risk appetite framework and quantitative risk limits.
- Risk aspects of major investments, major product developments and corporate transactions.
- Regulatory compliance across the Group.
- Specific deep dives including asset classes and the treatment of vulnerable customers.

Further detail on the work performed in each of these areas is set out in the report below.

In addition, the Committee acts as the Board Risk Committee for the Group's two main UK investment companies, abrdn Investment Management Limited (aIML) and abrdn Investments Limited (aIL). Accordingly, the CEO of these entities is also invited to attend the Committee meetings.

In carrying out its duties, the Committee is authorised by the Board to obtain any information it requires from any Director or employee of the Group. It is also authorised to seek, at the expense of the Group, appropriate external professional advice whenever it considers this necessary. The Committee did not need to take any independent advice during the year.

The Committee's work in 2023

Overview

The Committee operates a dynamic agenda and uses each meeting to consider a range of recurring items as well as other items that are more ad hoc and/or more forward-looking in nature. An indicative breakdown as to how the Committee spent its time is shown below:

- ERM framework incl. risk policies and appetites
- Operational risks (incl. cyber risk)
- Conduct and Compliance risks
- Capital adequacy
- Other

The key recurring items which were considered by the Committee are:

- The 'Views on Risk' report - this provides an independent holistic assessment from the Chief Risk Officer of the key risks and uncertainties faced by the Group's businesses and the monitoring against risk appetites.
- Conduct risks in each of abrdn's three main businesses and, in particular, implementation of the Consumer Duty rules.
- Ongoing activity to enhance and develop abrdn's ERM framework, including the process for risk identification and conformance with the ERM and Policy framework.
- Performance of the Group's ICARA processes in accordance with IFPR, including the firm's stress and scenario testing programme. The ICARA supports the Committee in understanding changes to the risk profile of the Group and the capital position over time.

Through these recurring activities the Committee was able to challenge management's assessment of risks and oversee the key actions being taken to manage these risks.

In addition to reviewing these recurring items, the Committee provided oversight of a broad range of topics in 2023. This included consideration of:

- Advice provided to the Remuneration Committee regarding the delivery of performance relative to risk appetites.
- Conduct risks for the Investments business.
- Findings from the abrdn Investment Management business internal controls report.
- Stress testing results from the ICARA process.
- Operational resilience annual self-assessment.
- Review of abrdn's principal risks and risk disclosures for the Annual report and accounts.

- Conduct risks for the ii business.
- Consumer Duty implementation update.
- Real Assets and Alternative investments.
- Anti-financial crime related activity.
- Trade and Transaction Reporting.

- Conduct risks for the Adviser business.
- ICARA 2023 approach.
- Digital Assets Products.
- Management of IT obsolescence.

- ICARA process and FCA supervisory review.
- The remit of the Risk & Compliance function.
- Consumer Duty implementation progress.
- Vulnerable Customers.
- Cyber Risk and Cyber Security.
- Conflicts of Interest.
- 2024 Monitoring & Oversight assurance plan.

After each meeting, the Committee Chair reports to the Board, summarising the key points from the Committee's discussions and any specific recommendations.

Risk exposures and risk strategy

abrdn's risk appetite framework enables the communication, understanding and control of the types and levels of risk that the Board is willing to accept in its pursuit of the strategy of the Group. This includes the business plan objectives and the capital and liquidity it requires.

The Committee has received regular reporting through the 'Views on Risk' report on each of the Group's 12 principal risks, including risk dashboards, commentary and management information.

The Committee continued to monitor the risk appetite measures and limits against the approved Board risk appetites, revised in Q4, 2022. The Committee considered changes to the risk profile in view of the external environment and ongoing transformation of the business.

Through reviewing the Views on Risk reporting, the Committee supports the Board by monitoring risk exposures and the resilience of the capital position under current and stressed conditions. Key items that the Committee discussed during the year in this context included:

- The risks associated with the delivery of the business plan.
- Components of the Group's risk appetite framework.
- The process of completion of the abrdn ICARA and its results.
- Improvements to anti-financial crime processes.
- Deepening the focus on conduct risks and embedding Consumer Duty.
- The management of cyber risk and operational resilience across the Group.

Results from regular stress testing and scenario analysis has supported the Committee in understanding, monitoring, and in managing the capital and liquidity risk profile of the business under stressed conditions. These results provided the Committee with a forward-looking assessment of the Group's financial resilience in response to potentially significant adverse events affecting key risk exposures. The material presented to the Committee included combined stress scenarios which looked at simultaneous stresses impacting on economic conditions, flows and idiosyncratic factors specific to the Group.

From reviewing the stress testing and scenario analysis results, the Committee concluded that the Group was financially resilient and there was no requirement for the business to reduce its risk exposures.

The Committee has also considered the results of reverse stress testing to explore extreme but plausible events that have the potential to cause the business to become unviable. This allowed the Committee to assess the risk of business failure and the ability of the Group to prevent and mitigate this risk. The reverse stress testing considered the impact of a combination of cyber-attacks resulting in the non-viability of the Group.

From reviewing the reverse stress testing results, the Committee concluded that the risk of the Group having to wind down due to this scenario was remote. The Committee also noted that the Group has strengthened controls and resilience and actively manages its relationships with third parties. The Committee receives regular reporting on cyber risks and third party management.

Enterprise Risk Management (ERM) framework

During the year, the business continued to evolve the ERM framework used to identify, assess, control, and monitor the Group's risks.

The Committee has obtained assurance regarding the operation of the ERM framework through its review of regular content within the Views on Risk report. In particular we have used our review of the various risk and capital dashboards, including the consolidated dashboard on key conduct risk indicators and Board risk appetite metrics to understand the Group's risk profile and the conformance and effectiveness of the framework in supporting the management of these risks.

The Committee receives reporting from the Risk and Compliance function on the results of the quarterly risk management survey of regional and functional executives which is used to support identification of key risks facing the business. The completion of this survey, along with subsequent discussion of the results by the Executive Leadership Team, helps to drive greater risk awareness and accountability. Furthermore, through reviewing the results of the survey, the Committee has been able to ensure there is appropriate focus on the key risks facing the business.

Exceptions-based reporting is provided to the Committee through the Views on Risk report. This sets out any matters of significance in respect of the results of Policy compliance reporting and actions being taken in response to risk events. These two items also support the Committee in performing its oversight of the ERM framework.

Regulatory developments and compliance

The Committee reviews and assesses regulatory compliance plans detailing the planned schedule of monitoring activities to be performed by the Risk and Compliance function to ensure there is appropriate coverage. Regular updates on key findings from regulatory compliance activity and progress against the plans were reported to the Committee through the Views on Risk report.

As a Committee we have closely monitored global regulatory developments to understand and anticipate potential implications for the Group and the wider financial services sector. In particular the Committee paid close attention to geopolitical risks and resulting operational implications. The Committee has also closely followed regulatory developments and implementation activity in relation to the new Consumer Duty, operational resilience, and new sustainability regulations globally.

Governance arrangements

The Committee has continued to refer to the work of those non-executive risk committees operating in subsidiary companies to provide oversight and challenge of risks within those subsidiaries. This has included the risk committees in place for abrdn Life and Pensions Limited, Standard Life Savings Limited, and Elevate Portfolio Services Limited.

The Committee receives updates from, and reviews the minutes of, these committees in order to maintain awareness and oversight of risks across the Group. In addition to the Committee reviewing reporting from the subsidiary risk committees, arrangements also exist for the Committee's Chair to attend these subsidiary risk committees on request.

In its capacity since January 2022 as the board risk committee to the Group's two main UK investment firms, the Committee routinely considered the implications of Group risk management activities for these two firms and identified any significant risk concerns to be brought to the attention of the respective Boards, The Chair of the two investment firm Boards has a standing invitation to attend the Risk and Capital Committee.

During the year, the Committee provided advice to the Remuneration Committee regarding the delivery of performance in the context of incentive packages. In particular, the Committee considered whether performance had been delivered in a manner that was consistent with the Group's strategy, risk appetite and tolerances, and capital position. The provision of this advice helps to ensure that the Group's overall remuneration practices are aligned to the business strategy, objectives, culture and long-term interests of the Group and that individual remuneration is consistent with, and promotes, effective risk management.

Committee effectiveness

The Committee reviews its remit and effectiveness each year. Following the externally facilitated review in 2022, the 2023 review was conducted internally, on behalf of the Board, by the Company Secretary. The review concluded that the Committee continued to operate effectively during 2023 with no material issues or concerns raised. More information about the process involved, and its outcomes, can be found on page 94.

3. Nomination and Governance Committee report

I am pleased to present the Nomination and Governance Committee (the Committee) report for the year ended 31 December 2023.

The Committee's key priorities this year were to maintain effective board governance processes while the group continued to transition to a more sustainable business model and to support succession planning for the Board and the executive, particularly in relation to the recruitment of our new Chief Financial Officer and Chief Investment Officer, together with the reconfiguration of the leadership team within the Investments business. Additionally, we continued to oversee initiatives supporting the development of talent, leadership, diversity, equity and inclusion. Monitoring the embedding of the Company's values within our expectations of employee and employer behaviours to reinforce our cultural commitments, became an important regular agenda item. This followed the expansion of the remit of the Committee in 2022 to include oversight of culture, recognising the contribution this would make as an important enabler within the Company's transformation programmes. Further detail on this can be found on pages 48 to 53.

Governance Framework

We continued to review our governance framework against the Code principles and provisions and welcomed the revisions made to the Code in early 2024. There were no material changes proposed to our governance framework during 2023.

Board evaluation

Following the externally-facilitated review in 2022, our 2023 Board review was conducted internally and concluded the Board was operating effectively and highlighted areas where further progress could be made in 2024. More information about what the process involved, and its outcomes, can be found on page 94.

Culture, Diversity, Equity and Inclusion

The Committee received regular updates on the work being done to implement the Group's culture, diversity, equity and inclusion programmes. Having worked through four distinct phases of activity regarding embedding culture change from activation to hardwiring, we completed the formal programmatic element of the work in 2023. Diversity, Equity and Inclusion remained a key focus and commitment of the Board, especially given the challenge of historic under-representation of women and minority ethnic colleagues within the fund management industry.

While the Committee fully supported the recruitment and promotion of the person best qualified for individual roles, it challenged the modest deterioration in DEI progress against established targets and was reassured that there was no systematic bias. On the positive side, we made progress in reducing UK gender pay and median bonus gaps and achieved better DEI representation within early careers and talent pipelines when compared with our global workforce statistics. Within this, I was pleased our 2023 graduate intake was 44% female, which provides a building block for a more balanced future talent pipeline while we continue to focus on inclusive recruitment actions to maintain this progress.

The Committee recognised there is still more to do and remains focused and committed to holding the executive to account for delivery of tangible actions.

There is more detail about this below and on pages 50 and 51.

In my statement last year, I reported the sad passing of Lynne Connolly in early 2023 after living with incurable cancer for many years. Lynne headed our DEI programmes for six years and was an inspiration to all of our colleagues. Lynne not only worked hard to make DEI progress in abrdn, she was passionate about working across the business community to make collective efforts. She supported the GenAnalytics/Herald awards (and their Diversity Conference) over the years. I reported last year that we planned to establish an award scheme in her memory and was therefore delighted that we agreed with her family and the organisers of the Scottish Diversity Awards that a special award would be established in her name (The Lynne Connolly Achievement in Diversity Award). The inaugural award was presented at the annual GenAnalytics/Herald awards ceremony on 12 October 2023.

Talent and Leadership

The Committee received regular reports from teams involved with Talent and Organisation Effectiveness, oversighting their plans to deliver effective leadership, talent and performance management across the Group. During the year we have spent particular time on the talent pipeline. It is pleasing that since the last report the Company's approach to talent has continued to develop and become more targeted and systematic. This was particularly reflected in the establishment of various leadership and readiness cohorts and the frequency and detail of the talent discussions occurring at both executive level and with the Committee. Following the launch of a new 18-month long future leaders programme this has

already led to the role expansion/promotion of 34% of the introductory cohort.

Board composition

The Committee, on behalf of the Board, assesses the balance of executive and non-executive Directors, and the composition of the Board in terms of the skills, experience, diversity and capacity needed for the Company to be successful. These factors are important to the Board when reviewing overall composition and during the year were reviewed by the Committee, covered in my 1:1 discussions with Directors, all of which fed in to the Board effectiveness review.

As I have covered already in my Chairman's statement, both Stephanie Bruce, our previous CFO and Brian McBride did not seek re-election at the 2023 Annual General Meeting at which their significant contributions to the development of abrdn were recognised. In October 2023 we welcomed Jason Windsor as our new CFO. Jason joined from Persimmon plc having spent the vast majority of his career prior to that in financial services, notably through 12 years at Aviva, latterly as Group Chief Financial Officer.

Our policy on diversity was applied when searching for Stephanie's successor at the long list and short list stage. Whilst we recognise the appointment of Jason means we do not currently meet the requirement to have a woman represented in the identified Board leadership positions prescribed by the UK Listing Rules (Chair, Senior Independent Director, CEO or CFO) the Board, with the support of the Committee, continues to support the principle that the person best qualified, in the particular circumstances of the role, should always be appointed with due regard given to the benefits of diversity, including the full range of protected characteristics as well as cognitive diversity. This principle applies to the search for and appointment of all candidates, both executive and non-executive, and will continue to form an important part of future Board succession considerations. In reviewing the composition of the Board, the Committee regards the Committee Chair roles as equal in importance to the designated roles, which is reflected in their current composition.

Catherine Bradley has advised that she will not seek re-election at the Company's Annual General Meeting on 24 April 2024 and will stand down from that date. She will remain Chair of interactive investor (ii), a wholly owned subsidiary of the Group. An announcement regarding her successor following the AGM will be made in due course.

There were no other Board or Committee composition changes during the year.

Sir Douglas Flint
Chairman and Chair of the Nomination and Governance Committee

Membership

The members of the Committee are the Chairman, the Chairs of Board Committees and the NED responsible for Employee Engagement. For their names, the number of meetings and committee member attendance during 2023, please see the table on page 96.

Stephen Bird, in his CEO role, is invited to Committee meetings to discuss relevant topics, such as the roles within and membership of the ELT, talent development and management succession.

Key responsibilities

The Committee's primary role is to support the composition and effectiveness of the Board, and to oversee the Group's activities to strengthen its talent pipeline. It also oversees ongoing development and implementation of the Group's governance framework and its work to embed appropriate diversity and inclusion policies.

The Committee's key responsibilities are:

- Identifying and recommending Directors to be appointed to the Board and the Board Committees and ensuring relevant training is provided on appointment and throughout their tenure.
- Reviewing and assisting in the development and implementation of initiatives to embed the Board's desired outcomes for diversity, equity and inclusion within the Group and to define, monitor and performance manage the behaviours expected of all employees that will be seen to represent the Group's culture.
- Reviewing Board diversity, skills and experience.
- Supporting the process and output of the Board's effectiveness review.
- Overseeing succession planning, and leadership and talent management development throughout the Group.
- Considering how the Group should comply with current and upcoming corporate governance requirements, guidance and best practice and relevant directors' duties.

The Committee reports regularly to the Board so that all Directors can be involved in discussing these topics as appropriate.

The Committee's work in 2023

An indicative breakdown as to how the Committee spent its time is shown below:

- Reviewed compliance with the UK Corporate Governance Code for the 2022 ARA.
- Reviewed the results of the Committee Effectiveness Review.
- Reviewed progress on Talent and Leadership development activities.
- Recommended the appointment of Jason Windsor as CFO and Peter Branner as CIO.
- Reviewed the recommendations to shareholders to re/elect Directors at the AGM.
- Received an update on the 2022 year-end annual performance process.
- Received the results of the staff engagement survey.

- Reviewed the Group's Culture and Talent Strategy plan.
- Reviewed the management structure and talent pipeline in the Investments business following the dissolution of the Co-CEO model.
- Received an update on Diversity, Equity and Inclusion progress and action plans.
- Reviewed ELT succession planning.
- Reviewed the Group's annual Stewardship Code Report.

- Received an update on Diversity, Equity and Inclusion progress and action plans.
- Reviewed response to the UK Corporate Governance Code Consultation.
- Received an update on ELT and critical role succession plans.
- Received a diagnostic on Group governance and opportunities.

- Received an update on Diversity, Equity and Inclusion progress and 2023-24 priorities.
- Reviewed progress on Talent and Leadership development activities.
- Received the regular update on the activities of the abrdn Financial Fairness Trust.

An indicative breakdown as to how the Committee spent its time is shown below:

Board and committee appointments and composition

The Committee keeps under constant review the skills, experience and capabilities needed for particular Board roles. This recognises the need to secure a pipeline of potential successors to be able to chair the Board Committees, and also the need to plan ahead to take account of the length of time served on the Board by the current independent non-executive Directors. In addition, it also recognises the skills which the Board will need as it moves forward to oversee the implementation of the Group's approved strategy and takes account of the Group's commitments to achieve and maintain its published Board diversity targets.

Where Board augmentation is needed, an external search consultant is then requested to prepare a list of suitable candidates. From that, the Committee agrees a shortlist. Following interviews with potential candidates, the Committee makes recommendations to the Board on any proposed appointment, subject always to the satisfactory completion of all background checks and regulatory notifications or approvals. Part of this includes considering existing or planned external commitments of candidates to assess their ability to meet the necessary time commitment and whether there are any conflicts of interest to address.

The Committee also oversees the process that recommends continuation of appointments; members of the Committee do not, however, take part in discussions when their own performance – or continued appointment – is being considered.

During the year the Committee considered the appointment of Catherine Bradley as Chair of interactive investor (ii), a wholly owned subsidiary of the Group. As part of the appointment to the ii Board, the Committee reviewed Catherine's time commitment and capacity, and agreed that this was complementary to her roles on the plc Board. Catherine has advised that she will not seek re-election at the Company's Annual General Meeting on 24 April 2024 and will stand down from that date as a Non-Executive Director of abrdn plc. She will remain Chair of interactive investor.

Succession planning and talent management activities

The Committee regularly reviews succession planning activities, including identifying key person and retention risk, and talent development programmes across the Group.

During 2023, in particular, the Committee discussed the future leadership and talent needs of the Group and how the current programmes could be revised to take account of the skills and expertise required by both the Board and the ELT. These programmes are designed to recognise the changing shape of the Group, and also to identify both the talent available within the Group and the need/benefits of external recruitment. Diversity was considered as a core part of these discussions, and progress was reviewed against our diversity goal to achieve minimum 40% women on ELT succession plans.

The Talent and Change agenda is led by the CPO, in conjunction with the CEO.

The Committee spent time during 2023 building on the foundations built in 2022 and looking at the strategic priorities of the talent team to:

- Bring the best possible people into the organisation and continue to develop our colleagues.
- Enable people to be the best they can and encouraging movement of talent across our organisation.
- Create the best possible environment for our people to thrive.

The Committee discussed the team's progress to deliver initiatives to support early careers, talent acquisition, future talent, core capabilities and behaviours and effective performance management. The Committee discussed the inclusive design of the initiatives such as early careers, talent acquisition and future talent and considered the diversity of talent this achieved.

The Committee reviewed the effectiveness of its NED mentoring programme which allows each NED to get to know members of the next generation of talent through individual meetings which take place over the course of the year and evolve based on the needs of each individual being mentored. Having received positive feedback from both mentors and mentees, the mentoring relationships were refreshed in 2023 to continue the Board's exposure to our top talent and the programme will continue in 2024. In addition, we created a new talent group focused on our Executive Succession Talent. The group is our most senior talent group with the purpose of ensuring engagement, retention, and readiness of our identified Executive Leadership Team successors.

During the year, the Committee reviewed the succession and contingency planning for our top performing fund managers. In addition, 47 enterprise-wide roles were identified which are considered as critical to delivering business results and revenue growth. The identification of successors for these roles will create opportunities for talent development as well as ensuring better business continuity.

The Committee regards all of these initiatives as helpful in supporting its oversight of the development of the Company's key talent. Continuing to focus on those commercial roles and those that manage key client and revenue generating relationships will remain an important focus of the Committee.

Board evaluation

The Committee has a key role in supporting the Board evaluation process. Details of the 2023 review are on page 94.

Culture, Diversity, Equity and inclusion

The Committee and the Board spent time with both the CEO and the Chief People Officer understanding their progress against plans to strengthen meaningful measurement and reporting of culture across the Group, including the introduction of the abrdn index, focusing attention on those things that shape culture and tracking progress through our transformation.

The Board and the ELT previously defined a set of commitments which define the Group's culture – Client First, Empowered, Ambitious and Transparent. Information on our cultural commitments can be found on page 48. During 2023 the Committee have overseen the launch and embedding of these commitments against a detailed plan of activities to hardwire these commitments into all key aspects of colleague experience. We measure overall progress against our cultural ambitions through our listening strategy and our employee engagement online platform. Insight and progress is shared and discussed with the Committee.

The Board's diversity statement is on page 92. The Committee has a key role in supporting publication of this statement through its oversight of DEI activities. DEI activities are presented at the Committee at least twice a year to report on progress to deliver against Committee-approved framework, action plans and initiatives. The Committee reviewed progress against the Group's DEI framework priorities, being:

- Making diversity, equity and inclusion part of our purpose.
- Maintaining inclusive and equitable ways of working.
- Attracting and developing diverse talent.
- Ensuring colleagues feel included and valued every day.

The committee further reviewed relevant DEI trends, data points, and regulation including:

- Internal colleague sentiment in relation to DEI themes such as data collection and inclusive experience.
- External landscape and regulation including the FCA and PRA consultation papers related to DEI within financial services.
- Target setting discussion in line with the UK Government-backed Parker Review.

ESG reporting

During the year, ESG reporting in 2023 - including the UK Stewardship report, and the Sustainability and TCFD report - was predominantly considered by the Board and the Audit Committee. With the publication of the Company's Climate Transition Plan expected in the first half of 2024, the Committee's role and remit of how it can best support the Board's oversight of the delivery of the Company's commitments and the reporting thereof, will be reviewed.

Committee effectiveness

The effectiveness review was conducted internally in 2023 following the external review undertaken in 2022.

Details of the 2023 review are on page 94 and reflect the themes raised across the Board and its Committees.

4. Directors' remuneration report

Remuneration Committee Chair's statement

This report sets out what the Directors of abrdn were paid in 2023 together with an explanation of how the Remuneration Committee reached its recommendations.

Where tables and charts in this report have been audited by KPMG LLP, we have marked them as 'audited' for clarity.

The report is structured in the following sections and corresponding page numbers:

	Page
At a glance – 2023 remuneration outcomes	**119**
At a glance – 2024 Policy implementation	**120**
Directors' remuneration in 2023	**121**
Shareholdings and outstanding share awards	**124**
Executive Directors' remuneration in context	**128**
Remuneration for non-executive Directors and the Chairman	**131**
The Remuneration Committee	**133**

Approval

The Directors' remuneration report was approved by the Board and signed on its behalf by:

Jonathan Asquith
Chair of the Remuneration Committee

26 February 2024

Dear shareholder

On behalf of the Board I am pleased to present the Directors' remuneration report for the year ended 31 December 2023.

Introduction

At the 2023 AGM our directors' remuneration report for 2022 received a 93% vote in favour and our new Directors' remuneration policy (Policy) was approved with a 94% vote in favour. I would like to thank all shareholders for your continued strong level of support and constructive dialogue on remuneration matters, particularly in the period leading up to the 2023 AGM in respect of the Policy.

2023 was another year of significant change for abrdn. While the headwinds facing active asset managers only grew stronger, we reshaped our footprint and took steps to reduce complexity. As set out in the Chairman's statement and the Chief Executive Officer's review, a number of strategic actions were taken to streamline our businesses and set up a platform for growth. These included reducing costs through the consolidation and closure of sub-scale funds, investing in technology capabilities and marketing resources, selling our US Private Equity franchise, securing the agreement to sell our European Private Equity franchise and acquiring the healthcare fund management capabilities of Tekla Capital Management, increasing our holding of closed-end funds.

In a year of continued challenge for the active investment industry, flows and investment performance were disappointing in our Investments business, while rising profits in Adviser and ii were insufficient to counter the decline in revenues in Investments, despite strong cost-cutting in the area. As a result, financial performance metrics came out towards the bottom end of the range. There were better outcomes against non-financial targets, which measured progress on strategic actions taken by management to set the stage for growth while maintaining our focus on our people, culture and customers as we transform our business and continue our efforts to advance sustainable investing and limit our own climate impact.

New Chief Financial Officer's remuneration

We were delighted to welcome Jason Windsor to the Board and the executive team on his appointment as Chief Financial Officer on 23 October 2023. Jason is a highly experienced Chief Financial Officer bringing demonstrable expertise and significant knowledge of our industry from over a decade within Aviva plc, latterly as Group Chief Financial Officer. His deep knowledge and experience in our sector together with his broader financial markets experience provide an ideal complement to the capabilities of the existing executive team.

The remuneration arrangements for Jason Windsor's appointment and Stephanie Bruce's exit were agreed by the Remuneration Committee in conformity with the Policy agreed at the 2023 AGM. As detailed in the announcement on 27 July 2023, Jason's remuneration package comprises:

- A base salary of £675,000 per annum.
- A pension allowance of 18% of salary aligned to the maximum contribution available to abrdn's UK-based employees and other benefits in line with our Policy.
- An Annual Bonus up to a maximum of 150% of salary subject to performance (with 50% of any bonus earned being deferred for three years into abrdn shares, which will vest in three equal annual tranches). The award for performance year 2023 was prorated to reflect his joining the Company part way through the performance year.
- An annual Long Term Incentive award of 225% of salary (final vesting percentage is based on stretching financial and shareholder return targets over the three-year performance period and the award is subject to a further two-year holding period after vesting).

The structure and quantum of the Chief Financial Officer's remuneration package is consistent with our Policy and falls below the maximum levels permitted under the Policy. Jason's package was calibrated in the context of an assessment of what it would take to attract the required skills and expertise from the market (utilising benchmarking data for similar roles across FTSE Financial Services peer group companies), the expectations of other candidates put forward for the role and Jason's previous remuneration packages.

The Remuneration Committee is confident that the remuneration package, which was shared with the market at the time, has been set at a level that takes into account the skills and experience that Jason brings.

In line with our Policy and standard practice, Jason also received buy-out awards to compensate for remuneration he forfeited on leaving his previous employer. All such awards reflect the value and structure of awards foregone, including the vesting and/or holding periods. Where relevant, these awards include abrdn performance conditions enabling immediate alignment to abrdn performance. Further details are set out on pages 126 and 127.

How our Policy was applied in 2023

Strategic advances in 2023 to enable a leaner Investments business, generate capacity for Adviser clients and generate organic customer growth in ii were balanced by shortfalls in the Investments business's financial performance as the macro environment continued to be challenging for abrdn. With 35% of the annual bonus and 100% of the LTIP driven directly by profit and total shareholder return measures, low rewards for executive Directors reflected the low returns for shareholders balanced by a recognition of the progress made in developing ii and Adviser and in addressing cost issues in Investments.

In this context, the Remuneration Committee is comfortable that the Policy operated as intended.

Annual bonus (detail on pages 121 to 123)

Financial performance (65%)

Financial targets were set with reference to the Board-approved plan including measures on net flows, investment performance and adjusted operating profit before tax. Against the backdrop of a 'higher for longer' rate environment and continued significant macroeconomic and geopolitical headwinds, financial performance was subdued.

Investment performance: performance for fixed income, quantitative, alternative investment strategies and liquidity remained strong. However, Equities were impacted by our AUM bias towards Asia and Emerging Markets and the quality growth style. 2023 was also challenging for multi-asset strategies and real estate valuations experienced early on some of the sharpest corrections for many years and impacted returns over all periods. Overall, performance did not meet the threshold required for a payout under the annual bonus plan.

Net flows: continued challenging asset allocation trends had an adverse impact on flows, with Institutional and Retail Wealth experiencing lower gross flows while net flows improved in Insurance Partners. Although Adviser and Personal Wealth proved more resilient, market conditions and cost of living pressures contributed to net outflows there too, while ii net inflows remained strong despite a subdued retail market. In aggregate, performance on net flows fell below the threshold required to qualify for payouts under the annual bonus plan.

Adjusted operating profit before tax: this came in 5% lower than the prior year, at £249m. ii and the Adviser business increased profitability, with ii including the benefit of a full 12 months' contribution compared to 7 months in 2022. However, this was offset by reduced revenue in the Investments business reflecting net outflows and adverse market conditions. The overall outcome was between threshold and target.

The outcomes for the financial element of the 2023 annual bonus are summarised below.

Financial performance measure	Weighting (% of total scorecard)	**2023 outcome (% of total scorecard)**
Investment performance	15%	**0%**
Net flows	15%	**0%**
Adjusted operating profit before tax	35%	**9.42%**

This resulted in an overall assessment of 9.42% out of a maximum of 65% on financial measures.

Non-financial performance (35%)

In 2023, we assessed non-financial performance against three baskets of measures: Strategic (three measures aligned to each of our businesses), ESG (comprising Environment and Social categories) and Customer.

Strategic: the Investments business closed or merged over 100 funds, sold the US Private Equity franchise and delivered savings of £102m, generating a leaner business although revenues still fell faster than costs. Adviser delivered its largest and most complex technology upgrade, despite early implementation headwinds, enhancing our platform proposition in advance of the impending launch of adviserOS in 2024. ii enriched its offering in the year with its pilot of ii community, the launch of Investor Essentials and Pension Essentials, alongside further expansion in its SIPP programme and a new approach to brand development, increasing customers by 4% organic growth and gaining market share despite subdued market conditions. ii also launched new website infrastructure in January 2023, modernising the design and improving user experience. The Remuneration Committee took into account these significant strategic actions to better position the businesses for future growth and determined the final outcome of 8% out of 10%.

Environment: targeted engagement continued with our largest financed emitters (162 resolutions voted on in 2023). Tracking at a 41% carbon intensity reduction in in-scope public market portfolios compared to our 2019 baseline (25% reduction in in-scope real estate portfolio), we are on track for our target of a 50% reduction by 2030. For our own operational net zero, we remain well-placed to meet our long-term net zero carbon emission target. The Remuneration Committee took into account more than 5 separate qualitative and quantitative performance indicators in agreeing the outcome at 5% out of 5%.

Social/people: engagement levels held steady despite continued large-scale transformation and organisational change. Sense of inclusion, the nature of each individual's work and personal motivation levels all continue to score well, although we recognise that there is more work to do. 2023 saw noteworthy steps taken to transform the culture of abrdn, with the culture programme work completing and the final phase of our 'Commitments' work delivered. DEI levers of change held steady. Taking into account more than 15 qualitative and quantitative performance indicators and noting minimal traction on employee engagement levels, the Remuneration Committee determined the final outcome of 6% out of 10%.

Customer: in the Investments business, strong relationships with clients persisted with independent client survey feedback highlighting good client service and account management. In Adviser, delivering the recent technology release for the Wrap platform disrupted service for clients in the short term, although our 'Return to Green' activity in H2 2023 saw service levels and client satisfaction improve. For ii, the Remuneration Committee recognised the organic growth in customer numbers, the increase in market share and the continued positive feedback from customers regarding their experience with ii. Taking into account more than 20 qualitative and quantitative performance indicators, the Remuneration Committee determined the final outcome of 7.5% out of 10%.

Considering all components together, this resulted in an overall assessment of 26.5% out of a maximum of 35% on non-financial measures.

Remuneration Committee assessment

To assess whether the outcomes generated by the scorecard were fair in the broader performance and risk context, the Remuneration Committee reviewed the individual components which contributed to the delivery of this performance and the alignment of scorecard outcomes with the experience of a range of stakeholders. Further components the Remuneration Committee considered are set out on page 123.

In particular, the Remuneration Committee carefully considered the experience of employees and how executive Director incentive outcomes compared to employee incentive outcomes. External market conditions have been challenging for abrdn in recent years and this has heavily impacted both executive Director and employee pay outcomes. By design, there are differences in the priorities which drive how these two populations are remunerated; as a result, their relative experiences can be different.

Executive Directors' annual bonus levels reduced from 80.5% (2021) to 30.25% (2022) of maximum opportunity. The increase to 35.92% for 2023 represents an important but limited reversal of that move, recognising the progress that the executive Directors are making in reshaping abrdn to cope with the challenges facing the company and the wider asset management industry.

For key staff below Board level, we have implemented various other reward changes, including granting restricted stock awards and increasing salaries, which have not been awarded to our executive Directors. In this context, the Remuneration Committee concluded that executive Director outcomes reflected the overall employee experience.

The Remuneration Committee concluded that the outcomes delivered by the scorecard were a fair and balanced assessment of performance and no adjustment to them was needed or made.

Summarising these results, the Remuneration Committee approved the following outcomes based on performance against targets:

Executive Director	Final outcome (% of max)	2023 total bonus (£000s)
Stephen Bird	**35.92%**	**786**
Jason Windsor	**35.92%**	**70**[1]
Stephanie Bruce	**35.92%**	**103**[2]

1. The 2023 total bonus for Jason Windsor is prorated to reflect his appointment to the Board effective 23 October 2023.
2. The 2023 total bonus for Stephanie Bruce is prorated to reflect her stepping down from the Board effective 11 May 2023.

Long-term incentives (detail on pages 123 to 127)

Vesting of the 2021 Long-Term Incentive Plan (LTIP) award granted to Stephen Bird and Stephanie Bruce is based on performance over the three-year period ending on 31 December 2023. A proportion of Jason Windsor's 2021 Long-Term Incentive Buyout is also subject to the performance conditions of the 2021 LTIP (see pages 126 and 127 for more detail). After review, the Remuneration Committee concluded that the performance for the Adjusted Diluted Capital Generation per share metric was between threshold and target and the overall award should vest at 18.75%.

Policy implementation in 2024

Following a review, no change has been made to salaries for the executive Directors or fees for the non-executives for 2024.

In line with previous practice, we will continue to set stretch targets for the annual bonus and the LTIP to ensure that the maximum opportunity will only be earned for exceptional performance.

The scorecard for the 2024 annual bonus is detailed on page 120 and the targets, which are commercially sensitive, will be disclosed at the end of this performance year in the 2024 Annual report and accounts. The scorecard continues to focus the majority of the opportunity on the achievement of financial targets as set out in our Policy (65%), with the balance measured against non-financial performance including Strategic, ESG and Customer objectives. The Remuneration Committee has agreed a Strategic measure and a basket of key indicators in the other areas which will allow a rounded assessment of performance to be made. Details on these metrics, including how the Remuneration Committee assessed performance against them, will be disclosed retrospectively.

As outlined in the Chairman's statement, the Group is updating one of its key performance indicators moving forward, from adjusted capital generation (ACG) to net capital generation (NCG).

The Remuneration Committee reviewed the impact of this change and agreed that the 2024 LTIP will consist of two equally weighted targets, Net Capital Generation per share Compound Annual Growth Rate (NCG CAGR) and Relative TSR. The new metric of NCG CAGR more closely aligns to the dividend paying capability of the Company over the long term, compared to ACG CAGR, and incentivises the phasing out of restructuring costs in the long term as targeted in the Board-approved business plan. NCG is defined as ACG less restructuring and corporate costs (net of tax). The three-year NCG per share target range has been set at 15%-25% CAGR, which is aligned with the business plan agreed with the Board. The annual development of this measure is not linear and target ranges for any future grants will be calibrated to allow for this. The Remuneration Committee also reviewed the TSR peer group for the Relative TSR metric. Details of the 2024 LTIP grant can be found on page 120.

During the year, the Remuneration Committee remained mindful of the debate and discussions led by the Capital Markets Industry Taskforce on resetting the approach to executive pay for UK listed firms. We continue to welcome the debate on the use of restricted share awards and the promised review of the Investment Association Principles of Remuneration. The Remuneration Committee will review any future guidelines and consider whether there is a beneficial role for restricted share awards in the abrdn remuneration structure.

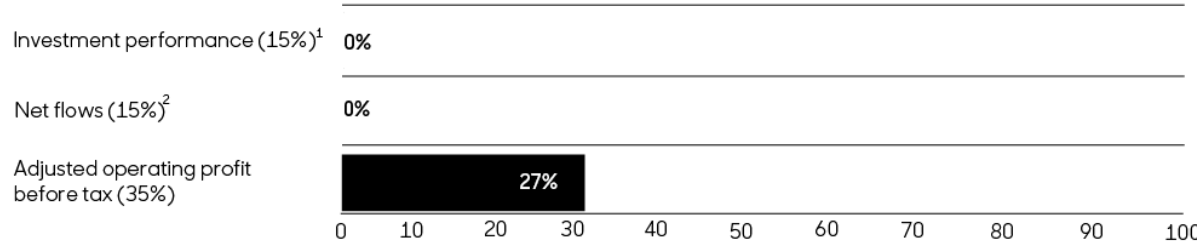
To help you navigate the report effectively, I would like to draw your attention to the sections on pages 119 and 120 which summarise both the outcomes for 2023 and how the Policy will be implemented in 2024. Further detailed information is then set out in the rear section of the report for your reference as required.

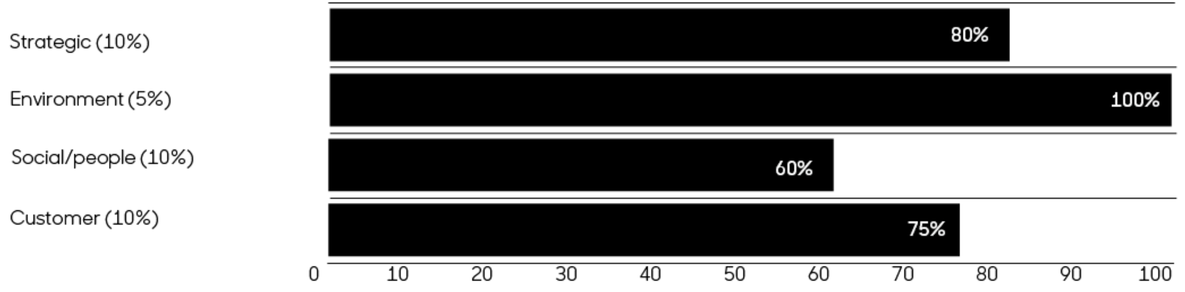
On behalf of the Board, I invite you to read our remuneration report. As always, the Remuneration Committee and I are open to hearing your views on this year's report and our Policy in general.

At a glance – 2023 remuneration outcomes

Outcome of performance measures ending in the financial year

The following charts show performance against the target range for the annual bonus and commentary on the 2021-2023 LTIP. Further detail on the assessment of the performance conditions can be found on pages 121 to 123.





1. % AUM above benchmark average of three-year for all asset classes.
2. Excl. cash/liquidity and Insurance.

2023 annual bonus scorecard outcome

The following table sets out the final outcome for the 2023 annual bonus. A detailed breakdown of the assessment of performance conditions can be found on pages 121 to 123.

	Bonus Scorecard Outcome			Total Bonus Outcome			
	Financial metrics (minimum 65%)	Non-financial metrics (maximum 35%)	Board approved outcome (% of maximum)	Salary received in year (£000s)	Maximum opportunity (% of salary)	Total award (% of salary)	Total award (£000s)
Stephen Bird	9.42%	26.5%	35.92%	875	250%	89.80%	786
Jason Windsor[1]				130	150%	53.88%	70
Stephanie Bruce[2]				192	150%	53.88%	103

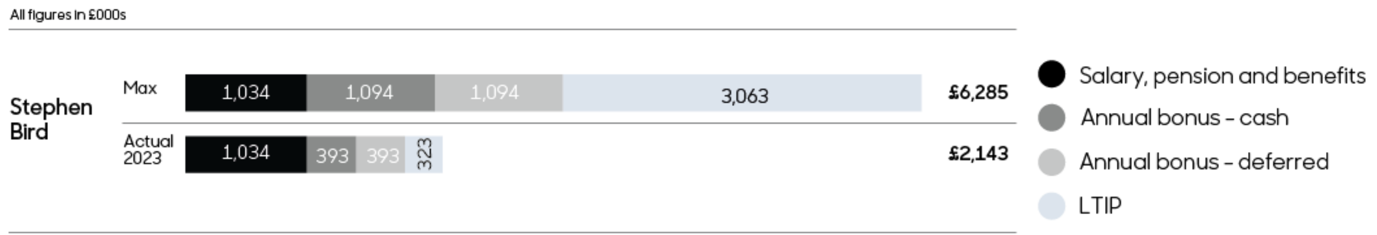
1. Jason Windsor was appointed to the Board effective 23 October 2023. The salary received in year and total 2023 annual bonus awarded value is prorated to reflect the proportion of the 2023 performance year for which he served at abrdn. For further information, see pages 121 to 127.
2. Stephanie Bruce stepped down from the Board effective 11 May 2023. The salary received in year and total 2023 annual bonus awarded value is prorated to reflect the proportion of the 2023 performance year for which she served at abrdn. For further information, see pages 121 to 126.

2021-2023 LTIP outcome

The performance period for the 2021-2023 LTIP concluded on 31 December 2023. Performance was assessed against two measures: Adjusted Diluted Capital Generation per share (CAGR) and Relative TSR performance. The performance for the Adjusted Diluted Capital Generation per share (CAGR) metric fell between threshold and target and, therefore, the overall award will vest at 18.75%. Detail of the performance assessment for the 2021-2023 LTIP can be found on page 123.

Total remuneration outcomes in 2023

The chart below shows the remuneration outcomes for the CEO in 2023 based on performance compared to the maximum opportunity.



At a glance – 2024 Policy implementation

This section sets out how we propose to implement our Policy in 2024. The full Policy, which remains unchanged for 2024 from the Policy approved by shareholders at the 2023 AGM, including detail on how it addresses the principles as set out in the 2018 Corporate Governance Code, can be found in the 2022 Annual report and accounts on pages 120 – 130.

Element of remuneration	Key features of operation	2024 implementation
Salary Core reward for undertaking the role	Normally reviewed annually, taking into account a range of internal and external factors.	Stephen Bird: £875,000 Jason Windsor: £675,000
Pension Competitive retirement benefit	Aligned to the current maximum employer contribution available to the UK wider workforce (18% of salary).	Stephen Bird: 18% of salary Jason Windsor 18% of salary
Benefits Competitive benefits	Includes (i) private healthcare; (ii) death in service protection (iii) income protection (iv) reimbursement of membership fees of professional bodies; and (v) eligibility for the all-employee share plan.	No change to benefits provision
Annual bonus To reward the delivery of the Company's business plan	Annual performance assessed against a range of key financial and non-financial measures. At least 65% will be based on financial measures. At least 50% will be deferred into shares vesting in equal tranches over a three-year period. Awards are subject to malus and clawback terms.	No change to quantum Stephen Bird: 250% of salary Jason Windsor: 150% of salary See below for 2024 performance conditions
Long-term incentive plan To align with our shareholders and reward the delivery of long-term growth	Awards are subject to a three-year performance period, with a subsequent two-year holding period. Dividend equivalents accrue over the performance and holding period. Awards are subject to two equally weighted performance metrics linked to long-term strategic priorities and the creation of long-term shareholder value. Awards are subject to malus and clawback terms.	No change to quantum Stephen Bird: 350% of salary Jason Windsor: 225% of salary 2024 performance metrics are set out below
Shareholding requirements	Executive Directors are required to build up a substantial interest in Company shares. The share ownership policy for executive Directors requires shares up to the value of the shareholding requirement to be held for a period of two years following departure from the Board.	Stephen Bird: 350% of salary Jason Windsor: 225% of salary

Performance conditions for 2024 annual bonus

Financial (65% weighting)	Investment performance (15%), Adjusted operating profit (35%) and Net flows (15%)
Non-financial (35% weighting)	Performance against Customer (10%) and ESG objectives (incorporating people engagement and diversity metrics, and environmental measures) (15%) and progress on a key strategic initiative (10%)

Due to commercial sensitivity, actual targets and ranges will be disclosed at the end of the performance period. The Remuneration Committee retains an appropriate level of flexibility to apply discretion to ensure that remuneration outcomes reflect a holistic view of overall performance, including conduct and culture.

Performance conditions for 2024 Long-term incentive plan

	Target range[1]
Net Capital Generation per share (50% weighting)[2]	15% – 25% CAGR
Relative TSR (50% weighting)[3]	Equal to median – equal to upper quartile

1. Straight line vesting occurs between threshold and maximum. 25% vesting for threshold performance.
2. See the Remuneration Committee Chair's letter on page 118 for an explanation of the Net Capital Generation per share (CAGR) metric.
3. The peer group is made up of the following global asset management peers: AJ Bell, Alliance Bernstein, Amundi, Ashmore Group, DWS Group, Hargreaves Lansdown, IntegraFin Holdings, Janus Henderson Group, Jupiter Fund Management, Liontrust Asset Management, M&G, Ninety One, Quilter, Rathbones Group, Schroders and St James's Place.

Directors' remuneration in 2023

This section reports remuneration awarded and paid at the end of 2023 in further detail, including payments to past Directors.

Single total figure of remuneration – executive Directors (audited)

The following table sets out the single total figure of remuneration for each of the individuals who served as an executive Director at any time during the financial year ending 31 December 2023:

Executive Directors		Basic salary for year £000s	Taxable benefits in year £000s[1]	Pension allowance paid in year £000s	Bonus paid in cash £000s	Bonus deferred £000s[2]	LTIP with period ending in the year £000s[3]	2019 EIP £000s	Buyout Awards £000s	Total for the year £000s	Total fixed £000s	Total variable £000s
Stephen Bird	**2023**	**875**	**1**	**158**	**393**	**393**	**323**	**–**	**–**	**2,143**	**1,034**	**1,109**
	2022	875	1	158	331	331	–	–	–	1,696	1,034	662
Jason Windsor[4]	**2023**	**130**	**–**	**23**	**35**	**35**	**4**	**–**	**712**	**939**	**153**	**786**
Stephanie Bruce[5]	**2023**	**192**	**–**	**34**	**51.5**	**51.5**	**–**[6]	**–**	**–**	**329**	**226**	**103**
	2022	538	1	97	122	122	791	(139)	–	1,532	636	896

1. This includes the taxable value of all benefits paid in respect of the relevant year. Included for 2023 are medical premiums at a cost to the group of £606 per annum for executive Directors.
2. This represents 50% of the total bonus award and is delivered in shares which will vest in equal tranches over a three-year period.
3. The values reported for 2023 are the market values of the LTIP awards that will vest, at 18.75% of maximum, based on the three-year performance measurement period ending on 31 December 2023. The share price at the date of vesting is not known at the date of publication of this report. Therefore, the number of abrdn plc shares that will vest (excluding dividend equivalent shares accrued) has been multiplied by the average share price over the quarter ending 31 December 2023 (166.52 pence). This amount will be restated in the 2024 Annual report and accounts once the share price at date of vesting is known.
4. Jason Windsor was appointed to the Board effective 23 October 2023. All figures reflect amounts paid/awarded since the date of appointment. The value of buyout awards above represents the buyout awards granted without performance conditions. The value of the LTIP with period ending in the year relates to the proportion of his 2021 Long-Term Incentive Buyout award subject to abrdn performance conditions. For further information, see pages 126 and 127.
5. Stephanie Bruce stepped down from the Board effective 11 May 2023. All figures reflect amounts paid/awarded until this point. See pages 123 and 124 for further information on payments made to Stephanie Bruce as a past director.
6. Details of the 2021-2023 LTIP outturn for Stephanie Bruce are presented on page 124.

Base Salary (audited)

There was no change to the base salaries of executive Directors in 2023.

Pension (audited)

Under the Policy approved at the 2023 AGM, the executive Directors received a cash allowance in lieu of pension contribution of 18% of base salary.

Annual Bonus Plan

The following section contains details on the targets and the Remuneration Committee's assessment of outcomes for the period 1 January 2023 to 31 December 2023 against each of the elements of the executive Director bonus scorecard.

Financial performance metrics – 65% of total scorecard outcome

	Weighting (% of overall scorecard)	Threshold (25% of maximum)	Stretch (100% of maximum)	Actual	Result (% of overall outcome)[1]
Investment performance – % AUM above benchmark average of three-year for all asset classes	**15%**	**50%**	**70%**	**42%**	**0%**
Core Investment net flows[2] (£bn)	**9.75%**	**(8.4)**	**2.8**	**(14.1)**	**0%**
UK Savings & Wealth (Adviser & ii) net flows (£bn)	**5.25%**	**3.5**	**9.7**	**0.7**	**0%**
Adjusted operating profit before tax[3] (£m)	**35%**	**247**	**324**	**249**	**9.42%**

1. Straight-line vesting between threshold and stretch targets.
2. Excluding cash/liquidity and Insurance.
3. Targets and actual outcome exclude US Private Equity franchise for Q4 2023 in line with completion of sale of the US Private Equity franchise in Q4 2023.

Non-financial performance metrics – 35% of total scorecard outcome

Category	Highlights from assessment	Result (% of overall outcome)
Strategic (10%): Achievement of key strategic actions across our businesses	There were a number of strategic initiatives across our three businesses that were critical to the long-term success of the Group. Three key strategic measures were chosen; one for each of our businesses. – Investments: through a number of actions to simplify the business, including closing or merging over 100 funds and the sale of our US Private Equity franchise, we went beyond our £75m cost reduction target to deliver savings of £102m. – Adviser: delivered the largest and most advanced technology release ever completed on the Wrap platform., setting us up to further enhance our platform proposition with the impending launch of adviserOS in 2024. – ii: excluding recently migrated customers, customer numbers of ii increased by 4%, despite a subdued market. ii's market share also increased over 2023 and its proposition was significantly enhanced with the launch of Investor Essentials, Pension Essentials and the pilot of ii community. ii also launched new website infrastructure in January 2023, modernising the design and improving user experience.	8%
Environment (5%): Progress towards portfolio decarbonisation and Operational Net Zero targets	The environmental measures we selected focused on the important contribution our Company has to make as a global institutional investor and a responsible Company. The Remuneration Committee considered more than five quantitative and qualitative measures. Our Sustainability and TCFD report, available on our website, contains further detail on our performance in this area. Key factors in the determination were: – Targeted engagement continued with our largest financed emitters and encouraged improvement through 162 resolutions voted on in 2023. – We continue to enhance the tools to measure carbon intensity and in 2023, we were tracking at a 41% carbon intensity reduction in in-scope public market portfolios compared to our 2019 baseline (25% reduction in in-scope real estate portfolio), remaining on track for our target of a 50% reduction versus our 2019 baseline by 2030. – For our own operational net zero, we remain well on track to meet our long-term net zero carbon emission target of 50% less than our 2018 baseline by 2025, with a 69% reduction versus our 2018 baseline in 2023.	5%
Social/people (10%): Noteworthy steps taken to transform the culture at abrdn, maintenance of engagement score and sustained progress on gender representation and ethnicity diversity targets	abrdn is a people business and we believe that in order to succeed it needs to embed diversity, equity and inclusion within a strong and shared cultural framework, enabling us to continue to attract and maintain an engaged and diverse talent base. The Remuneration Committee considered more than 15 quantitative and additional qualitative measures, including data points relating to gender representation across the workforce, employee engagement, gender and ethnicity data and new hire statistics. – Despite difficult market conditions and continued large-scale transformation and organisational change, our People engagement levels held steady at 54% (2022: 50%). We recognise that there is still more to do to improve employee engagement levels in our business. – 2023 saw noteworthy steps taken to transform the culture at abrdn, with the culture programme work completing and the final phase of our 'Commitments' work delivered. – Our Gender Pay Gap has been reduced for the sixth consecutive year. – Females and individuals identifying as minority ethnic in total new hires both increased year on year to 44% and 9% respectively. – Maintained strong scores on employee perceptions of abrdn as an inclusive organisation and whether people from diverse backgrounds can succeed at abrdn.	6%

Category	Highlights from assessment	Result (% of overall outcome)
Customer (10%): Measured across the Adviser, ii and Investments businesses	Our three-business model gives us a diverse customer base, from institutional to adviser to retail. We measure our success in delivering for our customers with reference to business-specific quantitative and qualitative metrics that holistically capture the experience of our different client groups. The Remuneration Committee considered more than 20 quantitative and qualitative measures from internal and external sources. Key factors in the determination were: – In the Investments business, good relationships with clients persisted with independent client survey feedback highlighting good client service and account management. Client relationship meetings with Phoenix highlighted transparency, trust and responsiveness via high-quality resolutions as key attributes of the partnership. – In Adviser, our 'Return to Green' activity in H2 2023 saw service levels and client satisfaction improve from the early disruption caused by the technology upgrade implementation headwinds. AdviserAsset, which provides an external view of our client service and user experience, rated Elevate and Wrap as Platinum for the 6th and 9th consecutive years respectively. – In ii, there was an increase in customer numbers, an increase in market share and continued positive feedback from customers regarding their customer experience with ii.	**7.5%**

In considering whether the bonus outcomes derived from the scorecards were fair in the context of the overall results, the Remuneration Committee took into account the feedback received from the Audit Committee and the Risk and Capital Committee on material accounting, reporting and disclosure matters and the management of risk within the business.

2021-2023 LTIP outcome

The following table details the targets and assessment of outcomes for the 2021-2023 LTIP. The performance period for this award concluded on 31 December 2023. The Remuneration Committee concluded that the performance for the Adjusted Diluted Capital Generation per share (CAGR) metric was between threshold and target and, therefore, the overall award will vest at 18.75%.

	Threshold (25%)	Maximum (100%)	Actual outcome	% vesting
Adjusted Diluted Capital Generation per share (CAGR) (50%)	8%	20%	10%	37.5%
Relative TSR (50%)[1]	Median	Upper quartile	Below median	0%

1. The peer group was made up of the following global peers: Man Group, Ameriprise, M&G, Affiliated Managers, Alliance Bernstein, Franklin Resources, SEI Investments, DWS Group, Amundi, Janus Henderson Group, Invesco, Schroders, T Rowe Price, St James' Place, Quilter, Ashmore and Jupiter Fund Management.

As a result of the above outcomes, details of the awards that vested are as follows:

Executive Directors	Number of shares granted	Proportion of award vesting	Number of shares vesting[1]	Value of vested shares (£)[2]
Stephen Bird	**1,033,650**	**18.75%**	**193,809**	**322,731**
Jason Windsor[3]	**11,530[4]**	**18.75%**	**2,162**	**3,600**

1. Excluding dividend equivalents.
2. Based on average abrdn plc share price over the quarter ending 31 December 2023 (166.52). The amount attributable to share price appreciation is £nil.
3. Values for Jason Windsor reflect the proportion of his 2021 Long-Term Incentive Buyout award subject to abrdn performance conditions. See pages 126 and 127 for further information.
4. Number of shares granted to Jason Windsor is the number of abrdn plc shares granted under his 2021 Long-Term Incentive Buyout, which is 183,024, multiplied by the proportion of his 2021 Long-Term Incentive Buyout subject to abrdn performance conditions, which is 6.3%. See pages 126 and 127 for further information.

Payments to past Directors and payments for loss of office (audited)

Payments made to former executive Directors that have not been previously reported elsewhere are reported if they are in excess of £20,000.

Stephanie Bruce stepped down from the Board effective 11 May 2023 and went on garden leave effective 11 May 2023 to her termination date of 31 December 2023. Between 11 May 2023 and 31 December 2023, Stephanie received salary, pension allowance and taxable benefits, totalling £409,218.

The Company has also made a payment in lieu of notice of basic salary, pension allowance and taxable benefits, in monthly instalments (subject to mitigation) over the remainder of Stephanie Bruce's contract (being a further two months

and eight days to 8 March 2024). The final monthly instalment is due to be paid in March 2024. The total of the three payments will be £121,071.

Stephanie Bruce was entitled to a capped contribution towards legal fees incurred in connection with her exit arrangements. The contribution towards legal fees did not exceed £20,000.

The table below summarises total payments to Stephanie Bruce as a past director for 2023:

Payment element	Amount (£)
Salary, pension allowance and taxable benefits whilst on garden leave	409,218
Payment in lieu of notice of basic salary, pension allowance and taxable benefits	121,071
2021 – 2023 LTIP	113,417[1]

1. Based on average abrdn plc share price over the quarter ending 31 December 2023 (166.52 pence). The amount attributable to share price appreciation is £nil.

For Stephanie's outstanding incentive awards, in accordance with the relevant plan rules, the following treatment applied:
- Unvested deferred bonus awards (including the pro-rated 2023 bonus) will continue to vest on normal vesting dates and will remain subject to malus and clawback.
- Unvested LTIP awards will continue to vest on normal vesting dates and will remain subject to the satisfaction of the relevant performance conditions (measured over the full performance period), holding periods and malus and clawback. All LTIP awards will be prorated based on the proportion of the performance period completed to Stephanie's termination date.
- The Company's post-cessation shareholding requirements apply for a two-year period from Stephanie's date of departure from the Board on 11 May 2023.

Shareholdings and outstanding share awards

This section reports our executive Directors' interests in shares.

Directors' interests in shares (audited)

Our shareholding requirements for executive Directors are detailed on page 120. The Policy requires executive Directors to accumulate and maintain a material long-term investment in abrdn plc shares. The Remuneration Committee reviews progress against the requirements annually. Personal investment strategies (such as hedging arrangements) are not permitted for the purposes of reducing the economic exposure arising from the shareholding requirements.

The following table shows the total number of abrdn plc shares held by the executive Directors and their connected persons:

						Unvested shares		
	Total number of shares owned at 1 January 2023	Shares acquired during the period 1 January 2023 and 31 December 2023	Total shares owned as at 31 December 2023	Options exercised during the period 1 January 2023 and 31 December 2023	Vested but unexercised share options	Subject to performance conditions[1]	Not subject to performance conditions[2]	Shares lapsed[3]
Stephen Bird	782,355	-	782,355	-	190,610	3,992,940	532,499	945,765
Jason Windsor	-	-	-	-	-	1,320,515	450,611	-
Stephanie Bruce[4]	606,633	41,757	648,390	81,879	9,496	879,438	234,742	1,092,457

1. Includes: 2021, 2022 and 2023 LTIP awards for Stephen Bird and Stephanie Bruce (awards subject to performance targets over three-year periods) and Long-Term Incentive Buyout awards for Jason Windsor (see details on pages 126 and 127). The number of share options presented under awards subject to performance conditions exclude shares to be awarded in lieu of dividend equivalents.
2. Includes: deferred bonus awards for Stephen Bird and Stephanie Bruce and Bonus Award Buyouts for Jason Windsor. The number of share options presented under awards not subject to performance conditions include shares to be awarded in lieu of dividend equivalents.
3. For Stephen Bird, the share options lapsed relate to the outcome of the 2020 LTIP award – see page 109 of the 2022 Annual report and accounts. For Stephanie Bruce, the share options lapsed relate to the outcome of the 2020 LTIP award, the 2019 Executive Incentive Plan (EIP) and the prorating of her 2022 and 2023 LTIP awards for time employed during the performance periods.
4. On 30 November 2023, Stephanie Bruce exercised the second tranche of the deferred portion of her 2020 annual bonus award and the first tranche of the deferred portion of her 2021 annual bonus award. The vested but unexercised share options for Stephanie are the share options under the first tranche of her 2019 EIP award, prorated for the vesting outcome – see page 111 of the 2022 Annual report and accounts.

The following table shows the number of qualifying awards included in assessing achievement towards the shareholding requirement, as at 31 December 2023. The total Qualifying holding includes shares held outright (which derive from vested and exercised awards plus any purchased shares) as well as Qualifying unvested or unexercised awards. Purchased shares are valued at the higher of the cost of the purchase as disclosed in RNS announcements or the closing market price on 31 December 2023. Qualifying unvested or unexercised awards include 50% of the value (as a proxy for the payment of tax due on the exercise of the awards) of awards not subject to performance conditions and which have not yet vested.

	Qualifying unvested or unexercised awards							
	Number of shares under the deferred share plan which are not subject to performance conditions	Number of shares under option under long-term incentive plans which are no longer subject to performance conditions	Total Qualifying holding (shares owned from table above and 50% of Qualifying unvested or unexercised awards)[1]	Value of holding[2]	Shareholding requirement (as % salary)	Basic salary	Total of the value of shares owned and 50% of the value of qualifying awards at 31 December 2023 as a % of salary	Shareholding requirement met?
Stephen Bird	**723,109**	**–**	**1,143,910**	**£2,408,664**	**350%**	**£875,000**	**275%**	**In progress**
Jason Windsor	**450,611**	**–**	**225,306**	**£402,508**	**225%**	**£675,000**	**60%**	**In progress**
Stephanie Bruce[3]	**225,248**	**18,990**	**770,509**	**£1,458,340**	**300%**	**£538,125**	**271%**	**In progress**

1. Of the total number of shares shown, Stephen Bird purchased 750,000 shares at a total cost of £1,705k and Stephanie Bruce purchased 238,571 shares at a total cost of £508k.
2. The closing market price at 31 December 2023 used to determine the value of non-purchased shares was 178.65 pence.
3. The 18,990 shares under option under long-term incentive plans which are no longer subject to performance conditions, for Stephanie Bruce, are the second and third tranches of her 2019 EIP award, prorated for the vesting outcome – see page 111 of the 2022 Annual report and accounts.

Executive Directors who have not yet satisfied the shareholding requirement are expected to accumulate shares until they have fully met their shareholding requirement. They are required to hold 100% of vested shares (post-tax) granted under the Company's share plans (including any dividend equivalents) until they have met their shareholding requirement. All other shares acquired and held by the executive Director or owned indirectly by a partner or family trust also count towards the shareholding requirement.

Stephen Bird and Jason Windsor, who were appointed during 2020 and 2023 respectively, have not yet met the shareholding requirement. However, the Remuneration Committee is satisfied with the progress they have made towards their respective requirements given their tenure.

Under the Policy, an executive Director is required to hold shares up to the value of their shareholding requirement for 24 months following departure from the Board. However, if at the date of departure from the Board, the executive Director holds shares with a value lower than the value of the requirement, the number of shares held at the date of departure from the Board must be retained for 24 months thereafter. Any self-purchased shares are not subject to this requirement. Accordingly, Stephanie Bruce is required to retain any shares (excluding self-purchased shares) until 11 May 2025.

Awards granted in 2023 (audited)

The table below shows the key details of the LTIP, deferred and buyout awards granted in 2023:

Participant	Type of award	Basis of award	% of salary	Face value at grant	Number of shares awarded	% payable for threshold performance	Details on performance conditions
Stephen Bird	Nil-cost option	LTIP[1]	350%	£3,062,500	1,512,121	25%	Award is subject to performance against targets measured over three years as set out on page 107 of the 2022 Annual report and accounts
	Nil-cost option	Deferred Bonus[1]	Not applicable	£330,859	163,363	Not applicable	Not applicable
Jason Windsor	Nil-cost option	2021 Long-Term Incentive Buyout[2]	Not applicable	£289,233	183,024		See 'Chief Financial Officer buyout awards' section below
	Nil-cost option	2022 Long-Term Incentive Buyout[2]		£816,441	516,637		
	Nil-cost option	2023 Long-Term Incentive Buyout[2]		£981,136	620,854		
	Nil-cost option	2021 Bonus Award Buyout (bought-out)[2]	Not applicable	£85,697	54,228		Not applicable
	Nil-cost option	2021 Bonus Award Buyout[2]		£257,860	163,171		
	Nil-cost option	2022 Bonus Award Buyout[2]		£368,545	233,212		
Stephanie Bruce	Nil-cost option	LTIP[1, 3]	200%	£1,076,250	531,402	25%	Award is subject to performance against targets measured over three years as set out on page 107 of the 2022 Annual report and accounts
	Nil-cost option	Deferred Bonus[1]	Not applicable	£122,087	60,281	Not applicable	Not applicable

1. The share price used to calculate the number of shares for the LTIP and Deferred Bonus awards was 202.53 pence (the five-day average price over the five dealing days prior to the grant date of 11 April 2023).
2. The share price used to calculate the number of shares for the Buyout awards was 158.03 pence (the five-day average price over the five dealing days prior to Jason Windsor's date of appointment on 23 October 2023).
3. As set out in the announcement on 12 April 2023, time pro-rating will be applied to the number of shares (if any) over which the Stephanie Bruce's 2023 LTIP award vests by reference to the proportion of the award performance period that had elapsed at her termination date of 31 December 2023.

Chief Financial Officer buyout awards

Jason Windsor was granted buyout awards to compensate for remuneration he forfeited on leaving his previous employer to join abrdn. As set out in the announcement on 6 November 2023, buyout awards granted to replace forfeited awards that were subject to performance conditions remain subject to performance conditions. The relevant proportion of each buyout award will be adjusted to reflect the actual vesting of the relevant forfeited awards they replace.

The following principles were applied in agreeing these buyout awards:

- The buyout awards do not exceed the value of the awards forfeited. A conversion rate was used to calculate the number of abrdn plc shares awarded using the five-day average abrdn plc and Persimmon Plc share prices over the five dealing days prior to Jason Windsor's date of appointment to the Board.
- The vesting timelines of the buyout awards are the same as those which applied to the forfeited awards.
- Buyout awards granted to replace forfeited awards that were subject to performance conditions remain subject to performance conditions. These awards are subject to:
    - o abrdn performance conditions for the proportion of the original performance period for which Jason Windsor is an abrdn employee.
    - o Performance conditions set by his previous employers for the proportion of the original performance period for which Jason Windsor was not an abrdn employee.
- The buyout awards were granted subject to continued employment and the malus and clawback conditions in the Policy approved at the 2023 AGM.

Jason is eligible to receive a buyout award in relation to the potential bonus foregone for the period 1 January to 13 October 2023 as a result of leaving his previous employer. This buyout award will reflect the performance outcome of his previous employer (Persimmon plc) and will be determined by the Remuneration Committee following the publication of the Persimmon plc 2023 Annual report and accounts. Any buyout award will be made 50% in cash and 50% in deferred shares and will be disclosed in the 2024 Annual report and accounts.

For the awards granted in respect of the forfeited Long Term Incentive awards, the following proportion of each award is subject to abrdn / previous relevant employer performance conditions respectively.

Award	Proportion subject to performance conditions set by previous employer[1]	Proportion subject to abrdn performance conditions
2021 Long-Term Incentive Buyout	**93.7% (Aviva performance conditions)**	**6.3% (2021-2023 performance conditions)**
2022 Long-Term Incentive Buyout	**60.3% (Persimmon performance conditions)**	**39.7% (2022-2024 performance conditions)**
2023 Long-Term Incentive Buyout	**26.9% (Persimmon performance conditions)**	**73.1% (2023-2025 performance conditions)**

1. Awards will vest subject to the Remuneration Committee's assessment of the extent to which the original performance conditions set by previous employers would have vested. The assessment will be informed by the previous employers' public disclosures.

Share dilution limits

All share plans operated by the Company which permit awards to be satisfied by issuing new shares contain dilution limits that comply with the guidelines produced by the Investment Association (IA). On 31 December 2023, the Company's standing against these dilution limits was 0.00% where the guideline is no more than 5% in any 10 years under all discretionary share plans in which the executive Directors participate and 0.51% where the guideline is no more than 10% in any 10 years under all share plans.

As is normal practice, there are employee trusts that operate in conjunction with the Executive LTIP, the abrdn Discretionary Plan, the deferred elements of the abrdn plc annual bonus plan, the Aberdeen Asset Management deferred plans and the abrdn all-employee plans. On 31 December 2023, the trusts held 58,344,840 shares acquired to satisfy these awards. Of these shares, 11,469,400 committed to satisfying vested but unexercised option awards. The percentage of share capital held by the employee trusts is 3.17% of the issued share capital of the Company – within the 5% best practice limit endorsed by the IA.

Promoting all-employee share ownership

The Company promotes employee share ownership with a range of initiatives, including:

- The abrdn plc (Employee) Share Plan which allows eligible UK employees (our largest jurisdiction) to buy abrdn plc shares directly from earnings. A similar tax-approved plan is used in Ireland. At 31 December 2023, 1,338 individuals in the UK and Ireland were actively making monthly contributions averaging £74. At 31 December 2023, 1,632 individuals were abrdn plc shareholders through participation in the Plan.
- The Sharesave Plan which was offered in 2023 to eligible employees in the UK. This plan allows UK tax resident employees to save towards the exercise of options over abrdn plc shares with the option price set at the beginning of the savings period at a discount of up to 20% of the market price. At 31 December 2023, 1,472 employees were saving towards one or more of the Sharesave offers.

Executive Directors' service contracts

Service contracts for both executive Directors are not for a fixed term but have notice periods in line with the executive Director's role:

- Six months by the executive Director to the employer.
- Up to 12 months by the employer to the executive Director.

Executive Directors' external appointments

Executive Directors can accept a limited number of external appointments to the boards of other organisations and can retain any fees paid for these services. Stephen Bird and Stephanie Bruce held representative directorships on behalf of the Group during the year. Jason Windsor is a Governor of Felsted School and a Director of Felsted School Trustees Limited. The executive Directors received no fees for their external appointments in 2023. Significant external positions held during the year are set out below.

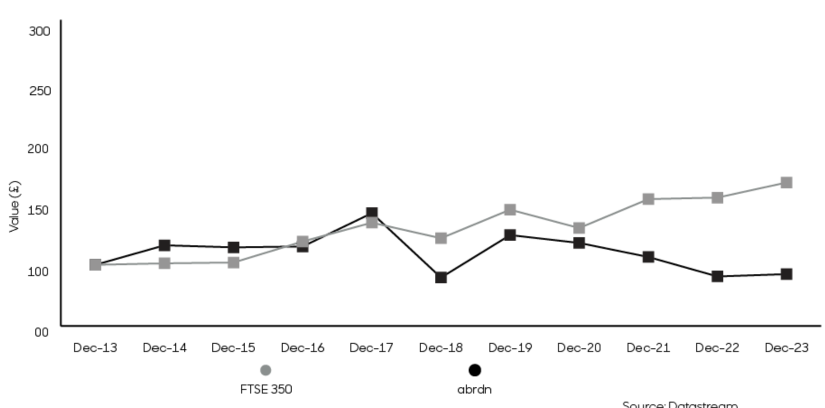
Executive Director	Role and Organisation	2023 Fees
Stephen Bird	Member of the Financial Services Growth & Development Board[1]	**£nil**
	Board member at the Investment Association[2]	**£nil**
	Member of the President's Committee for the Confederation of British Industry[3]	**£nil**
	Member of the Lord Mayor's Strategic Advisory Board for the Finance for Growth Project[4]	**£nil**

1. Appointed on 17 January 2022.
2. Appointed on 27 April 2022.
3. Appointed on 3 February 2023.
4. Appointed on 18 April 2023.

Executive Directors' remuneration in context

Pay compared to performance

The graph shows the difference in the total shareholder return at 31 December 2023 if, on 1 January 2014, £100 had been invested in abrdn plc and in the FTSE 350 respectively. It is assumed dividends are reinvested in both. The FTSE 350 has been chosen as abrdn plc has been a member of this index for the full 10-year period.



The following table shows the single figure of total remuneration for the Director in the role of Chief Executive Officer for the same 10 financial years as shown in the graph above. Also shown are the annual incentive awards and LTIP awards which vested based on performance in those years.

Year ended 31 December	Chief Executive Officer	Chief Executive Officer single total figure of remuneration (£000s)	Bonus outcome/ annual incentive rates against maximum opportunity (%)	Long-term incentive plan vesting rates against maximum opportunity (%)
2023	**Stephen Bird**	**2,143**	**35.92**	**18.75**
2022	Stephen Bird	1,696	30.25	–
2021	Stephen Bird	2,795	80.5	–
2020	Stephen Bird	1,044	48	–
	Keith Skeoch	1,075	48	–
2019[1]	Keith Skeoch	1,050	9	–
2018[1,2]	Keith Skeoch	814	10	–
	Martin Gilbert	814	10	–
2017[2]	Keith Skeoch	3,028	82	70
	Martin Gilbert	1,317	56	–
2016	Keith Skeoch	2,746	81	31.02
2015	Keith Skeoch	1,411	87	40.77
2015	David Nish	2,143	90	40.77
2014	David Nish	6,083	95	100

1. The outcome has been updated to reflect the EIP vesting.
2. Co-CEOs.

Relative importance of spend on pay

The following table compares what the Company spent on employee remuneration to what is paid in the form of dividends to the Company's shareholders. Also shown is the Company's adjusted profit before tax which is provided for context as it is one of our key performance measures:

	2023	% change	2022
Remuneration payable to all Group employees (£m)[1]	**529**	**-4%**	549
Dividends paid in respect of financial year (£m)	**267**	**-9%**	295
Share buybacks and return of capital (£m)	**302**	**0%**	302
Adjusted profit before tax (£m)	**330**	**30%**	253

1. In addition, staff costs and other employee related costs of £78m (2022: £88m) and £4m (2022: £11m) are included in restructuring and corporate transaction expenses and in cost of sales respectively. See Note 6 of the Group financial statements for further information.

Annual percentage change in remuneration of Directors compared to UK based employees

The table below shows the percentage year-on-year change in salary, benefits and annual bonus in the relevant year for the executive Directors, along with any percentage change in fees for the non-executive Directors, compared to the average Group employee. Year-on-year movement on base salaries or Director fees is primarily attributable to part-year appointment changes.

		% Base salary/fee				Annual bonus outcome				% Benefits[1]			
		2023	**2022**	**2021**	**2020**	**2023**	**2022**	**2021**	**2020**	**2023**	**2022**	**2021**	**2020**
Executive Directors	Stephen Bird	**-**	–	100%	–	**19%**	-62%	234%	–	**-**	–	–	–
	Jason Windsor[2]	**-**	–	–	–	**-**	–	–	–	**-**	–	–	–
	Stephanie Bruce[3]	**-64%**	–	–	74%	**-58%**	-62%	69%	54%	**-100%**	–	–	100%
Non-executive Directors[4,5]	Sir Douglas Flint	**-**	–	–	–	**-**	–	–	–	**-**	–	–	–
	Jonathan Asquith	**-**	–	–	202%	**-**	–	–	–	**-**	–	–	–
	Catherine Bradley	**20%**	–	–	–	**-**	–	–	–	**-**	–	–	–
	John Devine	**-**	6%	-3%	-2%	**-**	–	–	–	**-**	-100%	–	-100%
	Hannah Grove	**21%**	334%	–	–	**-**	–	–	–	**-**	–	–	–
	Pam Kaur	**72%**	–	–	–	**-**	–	–	–	**-**	–	–	–
	Brian McBride	**-69%**	-13%	59%	–	**-**	–	–	–	**-**	–	–	–
	Michael O'Brien	**72%**	–	–	–	**-**	–	–	–	**-**	–	–	–
	Cathleen Raffaeli	**1%**	10%	–	–	**-**	–	–	–	**-**	–	–	-100%
	Group employees[6]	**5.4%**	–	–	2.5%	**-20%**	-47%	50%	-52.5%	**-**	–	–	17%

1. The change in benefits figures for employees (including executive Directors) are based on the change in medical premium paid by the Group on their behalf. Benefits do not include pension contributions for these purposes.
2. Jason Windsor was appointed to the Board effective 23 October 2023. Therefore, there are no prior years' remuneration figures to use for comparison.
3. Stephanie Bruce stepped down from the Board effective 11 May 2023. 2023 remuneration figures for Stephanie used for the purposes of year-on-year comparison reflect amounts paid until the date on which she stepped down from the Board.
4. Remuneration for non-executive Directors and the Chairman is disclosed on page 131.
5. Brian McBride stepped down from the Board effective 10 May 2023. Catherine Bradley was appointed to the Board effective 4 January 2022 and Pam Kaur and Michael O'Brien were appointed to the Board effective 1 June 2022. See the single total figure of remuneration – non-executive Directors table on page 131 for more detail on differences in year-on-year remuneration.
6. Disclosure is made on the basis of the period 1 April 2022 to 1 April 2023.

How pay was set across the wider workforce in 2023

Our principles for setting pay across the wider workforce are consistent with those for our executive Directors, in that the proportion of the remuneration package which is linked to performance increases for more senior roles within the Company as responsibility and accountability increase.

Base salaries are targeted at an appropriate level in the relevant markets in which the Group competes for talent. The Remuneration Committee considers the base salary percentage increases for the Group's broader UK and international employee populations when determining any annual salary increases for the executive Directors. In 2023, Group-wide pay was determined with a focus on factors such as individual skills and experience and position relative to market. Having considered the market position of our executive Director pay, the Remuneration Committee determined that there was limited scope to make any adjustment and, therefore, no increases were applied in 2023.

The eligibility criteria for participation in variable pay plans is set so that more senior individuals have a greater proportion of their pay linked to performance. For roles where variable remuneration eligibility is retained, our clear approach is designed to support and reward performance at a Company, team and individual level. Performance related variable remuneration includes deferred variable compensation at a suitable level for the employee's role, ensuring a performance link over a longer time horizon than a single year. Variable remuneration for employees, including executive Directors, is determined as a total pool which is distributed across the business based on the performance of each business line and function. Individuals are then considered for a bonus payment on the basis of their individual performance objectives and goals, taking into account conduct.

The Group operates a Compensation Committee comprising the Chief People Officer (Chair), Chief Financial Officer and Chief Risk Officer, the role of which is to consider the implementation of the remuneration policy across the Group. The terms of reference of the Compensation Committee are set by the Remuneration Committee and the Chair of the Compensation Committee formally reports to the Remuneration Committee on all matters which fall within the Compensation Committee's remit.

Pay ratio

The table below sets out the ratio of CEO pay to the median, 25th and 75th percentile total remuneration of full-time equivalent UK employees. We have identified the relevant employees for comparison using our gender pay gap data set

(snapshot data from 5 April 2023), referred to as Methodology B in the legislation. This was chosen by the Remuneration Committee as it utilised a data set which had already been processed and thoroughly reviewed and this enabled timely reporting for disclosure purposes. Some employing entities are excluded from the gender pay gap calculation in line with the regulations due to the number of individuals employed by these entities being less than 250. The Remuneration Committee considered this would not have a material impact on the outcome of the pay ratio calculation given the limited number of individuals this excludes, relative to the total population being captured, and the range of the remuneration for those excluded individuals, which was spread across quartiles.

The remuneration paid to each of the individuals identified under methodology B was reviewed against other individuals within the quartile both above and below. The individuals identified at the 50th and 75th percentiles had been promoted in the year; therefore, the next identified individuals were selected. Benefits figures were based on the medical premium paid by the Company on behalf of employees.

The ratio has increased from 2022, which reflects the fact that the CEO has a greater level of remuneration at risk which is dependent on Company performance; based on both financial and non-financial performance in 2023, the bonus for the CEO paid out at 35.92% of maximum, compared to 30.25% of maximum in 2022 and the LTIP vested at 18.75% of maximum in 2023 compared to it lapsing in its entirety in 2022. External market conditions have been challenging for abrdn in recent years and this has heavily impacted both executive and employee pay outcomes. By design, there are differences in the priorities which drive how these two populations are remunerated; as a result, their relative experiences can be different.

The Remuneration Committee is comfortable that the pay ratio reflects the pay and progression policies and Remuneration Philosophy across the Company as set out above. Further detail on the make up of workforce pay is set out below.

	Year	Method	25th percentile	50th percentile	75th percentile
Stephen Bird	**2023**	**Option B**	**39**	**27**	**19**
Stephen Bird	2022	Option B	35	25	16
Stephen Bird	2021	Option B	62	45	25
Stephen Bird/Keith Skeoch	2020	Option B	49	30	18
Keith Skeoch	2019	Option B	34	23	13
Keith Skeoch	2018	Option B	30	19	12

	Base salary (£000s)	Total pay (£000s)
CEO remuneration	**875**	**2,143**
25th percentile employee	**46**	**55**
50th percentile employee	**66**	**78**
75th percentile employee	**80**	**113**

Remuneration for non-executive Directors and the Chairman

Single total figure of remuneration – non-executive Directors (audited)

The following table sets out the single total figure of remuneration for each of the non-executive Directors who served as a Director at any time during the financial year ending 31 December 2023. Non-executive Directors do not participate in bonus or long-term incentive plans and do not receive pension funding.

Non-executive Directors		Fees for year ended 31 December £000s	Taxable benefits in year ended 31 December £000s	Total remuneration for the year ended 31 December £000s
Sir Douglas Flint[1]	**2023**	**475**	**–**	**475**
	2022	475	–	475
Jonathan Asquith	**2023**	**139**	**–**	**139**
	2022	139	–	139
Catherine Bradley[2]	**2023**	**131**	**–**	**131**
	2022	109	–	109
John Devine	**2023**	**131**	**–**	**131**
	2022	131	–	131
Hannah Grove[3]	**2023**	**159**	**–**	**159**
	2022	126	–	126
Pam Kaur[4]	**2023**	**109**	**–**	**109**
	2022	63	–	63
Brian McBride[5]	**2023**	**33**	**–**	**33**
	2022	105	–	105
Michael O'Brien[4]	**2023**	**109**	**–**	**109**
	2022	63	–	63
Cathleen Raffaeli[6]	**2023**	**166**	**–**	**166**
	2022	164	–	164

1. Sir Douglas Flint is eligible for life assurance of 4x his annual fee. This is a non-taxable benefit.
2. Catherine Bradley was appointed to the Board effective 4 January 2022, appointed to the Nomination and Governance Committee and as Chair of the Audit Committee effective 18 May 2022 and appointed to the Risk and Capital Committee effective 1 October 2022.
3. The subsidiary Board fees for a member of the Standard Life Savings Limited and Elevate Portfolio Services Limited Boards increased from £37,500 to £50,000 p.a. effective 1 August 2023. Total fees include subsidiary Board fees of £50,000 p.a. (previously £37,500 p.a.) as a member of the Standard Life Savings Limited and Elevate Portfolio Services Limited Boards and Board Employee Engagement fee of £15,000 p.a. Hannah Grove was also appointed to the Remuneration Committee effective 1 October 2022.
4. Pam Kaur and Michael O'Brien were appointed to the Board and the Audit and Risk and Capital Committees effective 1 June 2022.
5. Brian McBride stepped down from the Board effective 10 May 2023.
6. The subsidiary Board fees as Chair of the Standard Life Savings Limited and Elevate Portfolio Services Limited Boards increased from £55,000 p.a. to £60,000 p.a. effective 1 August 2023.Total fees include subsidiary Board fees of £60,000 p.a. (previously £55,000 p.a.) as Chair of the Standard Life Savings Limited and Elevate Portfolio Services Limited Boards.

The non-executive Directors, including the Chairman, have letters of appointment that set out their duties and responsibilities. The key terms are set out in the Policy which can be found in the 2022 Annual report and accounts on pages 120 - 130. The service agreements/letters of appointment for Directors are available to shareholders to view on request from the Company Secretary at the Company's registered address (which can be found in the Shareholder information section) and will be accessible for the 2024 AGM. Details of the date of appointment to the Board and date of election by shareholders are set out below:

Chairman/ non-executive Director	Initial appointment to the Board	Initial election by shareholders
Chairman		
Sir Douglas Flint	1 November 2018	AGM 2019
Senior Independent Director		
Jonathan Asquith	1 September 2019	AGM 2020
Non-executive Directors		
Catherine Bradley	4 January 2022	AGM 2022
John Devine	4 July 2016	AGM 2017
Hannah Grove	1 September 2021	AGM 2022
Brian McBride	1 May 2020	AGM 2020
Cathleen Raffaeli	1 August 2018	AGM 2019
Pam Kaur	1 June 2022	AGM 2022
Michael O'Brien	1 June 2022	AGM 2022

Implementation of policy for non-executive Directors in 2024

The following table sets out abrdn non-executive Director fees to be paid in 2024. Fees for 2024 remain at the current level.

Role	2024 fees	2023 fees
Chairman's fees[1]	**£475,000**	£475,000
Non-executive Director fee[2]	**£73,500**	£73,500
Additional fees:		
Senior Independent Director	**£25,000**	£25,000
Chair of the Audit Committee	**£30,000**	£30,000
Chair of the Risk and Capital Committee	**£30,000**	£30,000
Chair of the Remuneration Committee	**£30,000**	£30,000
Committee membership (Audit, Risk and Capital and Remuneration Committees)	**£17,500**	£17,500
Committee membership (Nomination Committee)	**£10,000**	£10,000
Employee engagement	**£15,000**	£15,000

1. The Chairman's fees are inclusive of the non-executive Directors' core fees and no additional fees are paid to the Chairman where he chairs, or is a member of, other committees/boards. The Chairman is eligible to receive life assurance, which is a non-taxable benefit.
2. For non-executive Directors, individual fees are constructed by taking the core fee and adding extra fees for being the Senior Independent Director, chair or member of committees and/or subsidiary boards where a greater responsibility and time commitment is required.

Non-executive Directors' interests in shares (audited)

The following table shows the total number of abrdn plc shares held by each of the non-executive Directors and their connected persons:

	Total number of shares owned at 1 January 2023 or date of appointment if later	Shares acquired during the period 1 January 2023 to 31 December 2023	Total number of shares owned at 31 December 2023 or date of cessation if earlier
Sir Douglas Flint	**200,000**	**-**	**200,000**
Jonathan Asquith	**153,714**	**52,150**	**205,864**
Catherine Bradley	**12,181**	**-**	**12,181**
John Devine	**28,399**	**24,514**	**52,913**
Hannah Grove	**33,000**	**-**	**33,000**
Pam Kaur	**-**	**-**	**-**
Brian McBride[1]	**-**	**-**	**-**
Michael O'Brien	**-**	**173,780**	**173,780**
Cathleen Raffaeli	**9,315**	**-**	**9,315**

1. Stepped down from the Board effective 10 May 2023.

Sir Douglas Flint, as Chairman, is subject to a shareholding guideline of 100% of the value of his annual fee in abrdn plc shares to be reached within four years of appointment. The total investment cost of Sir Douglas Flint's shareholding was £495k, equivalent to 104% of his annual fee.

The Remuneration Committee

Membership
During 2023, the Remuneration Committee was made up of independent non-executive Directors. For their names, the number of meetings and committee member attendance during 2023, please see the table on page 96.

The role of the Remuneration Committee
To consider and make recommendations to the Board in respect of the total remuneration policy across the Company, including:
- Rewards for the executive Directors, senior employees and the Chairman.
- The design and targets for any employee share plan.
- The design and targets for annual cash bonus plans throughout the Company.
- Changes to employee benefit structures (including pensions) throughout the Company.

The Remuneration Committee's work in 2023

- 2022 Directors' remuneration report and Policy.
- Approve performance for the 2022 bonus targets and 2020 LTIP targets.
- Set 2023 annual bonus scorecard targets and 2023 LTIP targets.
- Updates from the Risk and Audit Committees on relevant matters for the Committee's consideration when determining pay outcomes.
- Approve Stephanie Bruce's exit remuneration arrangements.
- Review remuneration outcomes for executive Directors and the Material Risk Taker population.
- Review and update the Group Remuneration Policy to reflect regulatory changes.

- Approve Jason Windsor's remuneration package.
- Update on external market trends.
- Review regulatory remuneration disclosures and documentation.
- Agree pay ratios with regard to the relevant regulations.
- Remuneration decisions for senior employees within the Remuneration Committee's remit.

- Mid-year review of performance against targets for annual bonus and in-flight LTIP awards for the executive Directors.
- Update the Remuneration Committee and Compensation Committee's Terms of Reference.

- Review gender pay gap data.
- Review Group Remuneration Policy for 2024 implementation.
- Review bonus pool allocation principles and approve overall funding.
- Review 2023 remuneration proposals.

At various points throughout the year the Remuneration Committee also:
- Made remuneration decisions for the executive leadership team and other senior employees within the Remuneration Committee's remit, including approving the design of one-off incentive plans linked to transformation projects.
- Received updates relating to regulatory changes and market best practice.
- Reviewed minutes of subsidiary Committee meetings and their governance documents.

External advisers
During the year, the Remuneration Committee took advice from PwC LLP (a member of the Remuneration Consultants Group (RCG)) who were appointed by the Remuneration Committee after a retender process was conducted in 2022, as disclosed in the 2022 Annual report and accounts on page 118. As PwC LLP is a member of the RCG, the Remuneration Committee is satisfied that the advice given from PwC LLP during the year was objective and independent. The remuneration advisors do not have connections with abrdn that might impair their independence.

A representative from our external adviser attends, by invitation, all Remuneration Committee meetings to provide information and updates on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. Outside the meetings, the Remuneration Committee's Chair seeks advice on remuneration matters on an ongoing basis. As well as advising the Remuneration Committee, PwC LLP also provided tax, accounting support, risk management, consultancy and assurance services to the Company during the year.

Fees paid to PwC LLP during 2023 for professional advice to the Remuneration Committee were £130,250.

Where appropriate, the Remuneration Committee receives input from the Chairman, Chief Executive Officer, Chief Financial Officer, Chief People Officer, Global Head of Reward and the Chief Risk Officer. This input never relates to their own remuneration. The Remuneration Committee also receives input from the Risk and Capital Committee and the Audit Committee.

Remuneration Committee effectiveness

The Remuneration Committee reviews its remit and effectiveness each year. Following the externally facilitated review in 2022, the 2023 review was conducted internally, on behalf of the Board, by the Company Secretary. As part of the review the views of the Board were sought on the performance of the Remuneration Committee and how Directors felt they were updated on its activities following each meeting. This was supplemented by any matters a Director wished to raise as part of their year-end 1:1 discussion with the Chairman.

The review concluded that the Remuneration Committee continued to operate effectively during 2023 with no material issues or concerns raised. The main areas in which the Remuneration Committee looked to see continued improvement in 2024 were in relation to the insight and brevity of materials presented and avoiding duplication across agendas of this Committee and others. More information about the process involved, and its outcomes, can be found on page 94.

Shareholder voting

We remain committed to ongoing shareholder dialogue and take an active interest in voting outcomes.

The Policy was last subject to a vote at the 2023 AGM on 10 May 2023 and the following table sets out the outcome.

Policy 2023 AGM	For	Against	Withheld
% of total votes	94.29%	5.71%	
No. of votes cast	675,020,934	40,860,480	189,168,584

The Directors' remuneration report was subject to a vote at the 2023 AGM on 10 May 2023 and the following table sets out the outcome.

2022 Directors' remuneration report	For	Against	Withheld
% of total votes	93.76%	6.24%	
No. of votes cast	666,444,586	44,325,192	194,280,220

Directors' report

The Directors present their annual report on the affairs of the abrdn group of companies (the Group), together with the audited International Financial Reporting Standards (IFRS) consolidated financial statements for the Group, financial information for the Group and financial statements for abrdn plc (the Company) for the year ended 31 December 2023.

For clarity, some of the matters that would otherwise have been included in the Directors' report have been included in the Strategic report on pages 2 to 79, as the Board considers they fit better within that report. Specifically, these are:

- Future business developments.
- Risk management.
- Our approach to managing, and reporting, on our global greenhouse gas emission impact(s).
- Information on how the Directors have had regard for the Company's stakeholders (also covered in the Corporate governance statement on pages 88 and 89).
- Information on our people including employee engagement, diversity and inclusion, and talent and reward (details of the Board's diversity statement can be found in the Corporate governance statement on page 92).

Reporting for the year ended 31 December 2023

During 2023, the Group operated primarily in the UK, rest of Europe, Asia and the Americas. More information about the relevant activities of the Company's principal subsidiary undertakings are in the Strategic report on pages 2 to 79.

The Chief Executive Officer's overview in the Strategic report outlines the main trends and factors likely to affect the future development, performance and position of the Group. Reviews of the operating and financial performance of the Group for the year ended 31 December 2023 are also given in the Strategic report.

The Chair's statement, the Directors' responsibility statement and the Corporate governance statement form part of this Directors' report. The Corporate governance statement on pages 86 to 134 is submitted by the Board.

The results of the Group are presented in the Group financial statements on pages 160 to 270. A detailed description of the basis of preparation of the IFRS results (including adjusted profit) is set out in the Group financial statements section. The Group uses derivative financial instruments in the normal course of its business and information covering these instruments and related financial risk management matters can be found in Note 18 and Note 34 to the Group financial statements. These notes are incorporated into this report by reference.

This report forms part of the management report for the purposes of the Disclosure Guidance and Transparency Rules (DTR 4.1.8R) of the Financial Conduct Authority (FCA).

Dividends

The Board recommends paying a final dividend for 2023 of 7.30p per ordinary share. This will be paid on 30 April 2024 to shareholders whose names are on the register of members at the close of business on 15 March 2024, subject to shareholder approval at the 2024 AGM.

The total payment is estimated at £130m for the final dividend and together with the interim dividend of 7.30p per share totalling £137m paid on 26 September 2023, the total dividend for 2023 will be 14.60p per share (2022: 14.60p) totalling £267m (2022: £295m).

Share capital

The Company's issued share capital as at 31 December 2023 comprised a single class of ordinary share. Full details of the Company's share capital, including movements in the Company's issued ordinary share capital during the year, are in Note 24 to the Group financial statements, which is incorporated into this report by reference. An analysis of registered shareholdings by size, as at 31 December 2023, can be found in the Shareholder information section on page 303.

On 5 June 2023, the Company announced the commencement of a share buyback programme of the Company's ordinary shares up to a maximum aggregate consideration of £150m. On 8 August 2023, the Company extended the programme such that the maximum consideration was increased from £150m to £300m. The purpose of this programme was to return value to shareholders, reduce the share capital of the Company and increase the earnings per share as a result. A share buyback was considered the most efficient method to achieve this. All shares purchased have been cancelled. In total 161,153,949 shares were cancelled through this programme.

As at 31 December 2023, there were 1,840,740,364 ordinary shares in issue held by 85,184 registered members. The abrdn Share Account (the Company-sponsored nominee) held 629,199,041 of those shares on behalf of 872,299 participants. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Between 1 January 2023 and the date this report was signed, the Company received the following notification in respect of major shareholdings and major proportions of voting rights in accordance with the Disclosure Guidance and Transparency Rules of the FCA:

Shareholder	Date of transaction	Type of transaction	Number of voting rights following the transaction	Percentage of voting rights following the transaction
Blackrock Inc	17 March 2023	Disposal of voting rights	197,569,201	9.85%
Blackrock Inc	31 August 2023	Disposal of voting rights	139,928,114	7.25%

In accordance with the terms of the abrdn Employee Trust (formerly named the Standard Life Employee Trust) Deed, the trustees waived all entitlements to current or future dividend payments for shares they hold.

Similarly, in accordance with the terms of The Aberdeen Asset Management Employee Benefit Trust 2003 and The abrdn Employee Benefit Trust 2019 (formerly named the Standard Life Aberdeen Employee Benefit Trust 2019), the trustees waived all entitlements to current or future dividend payments for shares they hold other than dividends payable on any shares held by the trustee as nominee for any other person.

The trustees of the abrdn plc (Employee) Share Plan voted the appropriate shares in accordance with any instructions received from participants in the plan.

Restrictions on the transfer of shares and securities

Except as listed below, there are no specific restrictions on the size of a holding or on the transfer of shares. Both are governed by the general provisions of the Company's articles of association (the Articles) and current legislation and regulation. There are no restrictions on voting rights.

A copy of the Articles can be obtained from Companies House or by writing to the Company Secretary at our registered address (details of which can be found in the Contact us section). The Articles may only be amended by a special resolution passed by the shareholders.

The Articles are on our website at www.abrdn.com/annualreport

The Board may decline to register the transfer of:
- A share that is not fully paid.
- A certificated share, unless the instrument of transfer is duly stamped or duly certified and accompanied by the relevant share certificate or other evidence of the right to transfer, is in respect of only one class of share and is in favour of a sole transferee or no more than four joint transferees.
- An uncertificated share, in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and, in the case of a transfer to joint holders, where the number of joint holders to whom the share is to be transferred does not exceed four.
- A certificated share by a person with a 0.25 per cent interest (as defined in the Articles) in the Company, if that person has been served with a restriction notice under the Articles, after failing to provide the Company with information about interests in those shares as set out in the Companies Act 2006 (unless the transfer is shown to the Board to be pursuant to an arm's length sale under the Articles).

These restrictions are in line with the standards set out in the FCA's Listing Rules and are considered to be standard for a listed company.

The Directors are not aware of any other agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Rights attached to shares

Subject to applicable statutes, any resolution passed by the Company under the Companies Act 2006 and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may decide by ordinary resolution, or (if there is no such resolution or if it does not make specific provision) as the Board may decide. Subject to the Articles, the Companies Act 2006 and other shareholders' rights, unissued shares are at the disposal of the Board.

Every member and duly appointed proxy present at a general meeting or class meeting has one vote on a show of hands, provided that where a proxy is appointed by more than one shareholder entitled to vote on a resolution and is instructed by one shareholder to vote 'for' the resolution and by another shareholder to vote 'against' the resolution, then the proxy will be allowed two votes on a show of hands – one vote 'for' and one vote 'against'. On a poll, every member present in person or by proxy has one vote for every share they hold. For joint shareholders, the vote of the senior joint shareholder who tenders a vote, in person or by proxy, will be accepted and will exclude the votes of the other joint shareholders. For this purpose, seniority is determined by the order that the names appear on the register of members for joint shareholders.

A member will not be entitled to vote at any general meeting or class meeting in respect of any share they hold if any call or other sum then payable by them for that share remains unpaid or if they have been served with a restriction notice (as defined in the Articles) after failing to provide the Company with information about interests in those shares required to be provided under the Companies Act 2006.

The Company may, by ordinary resolution, declare dividends up to the amount recommended by the Board. Subject to the Companies Act 2006, the Board may also pay an interim dividend, and any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses that arise from paying interim or fixed dividends on other shares.

The Board may withhold payment of all or part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25 per cent interest (as defined in the Articles) if that person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information about interests in those shares, which is required under the Companies Act 2006.

Subject to the Companies Act 2006, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares held as treasury shares). These rights can also be varied with the approval of a special resolution passed at a separate general meeting of the holders of those shares. At every separate general meeting (except an adjourned meeting) the quorum shall be two persons holding, or representing by proxy, not less than one-third in nominal

value of the issued shares of the class (calculated excluding any shares held as treasury shares).

A shareholder's rights will not change if additional shares ranking *pari passu* with their shares are created or issued – unless this is expressly provided in the rights attaching to their shares.

Power to purchase the Company's own shares

At the 2023 Annual General Meeting (AGM), shareholders granted the Directors limited powers to:

- Allot ordinary shares in the Company up to a maximum aggregate amount of £140,209,795.
- Disapply, up to a maximum total nominal amount of £60,981,469 of its issued ordinary share capital, shareholders' pre-emption rights in respect of new ordinary shares issued for cash.
- Make market purchases of the Company's ordinary shares up to a maximum of 300,083,639 of its issued ordinary shares which represented 14.99% of the share capital at the time.

During 2023, under the authority granted at the 2023 AGM, the Company purchased 161,153,949 of its ordinary shares of 13 $^{61}/_{63}$ pence each, paying an aggregate amount of £299,999,999. As at 31 December 2023, the percentage of share capital represented by these purchased shares was approximately 9%.

Significant agreements

Certain significant agreements to which the Company, or one of its subsidiaries, is party entitle the counterparties to exercise termination or other rights in the event of a change of control of the Company. These agreements are noted in the paragraphs below.

Credit Facility

Under a £400m revolving credit facility between the Company and the banks and financial institutions named therein as lenders (Lender) dated 12 February 2021 (the Facility), in the event that any persons or group of persons acting in concert, gain control of the Company, then any Lender may elect within a prescribed time frame to cancel its outstanding commitment under the Facility and declare its participation in all outstanding loans, together with accrued interest and all amounts accrued, immediately due and payable, whereupon the commitment of that Lender under the Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

China

Under a joint venture agreement dated 12 October 2009 (as amended) between the Company and Tianjin TEDA International Holding (Group) Co. Limited (TEDA), pursuant to which the Company holds its interest in Heng An Standard Life Insurance Company Limited (Heng An Standard Life), upon a change of control of the Company, TEDA has the right to terminate the venture and to purchase, or nominate a third party to purchase, the Company's shares in Heng An Standard Life for a price determined in accordance with the agreement.

Other agreements

A number of other agreements contain provisions that entitle the counterparties to exercise termination or other rights in the event of a change of control of the Company. However, these agreements are not considered to be significant in terms of their likely impact on the business of the Group as a whole.

The Directors are not aware of any agreements with any employee that would provide compensation for loss of office or employment resulting from a takeover. The Company also has no agreement with any Director to provide compensation for loss of office or employment resulting from a takeover.

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Articles, the Companies Act 2006, the UK Corporate Governance Code and related legislation.

Brian McBride stepped down from the Board on 10 May 2023 and Stephanie Bruce stepped down on 11 May 2023.

As announced, Catherine Bradley will not stand for re-election at the 2024 AGM on 24 April 2024 and will stand down from the Board from that date.

All remaining Directors as at the date of the 2024 AGM, will retire and stand for election or re-election.

The powers of the Directors can also be found in the Articles.

Directors and their interests

The Directors who served during the year, and up to the date the report was signed were:

Sir Douglas Flint (Chair)	John Devine
Stephen Bird	Hannah Grove
Stephanie Bruce[2]	Pam Kaur
Jason Windsor[3]	Brian McBride[1]
Jonathan Asquith	Michael O'Brien
Catherine Bradley	Cathi Raffaeli

1. Retired 10 May 2023.
2. Retired 11 May 2023
3. Appointed 23 October 2023.

Biographies of the current Directors can be found on pages 82 to 85.

Details of the Directors' interests in the Company's ordinary shares, the abrdn plc (Employee) Share Plan, the abrdn Sharesave Plan and the share-based discretionary plans are set out in the Directors' remuneration report together with details of the executive Directors' service contracts and non-executive Directors' appointment letters.

No Director has any interest in the Company's listed debt securities or in any shares, debentures or loan stock of the Company's subsidiaries. No Director has any material interest in any contract with the Company or a subsidiary undertaking which was significant in relation to the Company's business, except for the following:
- The benefit of a continuing third party indemnity provided by the Company (in accordance with company law and the Articles).
- Service contracts between each executive Director and subsidiary undertakings (Aberdeen Corporate Services Limited and abrdn Holdings Limited).

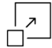
Copies of the following documents can be viewed at the Company's registered office (details of which can be found in the Contact us section) during normal business hours (9am to 5pm Monday to Friday) and are available for inspection at the Company's AGM:
- The Directors' service contracts or letters of appointment.
- The Directors' deeds of indemnity, entered into in connection with the indemnification of Directors provisions in the Articles.
- The rules of the abrdn plc Executive Long-Term Incentive Plan.
- The rules of the abrdn plc Deferred Share Plan.
- The Company's Articles.

Directors' liability insurance

During 2023, the Company maintained directors' and officers' liability insurance on behalf of its Directors and officers to provide cover should any legal action be brought against them. The Company also maintained pension trustee liability indemnity policies (which includes third party indemnity) for the boards of trustees of the UK and Irish staff pension schemes where required to do so.

Our people

Our people are central to delivering our strategy, and we are focused on helping them thrive.



More on our people strategy can be found in the Strategic report section of this report.

Communicating with and engaging employees

In 2022 we set out to redefine our culture at abrdn, which supports the delivery of our purpose and strategy. This involved looking across the business to understand what our colleagues feel proud of and reflecting on what our clients need from us. Our Commitments were the output of this work.

During 2023 we have focussed on integrating our commitments into every stage of colleague experience, supported by powerful storytelling and robust feedback mechanisms. Our objective was to create an environment where colleagues feel empowered to speak up, where we are ambitious in what we do, but also transparent in how we go about it, ensuring we enable our clients to be better investors. We have been focussed on taking actions to improve transparency, communication, and recognition across the organisation, with a series of engagement programmes. We continue to intentionally focus on building a tone of openness and honesty where we talk to our people, hear their questions and respond in real time. Colleagues come together regularly in our all-colleague 'Let's Hear It' events to hear directly from the ELT, have their say and get their questions answered. In 2023 we rolled out 'Engage', a new technology tool enabling colleagues to have direct and open communication with each other and leadership teams across the business. We inform and engage colleagues on key topics through a regular drum beat of messaging, from strategy and external context, to day-to-day activity that supports our business.

We listen closely to our colleagues – via our regular Pulse surveys and anecdotal feedback - continuously shaping our activity. Colleague recognition has been a focus in 2023. We launched our in-house 'abrdn awards' this year in line with our culture Commitments, building greater momentum and supporting positive change. Colleagues have the opportunity to be recognised for excellence and contribution both to abrdn and our clients and for the work they do in their wider communities and with charities they support outside the organisation. Our 'Praise Board' has also been well used this year, with thousands of colleagues taking time out to nominate colleagues and provide 'in the moment' recognition for their peers and teams for the great work they are doing. We continue to support our performance culture – guiding leaders and colleagues through meaningful conversations, as well through our mid and end of year reviews. This includes a goal aligned to our culture Commitments, where every colleague globally sets a goal directly related to their role in making abrdn a great place to work.

Diversity, equity and inclusion

Disability statement

We have specific policies to ensure that colleagues with disabilities face no discrimination or obstacles in relation to job applications, training, promotion and career development. Reasonable adjustments are also made to train and enable employees who become disabled to allow them to continue and progress in their career.

In 2023 abrdn became a Disability Confident employer under the UK Government's scheme. Although we had always offered candidates the ability to make adjustments they needed to our recruitment process for their disability, by joining this scheme we further committed to visibly removing barriers for people with disabilities. We revised the diversity statement on our interview letters and templates to include specific wording and guidance for candidates with a disability or who are neurodivergent.

DEI policy, how it is implemented, progress made against it

To complement the Board's formal diversity statement **www.abrdn.com/corporate/about-us/governance**, the executive leadership team put in place a Global Diversity, Equity and Inclusion policy in 2019 **www.abrdn.com/corporate/about-us/diversity-and-inclusion** It affirms that diversity, equity and inclusion remain as fundamental pillars supporting all our decisions. We have always considered diversity in the broadest sense – all the ways we differ and are similar; both our visible and invisible characteristics, as well as how we think, how we work, and the experience we bring. By valuing a diverse and inclusive workplace, we enable and empower our people to be themselves and deliver the best possible outcomes for our clients and customers.

We are making good progress against our DEI objectives and are focused on building on this because we know there is more to do at abrdn and across our industry. Our 2023 Sustainability and TCFD report describes our progress, priorities, and additional detail against out DEI objectives. Our 2023 report can be found on our website at **www.abrdn.com/en-gb/corporate/corporate-sustainability** Progress against our diversity, equity and inclusion framework is reviewed twice a year by the Nomination and Governance Committee.

Gender representation

Gender Diversity	31 December 2023	Target by 2025
Women at plc Board	40% (4 of 10)	40% women | 40% men | 20% any gender
Women in senior leadership[1]	34% (33 of 96)	40% women | 40% men | 20% any gender
Women in global workforce[2]	43% (2049 of 4742)	50% (+/- 3% tolerance)

1. Relates to leaders one and two levels below the Chief Executive Officer, including Company Secretary, excluding administration roles, and individuals on garden leave.
2. 63 colleagues without gender data on our people system are excluded from the headcount data.

Ethnicity recommendations

As evidence of our commitment to ethnic diversity, we introduced an ethnicity target for the first time which took effect on 1 January 2021, following the recommendations of the Sir John Parker review. Since 2019 we have met the recommendation to have at least one Board member who identifies as ethnic minority. The Board Charter mandates appointments to be based on merit, with due consideration given to the Board's gender and ethnicity balance.

Sustainability

The commercial aims of our business are linked to its environmental, social and governance responsibilities. More details about how we aim to run the business sustainably can be found throughout the Strategic report. The non-financial information statement on page 57 summarises where key information on the approach can be found. For details of greenhouse gas emissions, please see pages 46 and 47.

Political donations

The Company has a long-standing policy of not making political donations. The Company has limited authorisation from shareholders to make political donations and incur political expenditure. This is requested as a precaution against any inadvertent breach of political donations legislation. While abrdn has regular interaction with government and elected politicians in the UK and other jurisdictions in which we operate, we are strictly apolitical.

Auditors

The Audit Committee is responsible for considering the Group's external audit arrangements. Resolutions proposing the re-appointment of KPMG LLP as auditors of the Company and giving authority to the Audit Committee to determine their remuneration will be submitted at the 2024 AGM.

Disclosure of information to the auditors

The Directors who held office at the date of the approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The 2024 AGM is scheduled to take place on 24 April 2024 in Edinburgh. Details of the meeting content can be found in our AGM guide 2024. The AGM guide and other materials will be published online at **www.abrdn.com** in advance of this year's AGM.

Post balance sheet events

On 24 January 2024, the Group announced a new transformation programme targeting an annualised cost reduction of at least £150m by the end of 2025. The bulk of the savings will be in non-staff costs. However, the programme is expected to result in the reduction of approximately 500 roles. To achieve the desired simplification and cost savings, total implementation costs are estimated to be around £150m.

On 14 February 2024, the agreed sale of the Group's interest in Virgin Money UTM to its joint venture partner, Clydesdale Bank, was announced. The interest in Virgin Money UTM does not form part of the Group's reportable segments. The sale is expected to complete in H1 2024. The Group's interest in Virgin Money UTM was classified as held for sale at 31 December 2023 (refer Note 21). The sale is expected to result in an IFRS profit on disposal of interests in joint ventures of approximately £11m.

Other information

Under Listing Rule 9.8.4.CR, a listed company must include all information required by LR 9.8.4R in a single identifiable location or cross-reference table. For the purposes of LR 9.8.4CR, the information required to be disclosed can be found in the following locations. All the relevant information cross-referenced below is hereby incorporated by reference into this Directors' report.

	Location		
Topic	Directors' report	Directors' remuneration report	None/ Not applicable
Interest capitalised			x
Publication of unaudited financial information in a class 1 circular or in a prospectus, other than in accordance with Annexes 1 and 2 of the FCA's Prospectus Rules			x
Details of long-term incentive schemes		x	
Waiver of emoluments by a Director			x
Waiver of future emoluments by a Director			x
Non pre-emptive issues of equity for cash			x
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings			x
Parent participation in a placing by a listed subsidiary			x
Contracts of significance			x
Provision of services by a controlling shareholder			x
Shareholder waivers of dividends	x		
Shareholder waivers of future dividends	x		
Agreements with controlling shareholders			x

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Strategic report. This includes details on our liquidity and capital management and our viability statement in the Chief Financial Officer's overview section and our principal risks in the Risk management section. The Group financial statements include additional information relating to going concern in the basis of preparation section on page 173.

The Group continues to meet group and individual entity capital requirements and day-to-day liquidity needs. The Company has a revolving credit facility of £400m as part of our contingency funding plans and this is due to mature in 2026. The Group has considerable financial resources together with a diversified business model, with a spread of business and geographical reach. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries and having assessed the principal risks and all other available information, the Directors are satisfied that the Group and Company have and will maintain sufficient resources to enable them to continue operating for at least 12 months from the date of approval of the financial statements and therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. There are no material uncertainties relating to this going concern conclusion. In addition, the Directors have assessed the Group's viability over a period of three years.

The Directors' report was approved by the Board and signed on its behalf by:

Julian Baddeley
Company Secretary

26 February 2024

Statement of Directors' responsibilities in respect of the Annual report and the financial statements

The Directors are responsible for preparing the Annual report and accounts and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the Group's profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant, reliable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards.
- For the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements.
- Assess the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In accordance with Disclosure Guidance and Transparency Rule 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:
- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic report and Directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

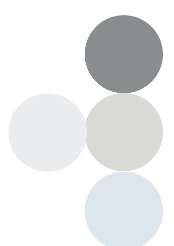
Sir Douglas Flint
Chairman

26 February 2024

Jason Windsor
Chief Financial Officer

26 February 2024

Financial information



Contents

Independent auditor's report	144
Group financial statements	160
Company financial statements	271
Supplementary information	286

Note		Page
1	Group structure	175
2	Segmental analysis	178
3	Net operating revenue	182
4	Net gains or losses on financial instruments and other income	186
5	Administrative and other expenses	187
6	Staff costs and other employee-related costs	187
7	Auditors' remuneration	188
8	Restructuring and corporate transaction expenses	188
9	Taxation	189
10	Earnings per share	193
11	Adjusted profit and adjusting items	194
12	Dividends on ordinary shares	195
13	Intangible assets	196
14	Investments in associates and joint ventures	203
15	Property, plant and equipment	206
16	Leases	208
17	Financial assets	211
18	Derivative financial instruments	212
19	Receivables and other financial assets	214
20	Other assets	214
21	Assets and liabilities held for sale	215
22	Cash and cash equivalents	216
23	Unit linked liabilities and assets backing unit linked liabilities	217

Note		Page
24	Issued share capital and share premium	220
25	Shares held by trusts	220
26	Retained earnings	221
27	Movements in other reserves	221
28	Other equity and non-controlling interests	224
29	Financial liabilities	224
30	Subordinated liabilities	225
31	Pension and other post-retirement benefit provisions	226
32	Other financial liabilities	233
33	Provisions and other liabilities	234
34	Financial instruments risk management	235
35	Structured entities	242
36	Fair value of assets and liabilities	243
37	Statement of cash flows	248
38	Contingent liabilities and contingent assets	250
39	Commitments	251
40	Employee share-based payments and deferred fund awards	252
41	Related party transactions	256
42	Capital management	257
43	Events after the reporting date	258
44	Related undertakings	259

How to navigate our Group financial statements

The Group's significant **accounting policies** are included at the beginning of the relevant notes to the Group financial statements with this background colour. Critical judgements in applying accounting policies are summarised in the Presentation of consolidated financial statements section which follows the primary financial statements. Accounting policies that are relevant to the financial statements as a whole are also set out in that section.

The Group's critical **accounting estimates** and assumptions are summarised in the Presentation of consolidated financial statements section which follows the primary financial statements. Further detail on these critical accounting estimates and assumptions is provided in the relevant note with this background colour.

Independent auditor's report to the members of abrdn plc

1. Our opinion is unmodified

In our opinion:

- The financial statements of abrdn plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as of 31 December 2023, and of the Group's profit for the year then ended.
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards.
- The Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.
- The Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of abrdn plc ('the Parent Company' or 'the Company') for the year ended 31 December 2023 (FY23) included in the Annual report and accounts, which comprise:

Group	Parent Company (abrdn plc)
Consolidated income statement Consolidated statement of comprehensive income Consolidated statement of financial position Consolidated statement of changes in equity Consolidated statement of cash flows Notes 1 to 42(a) and 43 to 44 to the Group financial statements, including the accounting policies in those notes and in the Presentation of consolidated financial statements section.	Company statement of financial position Company statement of changes in equity Notes A to R to the Parent Company financial statements, including the accounting policies in the Company accounting policies section.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee (AC).

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Following our prior year (FY22) audit and considering developments affecting the abrdn plc Group since then, we have updated our risk assessment.

Much of the uncertainty in the macro-economic environment that existed at the end of FY22 remains. Increased market turbulence and continued performance challenges within the Investments business have negatively contributed to fee-based revenue and profit during the financial year. This has been offset in part by the first full year inclusion of the interactive investor results and the increased contribution of that component to the overall Group's results.

As a result, fee-based revenue has remained broadly flat year on year and our materiality levels have remained at a similar level. Our consideration in respect of Key Audit Matters identified are in large part consistent with the prior year and are explained below.

- During FY22, given the challenging global economic environment as well as the Group's wider financial performance, we identified that the risks around the recoverability of certain of the Group's goodwill balances and certain of the Parent Company's investments in subsidiaries had increased. Due to continued market uncertainty and performance challenges in FY23, we believe that the risk of impairments to both Investment in Subsidiaries or Goodwill balances remains significant. We identified the risks associated with the key assumptions used in determining the estimated recoverable amount for the applicable cash generating units supporting certain recognised goodwill and the estimated recoverable amount of certain investments in subsidiaries (including forecast cash flows, market multiples (and applicable premiums/discounts) and discount rates (as applicable)) as significant.
- As part of our risk assessment, we maintained our focus on future economic and operational assumptions used by the Group in estimates. The most significant area that these could impact the financial statements (outside of goodwill and investment in subsidiaries as noted above) is in the valuation of the defined benefit pension obligation. As a result, this was maintained as a Key Audit Matter.
- Revenue from contracts with customers is comprised of various different revenue streams. The area of revenue which had the greatest effect on our overall Group audit and audit effort in the current period is management fee income (institutional, retail wealth and insurance partners). In our view, the nature and complexity of management fee calculations has remained consistent year on year, while market volatility and uncertainty continue to drive an increased revenue focus for users of the financial statements.
- The FY22 Key Audit Matter over the Accounting implications of the acquisition of interactive investor was event driven and as such is no longer relevant during FY23.

While not reported as Key Audit Matters, we also identified that the Group's ongoing cost control transformation programme and corporate transactions would have financial reporting implications that would require consideration in the Group and Parent Company financial statements.

Key audit matters	vs FY22	Item
Recoverability of certain goodwill and certain of the Parent Company's investments in subsidiaries	↑	4.1
Valuation of the principal UK defined benefit pension scheme present value of funded obligation	↔	4.2
Revenue recognition: management fee revenue from contracts with customers	↔	4.3

Audit Committee interaction

During the year, the AC met six times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the Executive Directors being present. The Group engagement partner met with the Audit Committee Chair privately before each AC and also attended all Risk and Capital Committee meetings held during the year. For each Key Audit Matter, we have set out communications with the AC in section 6, including matters that required particular judgement for each.

The matters included in the Audit Committee Chair's report on pages 98 to 106 are materially consistent with our observations of those meetings.

Our Independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY23 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 December 2017. The period of total uninterrupted engagement is for the seven financial years ended 31 December 2023.

The Group engagement partner is required to rotate every five years. As these are the second set of the Group's financial statements signed by Richard Faulkner, he will be required to rotate off after the FY26 audit.

The average tenure of partners responsible for component audits as set out in section 7 below is 2 years, with the shortest being one year and the longest being four years.

Total audit fee	£7.2m
Audit related fees (including interim review)	£2.8m
Other services	£1.0m
Non-audit fee as a % of total audit and audit related fee %	10%
Date first appointed	16 May 2017
Uninterrupted audit tenure	7 years
Next financial period which requires a tender	FY27
Tenure of Group engagement partner	2 years
Average tenure of component signing partners	2 years

Materiality (item 6 below)

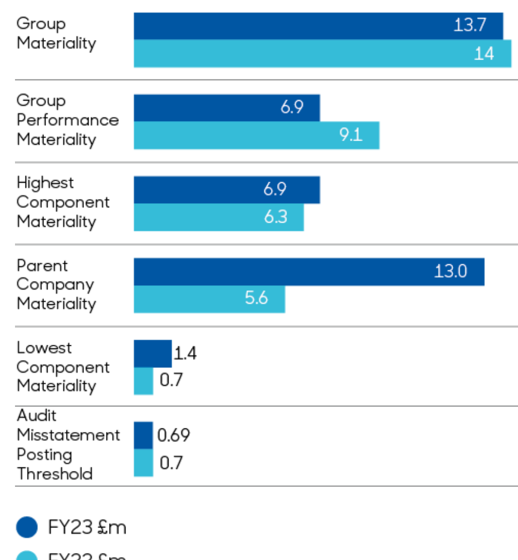
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £13.7m (FY22: £14.0m) and for the Parent Company financial statements as a whole at £13.0m (FY22: £5.6m).

Consistent with FY22, we determined that total revenue remains the benchmark for the Group as underlying performance is such that a normalised profit benchmark would indicate materiality which is inappropriate for the size and scale of the Group. As such, we based our Group materiality on total revenue, of which it represents 0.9% (FY22: 0.9%).

Materiality for the parent company financial statements was determined with reference to a benchmark of parent company total assets, limited to be less than materiality for the group financial statements as a whole. In 2022, we applied the component materiality to our audit of the parent company balance sheet. Our materiality in both periods was lower than we would have determined with reference to a benchmark of parent company total assets. It represents 0.2% (2022: 0.1%) of the stated benchmark.

Materiality levels used in our audit



Group Scope (Item 7 Below)

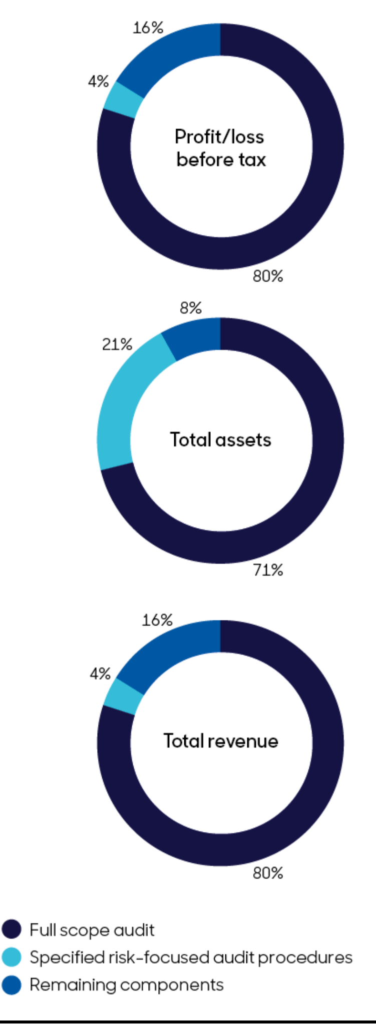
We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components and the extent of involvement required from our component auditors around the world.

Of the Group's 313 (FY22: 311) reporting components, we subjected 13 (FY22: 19) to full scope audits for Group purposes, and 6 (FY22: 2) to specified risk focused audit procedures. The latter were not financially significant enough to require an audit for Group reporting purposes but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite.

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.



The impact of climate change on our audit

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in a number of ways: through its own operations (including potential reputational risk associated with the Group's delivery of its climate related initiatives), through its portfolio of investments and its stewardship role, and the greater emphasis on climate related narrative and disclosure in the Annual report and accounts.

As disclosed in note 31, the Group's direct exposure to climate change in the financial statements is primarily through its investment holdings, as the key valuation assumptions and estimates may be impacted by climate risks. As part of our audit, we have made enquiries of Directors and the Group's Corporate Sustainability team to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this.

We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular with respect to investment holdings. We consider that the impact of climate risk on level 1 and level 2 investments is already reflected in the market prices used to value these holdings at year end. As such, the impact of climate change was limited to the valuation of level 3 investment holdings; taking into account the relative size of the level 3 investments balance, we assessed that the impact of climate change was not a significant risk for our audit nor does it constitute a key audit matter. We did not consider the potential impact of climate change on the sustainability of earnings or cashflow forecasts to be material.

We held discussions with our own climate change professionals to challenge our risk assessment. We have also read the Group's disclosure of climate related information in the front half of the Annual report and accounts as set out on pages 38 to 47 and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

Going Concern

We used our knowledge of the Group, its industry and operating model, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period was increased market volatility.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's and Parent Company's current and projected cash and facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in section (a)(v) of the presentation of consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in section (a)(v) to be acceptable; and
- The related statement under the Listing Rules set out on page 140 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation within the Risk Management disclosures on page 77 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- The Risk Management disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- The Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement set out on page 74 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- The overall audit strategy.
- The allocation of resources in the audit.
- Directing the efforts of the engagement team.

We summarise below the Key Audit Matters in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

4.1 Recoverability of certain goodwill (Group) and of certain of the Parent Company's investments in subsidiaries (Parent Company)

Financial Statement Elements			Our assessment of risk vs FY22		Our findings
	FY23	FY22	↑	Our assessment is that the risk has slightly increased relative to FY22. This reflects the continued market volatility and resulting impact on the performance of the Group, in addition to the wider performance challenges the Group continues to face (in particular within the Investments business)	**FY23: Balanced** FY22: Balanced
Goodwill of:	**£843m**	£879m			
Impairment of goodwill[1]	**(£36m)**	(£0m)			
Investment in subsidiaries:	**£3,594m**	£3,843m			
Impairment of investments in subsidiaries[2]	**(£261m)**	(£923m)			

Description of the Key Audit Matter

As noted in the Strategic report, the results in the Investments business have been impacted by the external market environment in addition to wider performance challenges. Subsidiaries aligned to that business experienced indicators of impairment (abrdn Holdings Limited FY23: £1,218m, FY22: £1,258m; abrdn Investment Holdings Limited FY23: £819m, FY22: £988m).

In addition to the Investments business, there is focus on the following businesses:

- interactive investor (FY23: £1,512m, FY22: £1,512m), given the size of the acquisition which occurred in the prior period and its significance to Group strategy going forward.
- The financial planning business (abrdn Financial Planning Limited, FY23: £45m, FY22: £85m), given its performance.

Further, the net assets attributable to equity holders of the Parent Company exceeded the Group's market capitalisation at the balance sheet date.

These factors mean there is an increased risk associated with the recoverability of the associated Parent Company investments in these subsidiaries and, in relation to interactive investor and the financial planning business, goodwill balances allocated to the corresponding cash generating units (CGUs) in the Group financial statements (interactive investor goodwill FY23: £819m, FY22: £819m; financial planning business goodwill FY23: £24m, FY22: £60m).

In the prior year, this Key Audit Matter included recoverability of the goodwill associated with the Finimize CGU. The impairment recognised in that period reduced the carrying value of this goodwill to a level at which we have determined that the recoverability of this balance is no longer part of the Key Audit Matter.

Our response to the risk

We performed the procedures below rather than seeking to rely on any of the Group's controls because the nature of the balances are such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

Our sector expertise: We critically assessed the Group's assessment of whether there were any impairment indicators for the Parent Company's investment in subsidiaries, including comparing the carrying value of Parent Company's net assets with the Group's market capitalisation and considering the subsidiaries' business performance.

Our sector expertise: We assessed the appropriateness of the Group's conclusion that the recoverable amount of goodwill and investment in subsidiaries should be based on FVLCD.

Our valuation expertise: Using our own valuation specialists, we assessed the appropriateness of the Group's FVLCD methodology and the appropriateness of the input assumptions used in calculating the FVLCD of the CGUs or groups of CGUs to which certain goodwill is allocated and of certain of the Parent Company's investment in subsidiaries.

1. Financial planning business impairment: £36m (FY22: £nil).
2. aHL impairment: £40m (FY22: £847m); aIHL impairment: £169m (FY22: £51m); aFPL impairment: £52m (FY22: £25m).

Goodwill and Investment in Subsidiaries - subjective estimate
Goodwill is tested for impairment at least annually whether or not indicators of impairment exist.

For goodwill, the impairment assessment is performed by comparing the carrying amount of each CGU or group of CGUs to which goodwill is allocated with its recoverable amount being the higher of its value in use (VIU) or fair value less costs of disposal (FVLCD). Similarly, for investments in subsidiaries the carrying value of the investment in the subsidiary is compared with the recoverable amount of that investment being the higher of its VIU or FVLCD.

In determining the FVLCD the key assumptions are forecast cashflows, market multiples (including applicable premiums/discounts) and discount rates (as applicable). In determining the VIU, which is calculated using a discounted cash flow method, the key assumptions are forecast cash flows and discount rates.

The resulting recoverable amounts, in particular for the CGUs, groups of CGUs and investments in subsidiaries set out above, are subjective due to the inherent uncertainty in determining these assumptions and are therefore also susceptible to management bias.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of certain goodwill and of certain investments in subsidiaries have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (notes 13 and A) disclose the sensitivity estimated by the Group and Parent Company.

Benchmarking assumptions: We compared the Group's assumptions to externally derived data in relation to key inputs such market multiples and discount rates.

Sensitivity analysis: We performed our own sensitivity analysis which included assessing the effect of reasonable alternative assumptions in respect of forecast cash flows, market multiples (and applicable premiums/discounts) and discount rates (as applicable) to evaluate the impact on the FVLCD of the CGUs or groups of CGUs to which certain goodwill is allocated and of certain of the Parent Company's investment in subsidiaries.

Assessing transparency: We assessed whether the Group's disclosures (in respect of goodwill) and the Parent Company's disclosures (in respect of investment in subsidiaries) about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the recoverable amount of goodwill and investment in subsidiaries.

Communications with the abrdn plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our definition of the key audit matter relating to the recoverability of certain goodwill and certain investments in subsidiaries including our assessment of the risks associated with individual goodwill balances.
- Our audit response to the key audit matter which included the use of specialists to challenge key aspects of the Group's and Parent Company's determination of the recoverable amount and level of impairment.
- The findings of our procedures.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Subjective and complex auditor judgement was required in evaluating the key assumptions used by the Group and Parent Company (including forecast cash flows, market multiples (and applicable premiums/discounts) and discount rates (as applicable)).

Our findings

We found the Group's estimated recoverable amount of certain goodwill and the related impairment charges to be balanced (FY22: balanced) with proportionate (FY22: proportionate) disclosures of the related assumptions and sensitivities.

We found the Parent Company's estimated recoverable amount of certain of its investments in subsidiaries and the related impairment charges to be balanced (FY22: balanced) with proportionate (FY22: proportionate) disclosures of the related assumptions and sensitivities.

Further information in the Annual Report and Accounts: See the Audit Committee Report on pages 98 to 106 for details on how the Audit Committee considered the Group's goodwill and the Parent Company's Investment in Subsidiaries as areas of significant attention, pages 196 to 202 for the accounting policy on goodwill and financial disclosures, page 275 for the investment in subsidiaries accounting policy and pages 276 to 279 for the investment in subsidiaries financial disclosures.

4.2 Valuation of the principal UK defined benefit pension scheme present value of funded obligation (Group)

Financial Statement Elements			Our assessment of risk vs FY22		Our findings
Present value of funded obligation:	**FY23** **£1,784m**	FY22 £1,755m	↔	Our assessment is that the risk is similar to FY22. Market volatility remains high and the risk associated with the selection of economic assumptions remains similar to FY22.	**FY23**: Balanced FY22: Balanced

Description of the Key Audit Matter	Our response to the risk
Subjective valuation The present value of the Group's funded obligation for the principal UK defined benefit pension scheme ("abrdn UK Group (SLSPS) plan") is an area that involves significant judgement over the uncertain future settlement value. The Group is required to use judgement in the selection of key assumptions covering both operating assumptions and economic assumptions. The key operating assumptions are base mortality and mortality improvement. The key economic assumptions are the discount rate and inflation. The risk is that inappropriate assumptions are used in determining the present value of the funded obligation. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the pension scheme obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 31) disclose the sensitivity estimated by the Group.	We performed the procedures below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our procedures included:** **Assessing actuaries' credentials:** We evaluated the competency and objectivity of the Group's experts who assisted them in determining the actuarial assumptions used to calculate the defined benefit obligation. **Benchmarking assumptions:** We considered, with the support of our own actuarial specialists, the appropriateness of the base mortality assumption by reference to scheme and industry data on historical mortality experience and the outcome of the latest triennial report. We considered, with the support of our own actuarial specialists, the appropriateness of the mortality improvement assumptions by reference to industry-based expectations of future mortality improvements and the appropriateness of the discount rate and inflation assumptions by reference to industry practice. **Assessing transparency:** In conjunction with our own actuarial specialists, we considered whether the Group's disclosures in relation to the assumptions used in the calculation of the present value of the funded obligation appropriately represent the sensitivities of the obligation to the use of alternative assumptions.

Communications with the abrdn plc Audit Committee
Our discussions with and reporting to the Audit Committee included:
- Our identification of the key audit matter relating to the valuation of the defined benefit pension obligation.
- Our audit response to the key audit matter which included the use of our own specialists to challenge key aspects of the Group's actuarial valuation.
- The findings of our procedures.

Areas of particular auditor judgement
We identified the following as the areas of particular auditor judgement:
- Subjective and complex auditor judgement was required in evaluating the key assumptions used by the Group (including the discount rate, inflation and mortality assumptions).

Our findings
We found the Group's valuation of the UK defined benefit pension scheme obligation to be balanced (FY22: balanced) with proportionate (FY22: proportionate) disclosures of the related assumptions and sensitivities.

Further information in the Annual report and accounts: See the Audit Committee Report on pages 98 to 106 for details on how the Audit Committee considered the valuation of the UK defined benefit pension scheme obligation as an area of significant attention, page 226 for the accounting policy on the valuation of the UK defined benefit pension scheme obligation, and note 31 for the financial disclosures.

4.3 Revenue recognition: management fee revenue from contracts with customers (Group)

Financial Statement Elements				Our assessment of risk vs FY22	Our findings
Management fee revenue from contracts with customers:	**FY23** £901m	FY22 £1,068m	↔	Our assessment is that the risk is similar to FY22. The nature and complexity of management fee calculations remains at a similar level to last year whilst market volatility and uncertainty mean a continued revenue focus.	FY23 and FY22: We found no significant items, either unadjusted or adjusted for.

Description of the Key Audit Matter	Our response to the risk
Data capture and calculation error Revenue from contracts with customers is the most significant item in the consolidated statement of comprehensive income and represents one of the areas that had the greatest effect on the overall Group audit. In addition, market volatility and uncertainty has driven increased revenue focus. The balance comprises various different revenue streams as outlined in note 3. The area of revenue which had the greatest effect on our overall Group audit and audit effort in the current period is management fee income (institutional, retail wealth and insurance partners) which is the most significant and, in certain areas, for example for segregated account management fee calculations, complex item. The nature and complexity of management fee calculations has largely remained stable year on year. The two key components in calculating management fee income are fee rates to be applied and the amount of assets under management (AUM) resulting in the following key risks: – Fee rates: There is a risk that fee rates have not been entered appropriately into the fee calculation and billing systems when the Group's clients are onboarded or agreements are amended. – AUM: There is a risk that AUM from third-party service providers or client appointed administrators and/or custodians does not exist and/or is inaccurate. – Calculation: There is a risk that management fee income, including accrued income balances, is incorrectly calculated.	**Our procedures included:** **Procedures in relation to fee rates** We performed the detailed procedures below in relation to fee rates rather than seeking to rely on the Group's controls as our knowledge indicated that we would be unlikely to obtain the required evidence to support reliance on the controls. **Test of details:** We agreed a selection of fee rates used in the calculation to the investment management agreements (IMAs), fee letters or fund prospectuses outlining the effective fee rates. **Procedures in relation to AUM Control design and operation:** We assessed the design and operating effectiveness of controls at third party service providers over the production of AUM data that is used in calculating management fees. This included inspecting the internal controls reports prepared by relevant outsourced service organisations covering the design and operation of key controls over the production of AUM data used in the calculation of management fees. **Enquiry of clients:** Where AUM data is produced by a client appointed administrator and/or custodian we obtained AUM data directly from the client, client appointed administrator or custodian and used this in our management fee recalculations and tests of detail below. **Calculation Procedures** **Tests of details and substantive analytical procedures:** Where AUM data was obtained from third party service organisations (and where we had tested the controls over the AUM data) we independently recalculated management fees. Where AUM data was obtained from a client appointed administrator and/or custodian (and so we could not test controls over the AUM data) we independently recalculated management fees and/or agreed a selection of amounts billed and received to invoice and bank statements.

Communications with the abrdn plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our definition of the key audit matter relating to revenue recognition: management fee revenue from contracts with customers.
- Our audit response to the key audit matter which included use of data and analytics technology to complete certain of the recalculations.
- The findings of our procedures.

Our findings

- We found no significant items, either unadjusted or adjusted for, in the Group's management fee revenue from contracts with customers (FY22: no significant items either unadjusted or adjusted for).

Further information in the Annual report and accounts: See page 182 for the accounting policy on revenue from contracts with customers and note 3 for the financial disclosures.

We continue to perform procedures over the recoverable value of the investment in subsidiary (Parent Company) and goodwill (Group) balances recognised on the acquisition of interactive investor. However, as the acquisition occurred in the prior year we do not need to perform procedures this year over the fair value of intangible assets recognised on the acquisition of interactive investor and as a result, the accounting implications of the acquisition of interactive investor are not separately identified as a Key Audit Matter in our report this year.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: – Enquiring of the Directors, the Group Audit Committee, Group Internal Audit and the Group's Legal team and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud. – Reading Board and certain other committee minutes and attending Group Audit Committee and Risk and Capital Committee meetings. – Considering the findings of Group Internal Audit's reviews covering the financial year. – Considering remuneration incentive schemes and performance targets for management and the Directors.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition, given the relative simplicity of the most significant revenue streams and the segregation of duties between management and third party service providers. We also identified fraud risks related to: – The recoverability of certain of the Group's goodwill and certain of the Parent Company's investment in subsidiaries in response to the high degree of estimation uncertainty due to increased market volatility and business performance in the year, and the impact of these on the profit or loss of the Group, and the susceptibility of these estimates to management bias. – The classification of certain expenses as restructuring, given the extent of restructuring in the Group's cost base, and the level of market interest in the delivery of both transformation programmes and cost savings, the impact of these on both the incentive to classify items as restructuring expenses and the consequences of an error or deliberate misstatement in classification on the adjusted operating profit reported.
Link to KAMs	Further detail in respect of the risk of fraud over the recoverability of certain of the Group's goodwill and certain of the Parent Company's investment in subsidiaries, including our procedure to compare certain key input assumptions to external market data, is set out in the key audit matter disclosures in section 4.1 of this report.
Procedures to address fraud risks	Our audit procedures included evaluating the design, implementation, and where relevant operating effectiveness of internal controls relevant to mitigate these risks. To address the risk of fraud over the classification of restructuring expenses we tested a sample of expenses and challenged finance management in relation to the classification of those selected expenses against the Group's adjusted profit methodology. Based on the evidence obtained, we assessed whether each sampled expense related to a transaction or event that met the definition of restructuring, to determine whether there were indications of inconsistent classification or indicators of management bias. We also performed substantive audit procedures including: – Identifying journal entries and other adjustments to test for all Group components based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted by senior finance management and those posted to unusual accounts, as well as those which comprised unexpected posting combinations. – Evaluating the business purpose of significant unusual transactions. – Assessing significant accounting estimates for bias, including whether the judgements made in making accounting estimates are indicative of a potential bias.

Laws and regulations - identifying and responding to risks of material misstatement relating to compliance with laws and regulations	
Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. For this risk assessment matters considered included the following: – Our general commercial and sector experience. – Discussion with the Directors and other management (as required by auditing standards). – Inspection of the Group's regulatory and legal correspondence. – Inspection of the policies and procedures regarding compliance with laws and regulation. As the Group and many of its subsidiaries are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether there were any implications of identified breaches on our audit.
Risk communications	We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant laws and regulations identified at Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level. The potential effect of these laws and regulations on the financial statements varies considerably.
Direct laws context and link to audit	Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions regulations and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/ regulation areas	Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: – Specific areas of regulatory capital and liquidity. – Conduct, including Client Assets. – Anti-money laundering, and market abuse regulations. – Certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.
Actual or suspected breaches discussed with AC	We discussed with the Audit Committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context	
Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlaid qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£13.7m (FY22: £14.0m) **Materiality for the group financial statements as a whole**	**What we mean** A quantitative reference for the purpose of planning and performing our audit.
	Basis for determining materiality and judgements applied Materiality for the Group financial statements as a whole was set at £13.7m (FY22: £14.0m). This was determined with reference to a benchmark of total revenue. Consistent with FY22, we determined that total revenue remains the benchmark for the Group given the performance is such that a normalised profit benchmark would indicate materiality which is inappropriate for the size and scale of the Group. Our Group materiality of £13.7m was determined by applying a percentage to the total revenue. When using a benchmark of total revenue to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 0.5% to 1% of the measure. In setting overall Group materiality, we applied a percentage of 0.9% (FY22: 0.9%) to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £13.0m (FY22: £5.6m), determined with reference to a benchmark of parent company total assets, limited to be less than materiality for the group financial statements as a whole. In 2022, we applied the component materiality to our audit of the parent company balance sheet. Our materiality in both periods was lower than we would have determined with reference to a benchmark of parent company total assets. It represents 0.2% (2022: 0.1%) of the stated benchmark.
£6.9m (FY22: £9.1m) **Performance materiality**	**What we mean** Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.
	Basis for determining performance materiality and judgements applied We have considered performance materiality at a level of 50% (FY22: 65%) of materiality for abrdn plc's Group financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £6.5m (FY22: £3.6m), which equates to 50% (FY22: 65%) of materiality for the Parent Company financial statements as a whole. We applied this reduced percentage in our determination of performance materiality for the Group and Parent Company financial statements in the current year as we identified specific factors indicating an elevated level of aggregation risk. These factors included the ongoing level of restructuring and change impacting the Group.
£0.69m (FY22: £0.7m) **Audit misstatement posting threshold**	**What we mean** This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to abrdn plc's Audit Committee.
	Basis for determining the audit misstatement posting threshold and judgements applied We set our audit misstatement posting threshold at 5% (FY22: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £13.7m (FY22: £14.0m) compares as follows to the main financial statement caption amounts:

	Total Group revenue		Group profit/(loss) before tax[1]		Total Group assets[1]	
	FY23	FY22	FY23	FY22	FY23	FY22
Financial statement caption	**£1,474m**	£1,538m	**(£6m)**	(£612m)	**£8,031m**	£9,212m
Group materiality as % of caption	**0.9%**	0.9%	**(228.3%)**	2.3%	**0.2%**	0.2%

1. Comparatives for FY22 have been restated for the implementation of IFRS 17.

7. Scope of our audit

Group scope

What we mean

How the Group audit team determined the procedures to be performed across the Group.

The Group has 313 (FY22: 311) reporting components. In order to determine the work performed at the reporting component level, we identified those components that we considered to be of individual financial significance, those which were significant due to risk and those remaining components on which we required procedures to be performed to provide us with the evidence we required in order to conclude on the Group financial statements as a whole.

We determined individually financially significant components as those contributing at least 10% (FY22: 10%) of Group total revenue, Group net assets or total profits and losses that made up Group loss before tax. We selected these metrics because these are the most representative of the relative size of the components. We identified 8 (FY22: 7) components as individually financially significant components and performed full scope audits on all of these components.

In addition to the individually financially significant components, we identified 2 (FY22: 2) components as significant, owing to significant risks of material misstatement affecting the Group financial statements. We performed full scope audits for these 2 components (FY22: 2).

In addition, to enable us to obtain sufficient appropriate audit evidence for the Group financial statements as a whole, we selected 9 (FY22: 12) further components on which to perform procedures. Of these components, we performed full scope audits for 3 components (FY22: 10) and performed specific risk-focused audit procedures over revenue on 2 components (FY22: 1) and over investment and unit-linked liability valuation and fair value gains and losses on 4 components (FY22: 1).

The components within the scope of our work accounted for the following percentages of the Group's results, with the prior year comparatives indicated in brackets:

Scope	Number of components	Range of materiality applied	Group revenue	Total profits and losses that made up Group PBT	Group net assets
Full scope audit	13 (19)	£2.7m – £6.9m (£0.7m – £8.6m)	80% (83%)	80% (82%)	84% (89%)
Specific audit procedures	6 (2)	£5.5m – £1.4m (£1.4m – £2.8m)	4% (3%)	4% (2%)	6% (4%)
Total	19 (21)		84% (86%)	84% (84%)	90% (93%)

In addition, we instructed one component team to perform specific procedures to inform our risk assessment of accounting adjustments required for the first-year implementation of IFRS 17 by a Joint Venture. As these procedures did not identify material risks to our audit we did not scope the component in for further audit procedures.

The remaining 16% (FY22: 14%) of total Group revenue, 16% (FY22: 16%) of total profits and losses that made up Group profit before tax and 10% (FY22: 7%) of Group net assets is represented by 294 (FY22: 290) reporting components, none of which individually represented more than 2.5% (FY22: 2.0%) of any of total Group revenue, total profits and losses that made up Group profit before tax or Group net assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on 11 of the 19 components (FY22: 17 of the 21 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.

Testing over all KAMs included in Section 4 was performed by the Group team, with the exception of testing over management fee revenue from contracts with customers, which is performed by our component auditors. In addition, the Group team has also performed audit procedures on the following key areas on behalf of the components:

- Testing of IT Systems in those instances where Group and components use common systems.
- Testing over the completeness of journal postings in the period in those instances where Group and components use common systems.
- Testing of cash bonus and deferred bonus award charges in the period.

These items were audited by the Group team because the consistency of these systems and processes meant that this was the most effective way to obtain audit evidence. The Group team communicated the results of these procedures to the component teams.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, as detailed in the table above, having regard to the mix of size and risk profile of the Group across the components.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

Group audit team oversight

What we mean

The extent of the Group audit team's involvement in component audits.

In working with component auditors, the Group audit team:

- Held a virtual global planning and risk assessment meeting led by the Group audit engagement partner to discuss key audit risks and obtain input from component teams.
- Held planning calls and meetings with component audit teams to discuss the significant areas of the audit relevant to the components, including the key audit matter identified in respect of recognition of management fee revenue from contracts with customers.
- Issued Group audit instructions to component auditors, on the scope of their work, including specifying the minimum procedures to perform in their audit of revenue within the Investments business and cash.
- Visited four (FY22: three) of the four (FY22: four) component teams not located in the UK, to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors. At these subsequent virtual meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component audit teams.
- Inspected component audit team's key working papers within component audit files (using remote technology capabilities) to understand and challenge the audit approach and audit findings of each component.

8. Other information in the Annual report and accounts

The Directors are responsible for the other information presented in the Annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and Directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- We have not identified material misstatements in the Strategic report and the Directors' report.
- In our opinion the information given in those reports for the financial year is consistent with the financial statements.
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report	
Our responsibility We are required to form an opinion as to whether the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.	**Our reporting** In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures	
Our responsibility We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: – The Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. – The section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed. – The section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	**Our reporting** Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

Other matters on which we are required to report by exception	
Our responsibility Under the Companies Act 2006, we are required to report to you if, in our opinion: – Adequate accounting records have not been kept by the Parent Company or returns adequate for our audit have not been received from branches not visited by us; or – The Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or – Certain disclosures of Directors' remuneration specified by law are not made; or – We have not received all the information and explanations we require for our audit.	**Our reporting** We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 141, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

R. Faulkner

Richard Faulkner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
26 February 2024

FINANCIAL INFORMATION

Group financial statements

Consolidated income statement
For the year ended 31 December 2023

	Notes	2023 £m	2022 restated[1] £m
Revenue from contracts with customers	3	**1,474**	1,538
Cost of sales	3	**(76)**	(82)
Net operating revenue		**1,398**	1,456
Restructuring and corporate transaction expenses	5	**(152)**	(214)
Impairment of intangibles acquired in business combinations and through the purchase of customer contracts	5	**(63)**	(369)
Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts	5	**(126)**	(125)
Staff costs and other employee-related costs	5	**(529)**	(549)
Other administrative expenses	5	**(593)**	(662)
Total administrative and other expenses		**(1,463)**	(1,919)
Net gains or losses on financial instruments and other income			
Fair value movements and dividend income on significant listed investments	4	**(114)**	(119)
Other net gains or losses on financial instruments and other income	4	**116**	(3)
Total net gains or losses on financial instruments and other income		**2**	(122)
Finance costs		**(25)**	(29)
Profit on disposal of subsidiaries and other operations	1	**79**	–
Profit on disposal of interests in associates	1	**–**	6
Reversal of impairment/(impairment) of interests in associates and joint ventures	14	**2**	(9)
Share of profit or loss from associates and joint ventures	14	**1**	5
Loss before tax		**(6)**	(612)
Tax credit	9	**18**	66
Profit/(loss) for the year		**12**	(546)
Attributable to:			
Equity shareholders of abrdn plc		**1**	(558)
Other equity holders	28	**11**	11
Non-controlling interests – ordinary shares	28	**–**	1
		12	(546)
Earnings per share			
Basic (pence per share)	10	**0.1**	(26.6)
Diluted (pence per share)	10	**0.1**	(26.6)

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.

The Notes on pages 167 to 270 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Notes	2023 £m	2022 restated[1] £m
Profit/(loss) for the year		**12**	(546)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement losses on defined benefit pension plans	31	**(139)**	(793)
Share of other comprehensive income of associates and joint ventures	14	**(4)**	–
Total items that will not be reclassified subsequently to profit or loss		**(143)**	(793)
Items that may be reclassified subsequently to profit or loss:			
Fair value (losses)/gains on cash flow hedges	18	**(40)**	85
Exchange differences on translating foreign operations		**(35)**	36
Share of other comprehensive income of associates and joint ventures	14	**(27)**	(57)
Items transferred to the consolidated income statement			
Fair value losses/(gains) on cash flow hedges	18	**28**	(78)
Realised foreign exchange (gains)	1	**(1)**	–
Equity holder tax effect of items that may be reclassified subsequently to profit or loss	9	**3**	(2)
Total items that may be reclassified subsequently to profit or loss		**(72)**	(16)
Other comprehensive income for the year		**(215)**	(809)
Total comprehensive income for the year		**(203)**	(1,355)
Attributable to:			
Equity shareholders of abrdn plc		**(214)**	(1,367)
Other equity holders	28	**11**	11
Non-controlling interests – ordinary shares	28	**–**	1
		(203)	(1,355)

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.

The Notes on pages 167 to 270 are an integral part of these consolidated financial statements.

FINANCIAL INFORMATION

Consolidated statement of financial position
As at 31 December 2023

	Notes	2023 £m	2022 restated[1] £m
Assets			
Intangible assets	13	**1,578**	1,619
Pension and other post-retirement benefit assets	31	**740**	831
Investments in associates and joint ventures accounted for using the equity method	14	**229**	232
Property, plant and equipment	15	**163**	201
Deferred tax assets	9	**215**	212
Financial investments	17	**2,047**	2,939
Receivables and other financial assets	19	**1,071**	907
Current tax recoverable	9	**10**	7
Other assets	20	**77**	92
Assets of operations held for sale	21	**19**	87
Cash and cash equivalents	22	**1,196**	1,133
		7,345	8,260
Assets backing unit linked liabilities	23		
Financial investments		**669**	924
Receivables and other unit linked assets		**4**	5
Cash and cash equivalents		**13**	23
		686	952
Total assets		**8,031**	9,212

	Notes	2023 £m	2022 restated[1] £m
Liabilities			
Third party interest in consolidated funds	29	**187**	242
Subordinated liabilities	30	**599**	621
Pension and other post-retirement benefit provisions	31	**12**	12
Deferred tax liabilities	9	**129**	211
Current tax liabilities	9	**6**	11
Derivative financial liabilities	29	**9**	1
Other financial liabilities[2]	32	**1,241**	1,201
Provisions	33	**66**	97
Other liabilities	33	**4**	8
Liabilities of operations held for sale	21	**2**	14
		2,255	2,418
Unit linked liabilities	23		
Investment contract liabilities		**684**	773
Third party interest in consolidated funds		**–**	173
Other unit linked liabilities		**2**	6
		686	952
Total liabilities		**2,941**	3,370
Equity			
Share capital	24	**257**	280
Shares held by trusts	25	**(141)**	(149)
Share premium reserve	24	**640**	640
Retained earnings	26	**4,449**	4,986
Other reserves	27	**(327)**	(129)
Equity attributable to equity shareholders of abrdn plc		**4,878**	5,628
Other equity	28	**207**	207
Non-controlling interests – ordinary shares	28	**5**	7
Total equity		**5,090**	5,842
Total equity and liabilities		**8,031**	9,212

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.
2. The Group has made a presentational change to show Deferred income within Other financial liabilities. Refer Note 32.

The Notes on pages 167 to 270 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 160 to 270 were approved by the Board and signed on its behalf by the following Directors:

Sir Douglas Flint
Chairman

26 February 2024

Jason Windsor
Chief Financial Officer

26 February 2024

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings[1] £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc[1] £m	Other equity £m	Non-controlling interests - ordinary shares £m	Total equity[1] £m
31 December 2022		**280**	**(149)**	**640**	**4,986**	**(129)**	**5,628**	**207**	**7**	**5,842**
Effect of application of IFRS 9 on Investments in associates and joint ventures accounted for using the equity method[1]		**-**	**-**	**-**	**51**	**-**	**51**	**-**	**-**	**51**
1 January 2023		**280**	**(149)**	**640**	**5,037**	**(129)**	**5,679**	**207**	**7**	**5,893**
Profit for the year		**-**	**-**	**-**	**1**	**-**	**1**	**11**	**-**	**12**
Other comprehensive income for the year		**-**	**-**	**-**	**(170)**	**(45)**	**(215)**	**-**	**-**	**(215)**
Total comprehensive income for the year	26, 27	**-**	**-**	**-**	**(169)**	**(45)**	**(214)**	**11**	**-**	**(203)**
Issue of share capital	24	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid on ordinary shares	12	**-**	**-**	**-**	**(279)**	**-**	**(279)**	**-**	**-**	**(279)**
Interest paid on other equity	28	**-**	**-**	**-**	**-**	**-**	**-**	**(11)**	**-**	**(11)**
Share buyback	24, 26, 27	**(23)**	**-**	**-**	**(302)**	**23**	**(302)**	**-**	**-**	**(302)**
Other movements in non-controlling interests in the year	28	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Reserves credit for employee share-based payments	27	**-**	**-**	**-**	**-**	**24**	**24**	**-**	**-**	**24**
Transfer to retained earnings for vested employee share-based payments	26, 27	**-**	**-**	**-**	**31**	**(31)**	**-**	**-**	**-**	**-**
Transfer between reserves on impairment of subsidiaries	26, 27	**-**	**-**	**-**	**169**	**(169)**	**-**	**-**	**-**	**-**
Shares acquired by employee trusts	25	**-**	**(27)**	**-**	**-**	**-**	**(27)**	**-**	**-**	**(27)**
Shares distributed by employee and other trusts and related dividend equivalents	25, 26	**-**	**35**	**-**	**(38)**	**-**	**(3)**	**-**	**-**	**(3)**
31 December 2023		**257**	**(141)**	**640**	**4,449**	**(327)**	**4,878**	**207**	**5**	**5,090**

1. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, the Group's insurance joint venture, Heng An Standard Life Insurance Company Limited, applied IFRS 9 at 1 January 2023 following the implementation of the new insurance standard, IFRS 17. Refer Basis of preparation.

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings restated[1,2] £m	Other reserves[2] £m	Total equity attributable to equity shareholders of abrdn plc restated[1] £m	Other equity £m	Non-controlling interests – ordinary shares £m	Total equity restated[1] £m
1 January 2022		305	(171)	640	5,766	1,094	7,634	207	6	7,847
(Loss)/profit for the year		–	–	–	(558)	–	(558)	11	1	(546)
Other comprehensive income for the year		–	–	–	(850)	41	(809)	–	–	(809)
Total comprehensive income for the year		–	–	–	(1,408)	41	(1,367)	11	1	(1,355)
Issue of share capital	24	–	–	–	–	–	–	–	–	–
Dividends paid on ordinary shares	12	–	–	–	(307)	–	(307)	–	–	(307)
Interest paid on other equity		–	–	–	–	–	–	(11)	–	(11)
Share buyback	24, 26, 27	(25)	–	–	(302)	25	(302)	–	–	(302)
Cancellation of capital redemption reserve	26, 27	–	–	–	1,059	(1,059)	–	–	–	–
Other movements in non-controlling interests in the year		–	–	–	–	–	–	–	–	–
Reserves credit for employee share-based payments	27	–	–	–	–	24	24	–	–	24
Transfer to retained earnings for vested employee share-based payments	26, 27	–	–	–	63	(63)	–	–	–	–
Transfer between reserves on disposal of subsidiaries		–	–	–	1	(1)	–	–	–	–
Transfer between reserves on impairment of subsidiaries	26, 27	–	–	–	207	(207)	–	–	–	–
Shares acquired by employee trusts	25	–	(46)	–	–	–	(46)	–	–	(46)
Shares distributed by employee and other trusts and related dividend equivalents	25, 26	–	68	–	(70)	–	(2)	–	–	(2)
Other movements[2]	26, 27	–	–	–	(23)	17	(6)	–	–	(6)
31 December 2022		280	(149)	640	4,986	(129)	5,628	207	7	5,842

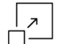
1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.
2. Other movements for 2022 included the transfer of (£17m) previously recognised in the foreign currency translation reserve (which is part of Other reserves) to Retained earnings. In prior periods we had considered the functional currency of an intermediate subsidiary holding the Group's investment in HDFC Life to be US Dollars. We now consider that the functional currency should have been GBP, resulting in the transfer between reserves. Prior periods were not restated as the impact on prior periods was not considered material. There was no impact on net assets for any period presented.

The Notes on pages 167 to 270 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	2023 £m	2022 restated[1] £m
Cash flows from operating activities			
Loss before tax		**(6)**	(612)
Change in operating assets	37	**157**	916
Change in operating liabilities	37	**(109)**	(725)
Adjustment for non-cash movements in investment income		**3**	–
Other non-cash and non-operating items	37	**210**	567
Taxation paid[2]		**(34)**	(36)
Net cash flows from operating activities		**221**	110
Cash flows from investing activities			
Purchase of property, plant and equipment		**(18)**	(21)
Acquisition of subsidiaries and unincorporated businesses net of cash acquired	1(b)	**(108)**	(1,378)
Disposal of subsidiaries net of cash disposed of	37	**139**	–
Acquisition of investments in associates and joint ventures	14	**(2)**	(20)
Proceeds in relation to contingent consideration	36	**21**	18
Payments in relation to contingent consideration	36	**(12)**	(7)
Disposal of investments in associates and joint ventures	1(c)	**–**	6
Purchase of financial investments		**(445)**	(297)
Proceeds from sale or redemption of financial investments	17	**1,029**	1,633
Taxation paid on sale or redemption of financial investments[2]		**(41)**	(28)
Prepayment in respect of potential acquisition of customer contracts	39(b)	**20**	14
Acquisition of intangible assets		**(41)**	(6)
Net cash flows from investing activities		**542**	(86)
Cash flows from financing activities			
Repayment of subordinated liabilities	30	**–**	(92)
Payment of lease liabilities – principal		**(24)**	(46)
Payment of lease liabilities – interest		**(6)**	(6)
Shares acquired by trusts		**(27)**	(46)
Interest paid on subordinated liabilities and other equity		**(20)**	(34)
Other interest paid		**(3)**	(2)
Cash received relating to collateral held in respect of derivatives hedging subordinated liabilities		**(50)**	74
Share buyback	24	**(302)**	(302)
Ordinary dividends paid	12	**(279)**	(307)
Net cash flows from financing activities		**(711)**	(761)
Net increase/(decrease) in cash and cash equivalents		**52**	(737)
Cash and cash equivalents at the beginning of the year		**1,166**	1,875
Effects of exchange rate changes on cash and cash equivalents		**(8)**	28
Cash and cash equivalents at the end of the year	22	**1,210**	1,166
Supplemental disclosures on cash flows from operating activities			
Interest received		**85**	38
Dividends received		**91**	110
Rental income received on investment property		**3**	2

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.
2. Total taxation paid was £75m in 2023 (2022: £64m).



The Notes on pages 167 to 270 are an integral part of these consolidated financial statements.

Presentation of consolidated financial statements

The Group's significant accounting policies are included at the beginning of the relevant notes to the consolidated financial statements. This section sets out the basis of preparation, a summary of the Group's critical accounting estimates and judgements in applying accounting policies, and other significant accounting policies which have been applied to the financial statements as a whole.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards. The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of owner-occupied property, derivative instruments and other financial assets and financial liabilities at fair value through profit or loss (FVTPL).

Climate risks have been taken into consideration in the preparation of the consolidated financial statements, primarily in relation to fair value calculations and impairment assessments. Refer Note 34(a) for further details of our consideration of climate impact including our current assessment that the impact on the consolidated financial statements is not material.

The current inflationary environment has also been taken into consideration in the preparation of the consolidated financial statements. Again this primarily relates to fair value calculations and impairment assessments. The impact of inflation has been factored into budgeted cash flows used in these calculations and assessment. However, terminal growth rates are still based on longer term inflation expectations which are largely unchanged.

The principal accounting policies set out in these consolidated financial statements have been consistently applied to all financial reporting periods presented except as described below.

(a)(i) New standards, interpretations and amendments to existing standards that have been adopted by the Group

The Group has adopted the following new International Financial Reporting Standards (IFRSs), interpretations and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2023.

IFRS 17 *Insurance Contracts*

On 1 January 2023, the Group adopted IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4 *Insurance Contracts* which was an interim standard which permitted the continued application of accounting policies, for insurance contracts and contracts with discretionary participation features, which were being used at transition to IFRS except where a change satisfied criteria set out in IFRS 4. IFRS 17 introduces new required measurement and presentation accounting policies for such contracts which reflect the view that these contracts combine features of a financial instrument and a service contract.

IFRS 17's measurement model, which applies to groups of contracts, combines a risk-adjusted present value of future cash flows and an amount representing unearned profit. IFRS 17 introduces a new approach to presentation in the income statement and statement of comprehensive income in relation to direct exposure to insurance contracts.

The Group has no material direct exposure to insurance contracts and contracts with discretionary participating features and the adoption of this standard has had no significant direct impact on the measurement or presentation of insurance contracts and therefore no restatement of prior periods was required in relation to direct exposure.

However, the results of the Group's joint venture Heng An Standard Life Insurance Company Limited (HASL) have been impacted by the adoption of IFRS 17 on 1 January 2023. HASL has also applied IFRS 9 *Financial Instruments* on 1 January 2023. While the Group had adopted IFRS 9 on 1 January 2019 following the sale of its UK and European insurance in 2018, HASL had continued to take the permitted temporary exemption granted to insurers in IFRS 4 to defer the implementation of IFRS 9 until the implementation of IFRS 17.

IFRS 17 must be applied retrospectively, however as permitted by the standard, HASL has applied IFRS 9 prospectively. Consequently, the combined impact of the change of accounting policy comes through at 1 January 2023. The net impact of the changes is an increase in the carrying value of HASL, the Group's retained earnings and net assets of £16m, comprising a decrease of £35m for IFRS 17 offset by an increase of £51m for IFRS 9.

IFRS 17 has three main measurement models: the general measurement model; the variable fee approach and the premium allocation approach. HASL is primarily using the general measurement model for its traditional insurance business and the variable fee approach for its direct participating contracts and investment contracts with direct participation features with some use of the premium allocation approach. The results reflect the election to take the other comprehensive income (OCI) options under IFRS 17 to take elements of the movements in the measurement of insurance contract through OCI to minimise income statement volatility.

The impact of the restatement in 2022 below partly reflects that the measurement of investment contracts under the variable fee approach reflect the fair value of the underlying assets from 1 January 2022 but a number of these assets were not accounted for at fair value until 1 January 2023 upon HASL's adoption of IFRS 9 (see below). The measurement of the insurance contracts is also impacted by the use of lower discount rates to discount liabilities under IFRS 17 as compared to those used under IFRS 4 and higher liabilities for financial related guarantees within some products.

In relation to IFRS 9, the largest impact relates to its debt investments which were classified as held to maturity under IAS 39 and subsequently accounted for at amortised cost but are now classified as fair value through OCI under IFRS 9.

As noted above, IFRS 17 is applied retrospectively. However, it was not practicable for HASL to apply a full retrospective approach. Depending on the nature and start date of the insurance contract, HASL has applied either a modified retrospective approach or a fair value approach. The choice of transition approach is not expected to have a significant impact on future periods.

The carrying value of the joint venture and opening retained earnings as at 1 January 2022 have been restated for IFRS 17.

	31 December 2021 as previously presented	Impact of IFRS 17	1 January 2022 as restated
	£m	£m	£m
Consolidated statement of financial position			
Carrying value of HASL	258	(9)	249
Investments in associates and joint ventures accounted for using the equity method	274	(9)	265
Total assets	11,418	(9)	11,409
Retained earnings	5,775	(9)	5,766
Total equity attributable to equity shareholders of abrdn plc	7,643	(9)	7,634
Total equity	7,856	(9)	7,847
Total equity and liabilities	11,418	(9)	11,409

The carrying value of HASL and the movements in the carrying value as at 31 December 2022 have also been restated.

	2022 as previously presented £m	Impact of IFRS 17 £m	2022 as restated £m
Consolidated income statement			
Share of profit or loss from associates and joint ventures	2	3	5
Loss before tax	(615)	3	(612)
Loss for the year	(549)	3	(546)
Attributable to:			
Equity shareholders of abrdn plc	(561)	3	(558)
Earnings per share			
Basic (pence per share)	(26.8)	0.2	(26.6)
Diluted (pence per share)	(26.8)	0.2	(26.6)
Consolidated statement of comprehensive income			
Loss for the year	(549)	3	(546)
Share of other comprehensive income of associates and joint ventures	(28)	(29)	(57)
Total items that may be reclassified subsequently to profit or loss	13	(29)	(16)
Other comprehensive income for the year	(780)	(29)	(809)
Total comprehensive income for the year	(1,329)	(26)	(1,355)
Attributable to:			
Equity shareholders of abrdn plc	(1,341)	(26)	(1,367)
Analysis of adjusted profit			
Adjusted for the following items			
Share of profit or loss from associates and joint ventures	2	3	5
Total adjusting items including results of associates and joint ventures	(868)	3	(865)
Loss for the year attributable to equity shareholders of abrdn plc	(561)	3	(558)
Loss for the year	(549)	3	(546)

	31 December 2022 as previously presented £m	Impact of IFRS 17 £m	31 December 2022 as restated £m
Consolidated statement of financial position			
Carrying value of HASL	245	(35)	210
Investments in associates and joint ventures accounted for using the equity method	267	(35)	232
Total assets	9,247	(35)	9,212
Retained earnings	5,021	(35)	4,986
Total equity attributable to equity shareholders of abrdn plc	5,663	(35)	5,628
Total equity	5,877	(35)	5,842
Total equity and liabilities	9,247	(35)	9,212
Consolidated statement of changes in equity			
Opening retained earnings	5,775	(9)	5,766
Loss for the year	(561)	3	(558)
Other comprehensive income for the year	(821)	(29)	(850)
Total comprehensive income for the year	(1,382)	(26)	(1,408)
Closing retained earnings	5,021	(35)	4,986
Opening total equity attributable to equity shareholders of abrdn plc	7,643	(9)	7,634
Loss for the year	(561)	3	(558)
Other comprehensive income for the year	(780)	(29)	(809)
Total comprehensive income for the year	(1,341)	(26)	(1,367)
Closing total equity attributable to equity shareholders of abrdn plc	5,663	(35)	5,628
Opening total equity	7,856	(9)	7,847
Loss for the year	(549)	3	(546)
Other comprehensive income for the year	(780)	(29)	(809)
Total comprehensive income for the year	(1,329)	(26)	(1,355)
Closing total equity	5,877	(35)	5,842

The restatement has no overall impact on the cash flows of the Group but does impact certain line items in the consolidated statement of cash flows:

	31 December 2022 as previously presented £m	Impact of IFRS 17 £m	31 December 2022 as restated £m
Consolidated statement of cash flows			
Loss before tax	(615)	3	(612)
Other non-cash and non-operating items	570	(3)	567

In line with the approach adopted by the Group on its implementation of IFRS 9 on 1 January 2019 and as permitted by IFRS 9, the comparatives have not been restated for HASL's adoption of IFRS 9. The impact of HASL adopting IFRS 9 is recognised in retained earnings at 1 January 2023.

	31 December 2022 as restated for IFRS 17 £m	Impact of IFRS 9 £m	1 January 2023 £m
Consolidated statement of financial position			
Carrying value of HASL	210	51	261
Investments in associates and joint ventures accounted for using the equity method	232	51	283
Total assets	9,212	51	9,263
Retained earnings	4,986	51	5,037
Total equity attributable to equity shareholders of abrdn plc	5,628	51	5,679
Total equity	5,842	51	5,893
Total equity and liabilities	9,212	51	9,263

Amendments to existing standards

International Tax Reform – Organization for Economic Cooperation and Development (OECD) Pillar Two Model Rules – Amendments to IAS 12

In May 2023, amendments to IAS 12 were issued which were endorsed by the UK endorsement board on 19 July 2023. The amendments were effective immediately.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. However, the amendments also introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes which the Group has applied.

The amendments introduce new disclosure requirements in relation to Pillar Two income taxes including qualitative and quantitative information about Group's exposure to Pillar Two income taxes in relation to Pillar Two legislation enacted or substantively enacted but not yet effective at the end of the reporting period. Refer Note 9(e) for the information on this exposure.

Other amendments

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.
- Definition of Accounting Estimates - Amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

The Group's accounting policies have been updated to reflect these other amendments. Management considers the implementation of the above amendments to existing standards has had no significant impact on the Group's financial statements.

(a)(ii) Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's annual accounting periods beginning after 1 January 2023. The Group has not early adopted the standards, amendments and interpretations described below.

There are no other new standards, interpretations and amendments to existing standards that have been published that are expected to have a significant impact on the consolidated financial statements of the Group.

(a)(iii) Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements requires management to exercise judgements in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses arising during the year. Judgements and sources of estimation uncertainty are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where judgements have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

Financial statement area	Critical judgements in applying accounting policies	Related note
Defined benefit pension plans	Assessment of whether the Group has an unconditional right to a refund of the surplus. Treatment of tax relating to the surplus.	Note 31
Intangible assets	Identification and valuation of intangible assets arising from business combinations, and the determination of useful lives.	Note 13

The following changes have been made to the Group's critical judgements:

- In addition to identification and valuation of the intangible assets, the allocation to cash generating units of goodwill arising from the acquisition was considered a critical judgement during 2022 in relation to the acquisition of ii (refer Note 1(b)(ii)). This is not considered as a critical judgement in relation to the 2023 acquisition of the healthcare fund management capabilities of Tekla Capital Management LLC (Tekla) (refer Note 1(b)(i)).
- Following the final release of the Group's separation costs provision (refer Note 33 for further details), determining whether a provision is required for separation costs is not considered as a critical judgement.

There are no other changes to critical judgements in applying accounting policies from the prior year.

The areas where assumptions and other sources of estimation uncertainty at the end of the reporting period have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Financial statement area	Critical accounting estimates and assumptions	Related note
Intangible assets	Determination of the recoverable amount in relation to the impairment of goodwill.	Note 13
Financial instruments at fair value through profit or loss	Determination of the fair value of contingent consideration liabilities relating to the acquisition of Tritax.	Notes 34 and 36
Defined benefit pension plans	Determination of principal UK pension plan assumptions for mortality, discount rate and inflation.	Note 31

All other critical accounting estimates and assumptions are the same as the prior year.

Further detail on critical accounting estimates and assumptions is provided in the relevant note.

(a)(iv) Foreign currency translation

The consolidated financial statements are presented in million pounds Sterling.

The statements of financial position of Group entities, including associates and joint ventures accounted for using the equity method, that have a different functional currency than the Group's presentation currency are translated into the presentation currency at the year end exchange rate and their income statements and cash flows are translated at average exchange rates for the year. All resulting exchange differences arising are recognised in other comprehensive income and the foreign currency translation reserve in equity. On disposal of a Group entity the cumulative amount of any such exchange differences recognised in other comprehensive income is reclassified to profit or loss.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Gains and losses arising from such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the relevant line in the consolidated income statement.

Translation differences on non-monetary items, such as equity securities held at fair value through profit or loss, are reported as part of the fair value gain or loss within Net gains or losses on financial instruments and other income in the consolidated income statement. Translation differences on financial assets and liabilities held at amortised cost are included in the relevant line in the consolidated income statement.

(a)(v) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Strategic report. This includes details on our liquidity and capital management and our viability statement in the Chief Financial Officer's overview section and our principal risks in the Risk management section including the impacts of the macroeconomic environment and global and regional geopolitical events on these principal risks. In addition, these financial statements include notes on the Group's subordinated liabilities (Note 30), management of its risks including market, credit and liquidity risk (Note 34), its contingent liabilities and commitments (Notes 38 and 39), and its capital structure and position (Note 42).

In preparing these financial statements on a going concern basis, the Directors have considered the following matters and have taken into account market uncertainty.

- The Group has cash and liquid resources of £1.8bn at 31 December 2023. In addition, the Company has a revolving credit facility of £400m as part of our contingency funding plans which is due to mature in 2026 and remains undrawn.
- The Group's indicative regulatory Common Equity Tier 1 (CET1) capital surplus on an IFPR basis was £876m in excess of capital requirements at 31 December 2023. The regulatory CET1 capital surplus does not include the value of the Group's significant listed investment in Phoenix Group Holdings (Phoenix).
- The Group performs regular stress and scenario analysis as described in the Annual report and accounts 2023 Viability statement. The diverse range of management actions available meant the Group was able to withstand these extreme stresses.
- The Group's operational resilience processes have operated effectively during the period including the provision of services by key outsource providers.

Based on a review of the above factors the Directors are satisfied that the Group and Company have and will maintain sufficient resources to enable them to continue operating for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis. There were no material uncertainties relating to this going concern conclusion.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiaries.

Subsidiaries are all entities (including investment vehicles) over which the Group has control. Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For operating entities this generally accompanies a shareholding of 50% or more in the entity. For investment vehicles, including structured entities, the control assessment also considers the removal rights of other investors and whether the Group acts as principal or agent in assessing the link between power and variable returns. In determining whether the Group acts as principal, and therefore controls the entity, the removal rights of other investors and the magnitude of the variability associated with the returns are also taken into account. As a result, the Group often is considered to control investment vehicles in which its shareholding is less than 50%.

Where the Group is considered to control an investment vehicle, such as an open-ended investment company, a unit trust or a limited partnership, and it is therefore consolidated, the interests of parties other than the Group are assessed to determine whether they should be classified as liabilities or as non-controlling interests. The liabilities are recognised in the third party interest in consolidated funds line in the consolidated statement of financial position and any movements are recognised in the consolidated income statement. The financial liability is designated at fair value through profit or loss (FVTPL) as it is implicitly managed on a fair value basis as its value is directly linked to the market value of the underlying portfolio of assets. The interests of parties other than the Group in all other types of entities are recorded as non-controlling interests.

All intra-group transactions, balances, income and expenses are eliminated in full.

The Group uses the acquisition method to account for acquisitions of businesses. At the acquisition date the assets and liabilities of the business acquired and any non-controlling interests are identified and initially measured at fair value on the consolidated statement of financial position.

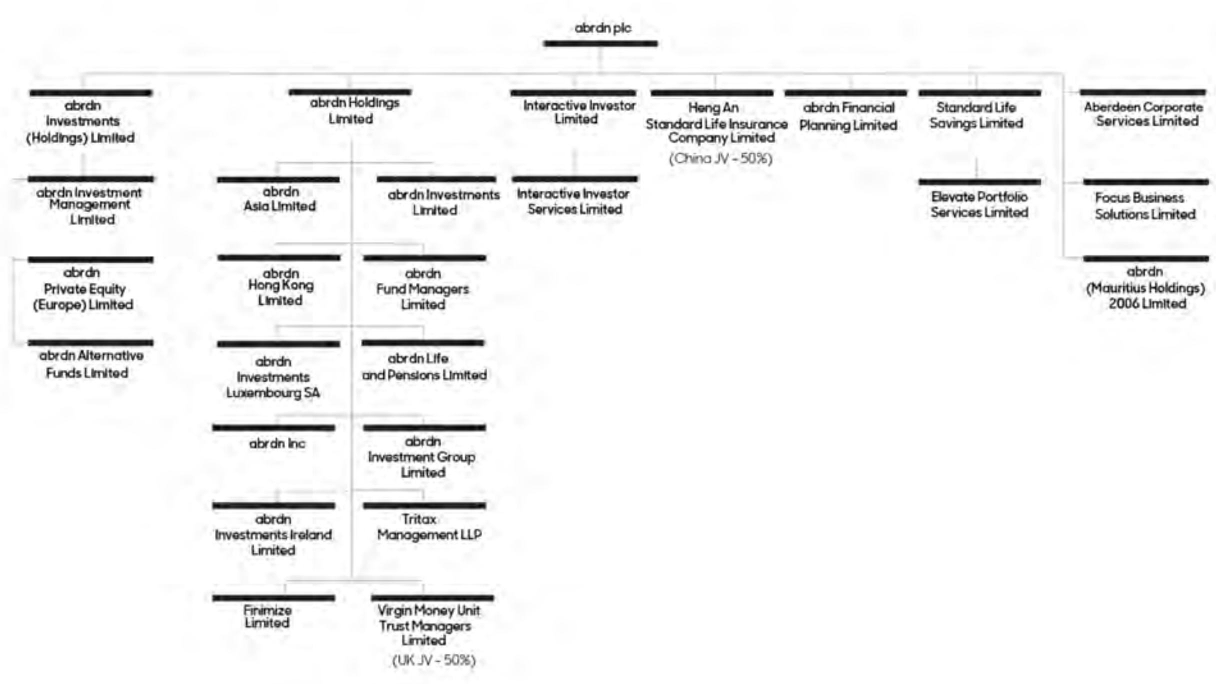
When the Group acquires or disposes of a subsidiary, the profits and losses of the subsidiary are included from the date on which control was transferred to the Group until the date on which it ceases, with consistent accounting policies applied across all entities throughout.

Notes to the Group financial statements

1. Group structure

(a) Composition

The following diagram is an extract of the Group structure at 31 December 2023 and gives an overview of the composition of the Group.



A full list of the Company's subsidiaries is provided in Note 44.

(b) Acquisitions

(b)(i) Current year acquisitions of subsidiaries and other operations

Healthcare fund management capabilities of Tekla Capital Management

On 27 October 2023, abrdn Inc. purchased the healthcare fund management capabilities of Tekla Capital Management LLC (Tekla) through a purchase agreement. Tekla's investment team transferred to the Group as part of the agreement. The assets under management at the acquisition date were £2.3bn. The acquisition further strengthens abrdn's closed-end fund business and allows the Group to draw on Tekla's expertise in investing in the healthcare sector as it looks to build out its offering in this area.

At the acquisition date the consideration, net assets acquired and resulting goodwill were as follows:

27 October 2023	£m
Cash consideration	108
Fair value of deferred and contingent consideration	11
Consideration	119
Fair value of net assets acquired	
Intangible assets	
Customer relationships and investment management contracts	78
Total assets	78
Total liabilities	–
Goodwill	41

The fair value of the deferred and contingent consideration of £11m comprises:

- A guaranteed deferred consideration of £7m which is payable in equal instalments on the first, second and third anniversaries of the closing date.
- A contingent consideration with a fair value at acquisition of £4m. This has been calculated by reference to fee revenue and could range from US$nil to US$20m. It is measured on the first, second and third anniversaries of the closing date.

The seller has elected that a portion of deferred and contingent consideration will be payable to employees that transferred from Tekla to abrdn who are still employed by the Group at each anniversary date. Any consideration that was allocated to employees that have left revert to the seller so this arrangement has no impact on the total value of the consideration for the business acquired.

Intangible assets acquired in the business combination consist of investment management contract intangibles for the four NYSE listed funds which were managed by Tekla. Refer Note 13 for details of the key assumptions used in measuring the fair value of these intangibles at the acquisition date.

The goodwill arising on acquisition is mainly attributable to:
- The ability to develop and evolve the acquired product suite through the launch of other vehicles.
- The specialist knowledge in the equities and fixed income healthcare sector that the Tekla's investment team brings to the Group. This will generate market leading research and insights, which can be used by portfolio managers across our Investments segment.

The goodwill has been allocated to the abrdn Inc. cash generating unit. The goodwill is expected to be deductible for tax purposes.

The amounts of revenue from contracts with customers and profit after tax contributed to the Group's consolidated income statement for the year ended 31 December 2023 from the acquired Tekla business were £4m and £2m respectively. The profit contributed excludes amortisation of intangible assets acquired through business combinations. If the acquisition had occurred on 1 January 2023, the Group's total revenue from contracts with customers for the year would have increased by £21m to £1,495m and the profit after tax would have increased by £13m to £25m.

Corporate transaction deal costs amounted to £2m of which were included within Restructuring and corporate transaction expenses in the year ended 31 December 2023.

(b)(ii) Prior year acquisitions of subsidiaries

Interactive Investor (ii)

On 27 May 2022, abrdn plc purchased 100% of the issued share capital of Antler Holdco Limited (Antler), the parent company for the Interactive Investor group of companies. The cash outflow at the completion of the acquisition was £1,496m, which comprised consideration of £1,485m and payments of £11m made by abrdn to fund the settlement of ii transaction liabilities as part of the transaction. The acquisition of ii provides abrdn with direct entry to the high-growth digitally enabled direct investing market, accessing new customer segments and capabilities. This allows abrdn customers to choose from a wide spectrum of wealth services, spanning self-directed investing through to high-touch financial advice, depending on their specific needs over their financial life.

On 1 September 2022, Antler made a dividend in specie to abrdn plc of its investment in Interactive Investor Limited which is now a direct subsidiary of abrdn plc. Refer Note A of the Company financial statements for further details.

(c) Disposals

(c)(i) Current year disposal of subsidiaries and other operations

During 2023, the Group made two material disposals of subsidiaries and other operations:
- On 1 September 2023, the Group completed the sale of abrdn Capital Limited (aCL), its discretionary fund management business, to LGT UK Holdings Limited.
- On 2 October 2023, the Group completed the sale of its US Private Equity and Venture Capital capabilities to HighVista Strategies LLC.

aCL and the Group's US Private Equity and Venture Capital capabilities were reported in the ii (previously named Personal) and Investments segments respectively.

Other disposals included the sale of abrdn Australia Ltd to Melbourne Securities Corporation Limited on 1 July 2023. The disposal is not considered material to the Group.

Profit on disposal of subsidiaries and other operations for the year ended 31 December 2023 have been summarised below.

	2023 £m
Disposal of aCL	**58**
Disposal of US Private Equity and Venture Capital capabilities	**22**
Other disposals	**(1)**
Profit on disposal of subsidiaries and other operations for the year ended 31 December 2023	**79**

On disposal, a net gain of £1m was recycled from the translation reserve and was included in determining the profit on disposal of subsidiaries and other operations for the year ended 31 December 2023.

aCL

The gain on sale, which is included in profit on disposals of subsidiaries and other operations in the consolidated income statement for the year ended 31 December 2023 for aCL was calculated as follows:

1 September 2023	£m
Total assets of operations disposed of	(85)
Total liabilities of operations disposed of	10
Net assets of operations disposed of	**(75)**
Cash consideration (less transaction costs) and amount receivable from aCL[1]	133
Gain on sale before tax	**58**

1. Following the completion of the sale, an intercompany receivable due from aCL to abrdn Investments (Holdings) Limited of £3m which previously eliminated on consolidation is now recognised as an asset of the Group.

Prior to the completion of the sale, aCL was classified as an operation held for sale (refer Note 21).

US Private Equity and Venture Capital capabilities

The gain on sale, which is included in profit on disposals of subsidiaries and other operations in the consolidated income statement for the year ended 31 December 2023 for US Private Equity and Venture Capital capabilities was calculated as follows:

2 October 2023	£m
Total assets of operations disposed of	(1)
Total liabilities of operations disposed of	2
Net assets of operations disposed of	**1**
Cash consideration (less transaction costs)	17
Fair value of earn-out payments and retained interest[1]	2
Gain recycled from the translation reserve	2
Gain on sale before tax	**22**

1. Following the sale, the Group has retained certain carried interest entitlements which was been recognised in the consolidated statement of financial position at fair value.

(c)(ii) Prior year disposal of associates

Profit on disposal of interests in associates for the year ended 31 December 2022 of £6m relates to the sale of the Group's interest in Origo Services Limited in May 2022.

2. Segmental analysis

The Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed. IFRS 8 *Operating Segments* requires that the information presented in the financial statements is based on information provided to the 'Chief Operating Decision Maker' which for the Group is the executive leadership team.

(a) Basis of segmentation

(a)(i) Current reportable segments

Investments
Our global asset management business which provides investment solutions for Institutional, Retail Wealth (previously named Wholesale) and Insurance Partners (previously named Insurance) clients.

Adviser
Our UK financial adviser business which provides platform services to wealth managers and advisers.

ii (previously named Personal)
ii, our direct investing platform, following its acquisition in 2022 (refer Note 1(b)(ii) for further details) and our financial planning business, abrdn Financial Planning and Advice. It also included the Group's discretionary fund management business until the completion of the sale of aCL on 1 September 2023. Refer Note 1 (c)(i) for further details.

These are all reported to the level of adjusted operating profit.

In addition to the Group's reportable segments above, the analysis of adjusted profit in Section b(i) below also reports the following:

Other business operations and corporate costs (Other)
Other comprises of Finimize and our digital innovation group along with certain corporate costs.

(a)(ii) Changes to basis of segmentation

As noted above, the Group now reports Other in addition to its reportable segments. Previously the Group only reported certain corporate costs in addition to its reportable segments (reported as Corporate/strategic). These costs are now reported within Other along with Finimize and our digital innovation group which were previously reported within Investments. Including Finimize and our digital innovation group within Other rather than the Investments reportable segment is considered to provide a clearer depiction of business structure and performance. Comparative amounts for the year ended 31 December 2022 have been prepared on a consistent basis.

In addition, from January 2023 and May 2023 respectively, threesixty and our Managed Portfolio Service (MPS) business have been reported within Adviser, both of which were previously reported within ii. Moving threesixty to Adviser brings together our businesses which provide services to wealth managers and advisers and prior to the completion of the sale of aCL, our MPS business, which was retained, moved from aCL to the Adviser business in order to maximise opportunities available through the Adviser distribution model. The impact of these changes on the Adviser and ii segments is not material and comparative amounts for the year ended 31 December 2022 have not been restated.

(b) Reportable segments – adjusted profit and revenue information

(b)(i) Analysis of adjusted profit

Adjusted operating profit is presented by reportable segment in the table below.

31 December 2023	Notes	Investments £m	Adviser £m	ii[1] £m	Other £m	Total £m
Net operating revenue		**878**	**224**	**287**	**9**	**1,398**
Adjusted operating expenses		**(828)**	**(106)**	**(173)**	**(42)**	**(1,149)**
Adjusted operating profit		**50**	**118**	**114**	**(33)**	**249**
Adjusted net financing costs and investment return						**81**
Adjusted profit before tax						**330**
Tax on adjusted profit						**(50)**
Adjusted profit after tax						**280**
Adjusted for the following items						
Restructuring and corporate transaction expenses	5					**(152)**
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	5					**(189)**
Profit on disposal of subsidiaries and other operations	1					**79**
Change in fair value of significant listed investments	4					**(178)**
Dividends from significant listed investments	4					**64**
Share of profit or loss from associates and joint ventures[2]	14					**1**
Reversal of impairment of interests in joint ventures	14					**2**
Other	11					**37**
Total adjusting items including results of associates and joint ventures						**(336)**
Tax on adjusting items						**68**
Profit attributable to other equity holders						**(11)**
Profit attributable to non-controlling interests – ordinary shares						**–**
Profit for the year attributable to equity shareholders of abrdn plc						**1**
Profit attributable to other equity holders						**11**
Profit attributable to non-controlling interests – ordinary shares						**–**
Profit for the year						**12**

1. Previously named Personal.
2. Share of associates' and joint ventures' profit or loss primarily comprises the Group's share of results of HASL, Virgin Money Unit Trust Managers (Virgin Money UTM) and Tenet Group Limited (Tenet).

Net operating revenue is reported as the measure of revenue in the analysis of adjusted operating profit and relates to revenues generated from external customers.

In the year ended 31 December 2023, transactions with one external customer amounted to more than 10% of net operating revenue (2022: one). This net operating revenue of £150m (2022: £180m) is included in the Investments and Adviser segments.

Adjusted operating expenses includes depreciation and amortisation of £33m (2022: £41m); £26m (2022: £36m) for the Investments segment; £2m (2022: £2m) for the Adviser segment; and £5m (2022: £3m) for the ii segment. Interest income, interest expense and income tax expense are not analysed by segment in the information provided to the executive leadership team.

Assets and liabilities by segment is not required to be presented as such information is not presented on a regular basis to the executive leadership team.

31 December 2022	Notes	Investments restated[1] £m	Adviser £m	ii[2] £m	Other restated[1] £m	Total restated[3] £m
Net operating revenue		1,060	185	201	10	1,456
Adjusted operating expenses		(930)	(99)	(129)	(35)	(1,193)
Adjusted operating profit		130	86	72	(25)	263
Adjusted net financing costs and investment return						(10)
Adjusted profit before tax						253
Tax on adjusted profit						(22)
Adjusted profit after tax						231
Adjusted for the following items						
Restructuring and corporate transaction expenses	5					(214)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	5					(494)
Profit on disposal of interests in associates	1					6
Change in fair value of significant listed investments	4					(187)
Dividends from significant listed investments	4					68
Share of profit or loss from associates and joint ventures[3,4]	14					5
Impairment of interests in associates	14					(9)
Other	11					(40)
Total adjusting items including results of associates and joint ventures						(865)
Tax on adjusting items						88
Profit attributable to other equity holders						(11)
Profit attributable to non-controlling interests – ordinary shares						(1)
Loss for the year attributable to equity shareholders of abrdn plc						(558)
Profit attributable to other equity holders						11
Profit attributable to non-controlling interests – ordinary shares						1
Loss for the year						(546)

1. The breakdown of net operating revenue, adjusted operating expenses and adjusted operating profit for the year ended 31 December 2022 have been restated in line with the changes to the Group's reportable segments (refer Section (a)(ii) above).
2. Previously named Personal.
3. Comparatives for 2022 have been restated for the implementation of IFRS 17 (refer Basis of preparation).
4. Share of associates' and joint ventures' profit or loss comprises the Group's share of results of HASL, Virgin Money UTM and Tenet.

(b)(ii) Reconciliation to the Consolidated income statement

Net operating revenue

The reconciliation of net operating revenue, as presented in the analysis of Group adjusted profit by segment to revenue from contracts with customers, as presented in the Consolidated income statement, is included in Note 3.

Adjusted operating expenses

The following table provides a reconciliation of adjusted operating expenses, as presented in the analysis of Group adjusted profit by segment, to total administrative and other expenses, as presented in the Consolidated income statement.

	2023 £m	2022 £m
Total administrative and other expenses as presented in the Consolidated income statement	**(1,463)**	(1,919)
Restructuring and corporate transaction expenses included in adjusting items	**152**	214
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts included in adjusting items	**189**	494
Administrative and other expenses relating to the unit linked business	**1**	1
Other differences	**(28)**	17
Adjusted operating expenses as presented in the analysis of Group adjusted profit by segment	**(1,149)**	(1,193)

Other differences relate to items presented in adjusted net financing costs and investment return for segment reporting (see commentary under table below) and other items classified as adjusting items (refer Note 11).

Adjusted net financing costs and investment return

The following table provides a reconciliation of adjusted net financing costs and investment return, as presented in the analysis of Group adjusted profit by segment, to Net gains or losses on financial instruments and other income, as presented in the Consolidated income statement.

	2023 £m	2022 £m
Net gains or losses on financial instruments and other income as presented in the Consolidated income statement	**2**	(122)
Finance costs separately disclosed in the Consolidated income statement	**(25)**	(29)
Change in fair value of significant listed investments included in adjusting items	**178**	187
Dividends from significant listed investments included in adjusting items	**(64)**	(68)
Net gains or losses on financial instruments and other income relating to the unit linked business	**(4)**	(5)
Other differences	**(6)**	27
Adjusted net financing costs and investment return as presented in the analysis of Group adjusted profit by segment	**81**	(10)

Other differences primarily relate to amounts presented in a different line item of the Consolidated income statement and other items classified as adjusting items. This includes the net interest credit relating to the staff pension schemes of £34m (2022: £29m) which is presented in total administrative and other expenses in the Consolidated income statement and in adjusted net financing costs and investment return in the analysis of Group adjusted profit by segment.

(c) Total net operating revenue by geographical location

Total net operating revenue[1] split by geographical location is as follows:

	2023 £m	2022 £m
UK	**1,037**	1,041
Europe, Middle East and Africa	**107**	114
Asia Pacific	**137**	164
Americas	**117**	137
Total	**1,398**	1,456

1. Net operating revenue is allocated based on legal entity revenue recognition.

(d) Non-current non-financial assets by geographical location

	2023 £m	2022 £m
UK	**1,565**	1,745
Europe, Middle East and Africa	**33**	10
Asia Pacific	**13**	8
Americas	**130**	57
Total	**1,741**	1,820

Non-current non-financial assets for this purpose consist of property, plant and equipment and intangible assets.

3. Net operating revenue

Net operating revenue represents revenue from contracts with customers after deduction of cost of sales.

Revenue from contracts with customers is recognised as services are provided i.e. as the performance obligation is satisfied. Performance fees and carried interest are only recognised once it is highly probable that a significant reversal will not occur in future periods. Where revenue is received in advance (front-end fees), this income is deferred and recognised as a deferred income liability (refer Note 32) and released to the Consolidated income statement over the period services are provided.

Where revenue received relates to performance obligations whose fulfilment involves another external party, for example fund accounting or custodian services, the Group assesses if it is acting as a principal with full responsibility for the performance obligation and control over its fulfilment or solely responsible for arranging for the third party to fulfil the performance obligation i.e. acting as an agent. Where the Group is acting as an agent, only its share of the revenue for the arrangement of the relevant service is recognised within revenue from contracts from customers, therefore the revenue is recognised net of the revenue passed on to the third party.

Commission and other fee expenses which relate directly to revenue are presented as cost of sales. These expenses include ongoing commission expenses payable to financial institutions, investment platform providers and financial advisers that distribute the Group's products which are generally based on an agreed percentage of AUM and are recognised in the income statement as the service is received. Other cost of sales also includes amounts payable to employees and others relating to carried interest and performance fee revenue.

(a) Revenue from contracts with customers

The following table provides a breakdown of total revenue from contracts with customers.

	2023 £m	2022 restated[1] £m
Investments		
Management fee income – Institutional and Retail Wealth[2,3]	**769**	901
Management fee income – Insurance Partners[2,4]	**132**	167
Performance fees and carried interest	**18**	41
Other revenue from contracts with customers	**27**	28
Revenue from contracts with customers for the Investments segment	**946**	1,137
Adviser		
Platform charges	**184**	176
Treasury income	**31**	11
Other revenue from contracts with customers	**11**	–
Revenue from contracts with customers for the Adviser segment	**226**	187
ii[5]		
Fee income – Advice and Discretionary	**57**	87
Account fees	**54**	32
Trading transactions	**48**	27
Treasury income	**134**	58
Revenue from contracts with customers for the ii segment[5]	**293**	204
Revenue from contracts with customers for Other	**9**	10
Total revenue from contracts with customers	**1,474**	1,538

1. The breakdown of revenue from contracts with customers for the year ended 31 December 2022 has been restated in line with the changes to the Group's reportable segments. Refer Note 2 for further details.
2. In addition to revenues earned as a percentage of AUM, management fee income includes certain other revenues not based on a percentage of AUM.
3. Previously named Institutional and Wholesale.
4. Previously named Insurance.
5. Previously named Personal.

Investments

Through a number of its subsidiaries, the Group provides asset management services to its customers. This performance obligation is performed over time with the revenue recognised as the obligation is performed. The Group generally receives asset management fees based on the percentage of the assets under management. The percentage varies depending on the level and nature of assets under management. Asset management fees are either deducted from assets or invoiced. Deducted fees are generally calculated, recognised and collected on a daily basis. Other asset management fees are invoiced to the customer either monthly or quarterly with receivables recognised for unpaid invoices. The payment terms for invoiced revenue vary but are typically 30 days from receipt of invoice. Accrued income is recognised to account for income earned but not yet invoiced which is not dependent on any future performance.

There is also some use of performance fees and carried interest arrangements. Performance fees and carried interest are earned from some investment mandates when contractually agreed performance levels are exceeded within specified performance measurement periods. Performance fees and carried interest are only recognised once it is highly probable that a significant reversal will not occur in future periods. Given the unpredictability of future performance, the risk of a significant reversal occurring will typically only be considered low enough to make recognition appropriate upon the crystallisation event occurring.

Adviser

Through a number of its subsidiaries, the Group offers customers access to fund platforms. The platforms give customers the ongoing functionality to manage and administer their investments. This performance obligation is performed over time with the revenue recognised as the obligation is performed. Customers pay a platform charge which is generally calculated as a percentage of their assets. The percentage varies depending on the level of assets on the specific platform. The main platform charges are calculated either daily or monthly and are collected and recognised monthly. The charges are collected directly from assets on the platform. There are no significant payment terms.

In addition, Adviser receives treasury income for providing management and administration of cash held in platform cash accounts. The performance obligation for cash management and administration is performed over time with the revenue recognised as the obligation is performed. The customer receives interest on their cash balances after deduction of a cash management administration charge which is generally calculated as a percentage of their cash held in relevant accounts. The percentage varies depending on the interest received from the banks used to provide the cash accounts. There are no significant payment terms.

ii

Through a number of its subsidiaries, the Group also offers financial planning and discretionary fund management services. The sale of the Group's primary discretionary fund management business completed on 1 September 2023 (refer Note 1(c)(i) for further details) and the Managed Portfolio Service business has been reported within Adviser from May 2023 since its transfer from aCL.

Financial planning is either provided on a one-off basis or on an ongoing basis. The performance obligation for one-off advice is performed at a point in time with the revenue recognised when the advice is provided. The performance obligation for ongoing financial planning is performed over time with the revenue recognised as the obligation is performed. The Group generally receives ongoing financial planning fees based on the percentage of the assets under advice. One-off financial planning fees are invoiced to the customer following delivery of the advice. Ongoing financial planning fees are invoiced to the customer or a designated financial provider either monthly or quarterly. Receivables are recognised for unpaid invoices. The payment terms for invoiced revenue vary but are typically 30 days from receipt of invoice. Accrued income is recognised to account for income earned but not yet invoiced which is not dependent on any future performance. The performance obligation for discretionary fund management services is also performed over time with the revenue recognised as the obligation is performed. The Group generally receives discretionary fund management services fees based on the percentage of the assets under management. The percentage varies depending on the level and nature of assets under management. Discretionary fund management services fees are deducted from assets. Deducted fees are generally calculated, recognised and collected on a daily basis.

Through its subsidiary Interactive Investor Services Limited (ii), the Group offers a subscription-based trading and direct investing platform. The services that ii offers are provided on both a point in time and an over time basis.

Customers pay monthly account fees as part of ii's subscription model. Account fees are invoiced monthly and are payable immediately from the customer's account, with receivables recognised if there are insufficient funds available. The account fees cover the performance obligation to provide the customer with access to the platform and custody services. For certain subscription levels, the account fee also entitles the customer to receive trading credits which can be redeemed against future trades. For these subscription levels, the account fees also cover ii's performance obligation to perform these future trades. In accordance with IFRS 15, the account fees are allocated to the two performance obligations. Access to the platform and custody services is provided over time and the account fees revenue allocated to this performance obligation is recognised over the calendar month as the customer receives the benefit of these services. Trading credits need to be used by the customer within 31 days of the credit arising, therefore the revenue is recognised over the calendar month as a reasonable approximation of when the performance obligation is satisfied at a point in time within the month.

In addition, ii performs additional trades and foreign exchange transactions for its customers. These are performed at a point in time with the revenue recognised at the trade date of the transaction. Trading fees for transactions not covered by trading credits are generally charged on a flat fee basis with larger international share trades charged based on a percentage of the trade value. These are added to the cost of purchasing shares or deducted from the proceeds from the sale of shares with receivables recognised for unsettled trades. For foreign exchange trades, ii receives a margin (varying depending on the size of the transaction) via a third party in the month following the transaction, with receivables recognised prior to the payment.

In addition, ii is entitled to receive treasury income in relation to its performance obligations to the customer. Treasury income is the interest earned on cash balances less the interest paid to customers based on the client money balances held with third party banks and by reference to the applicable interest rates. Treasury income is recognised on an over time basis with accrued income recognised for unpaid interest.

(b) Cost of sales

The following table provides a breakdown of total cost of sales.

	2023 £m	2022 £m
Cost of sales		
Commission expenses	**64**	66
Other cost of sales	**12**	16
Total cost of sales	**76**	82

Other cost of sales includes amounts payable to employees and others relating to carried interest and performance fee revenue. Cost of sales for each of the Group's reportable segments is disclosed in Section (c) below.

(c) Reconciliation of revenue from contracts with customers to net operating revenue as presented in the analysis of adjusted operating profit

The following table provides a reconciliation of revenue from contracts with customers as presented in the consolidated income statement to net operating revenue as presented in the analysis of adjusted operating profit (see Note 2(b) for each of the Group's reportable segments).

2023	Investments £m	Adviser £m	ii £m	Other £m	Total £m
Revenue from contracts with customers	**946**	**226**	**293**	**9**	**1,474**
Cost of sales	**(68)**	**(2)**	**(6)**	**–**	**(76)**
Net operating revenue	**878**	**224**	**287**	**9**	**1,398**

2022	Investments restated[1] £m	Adviser £m	ii £m	Other restated[1] £m	Total £m
Revenue from contracts with customers	1,137	187	204	10	1,538
Cost of sales	(77)	(2)	(3)	–	(82)
Net operating revenue	1,060	185	201	10	1,456

1. The breakdown for the year ended 31 December 2022 has been restated in line with the changes to the Group's reportable segments. Refer Note 2 for further details.

There are no differences between net operating revenue as presented in the Consolidated income statement and the analysis of Group adjusted profit by segment.

(d) Contract receivables, assets and liabilities

The Group has recognised the following receivables, assets and liabilities in relation to contracts with customers.

	Notes	31 December 2023 £m	31 December 2022 £m	1 January 2022 £m
Amounts receivable from contracts with customers	19	**110**	161	135
Accrued income from contracts with customers	19	**306**	273	260
Cost of obtaining customer contracts	13	**48**	27	37
Deferred acquisition costs	20	**–**	1	3
Total contract receivables and assets		**464**	462	435

	Notes	31 December 2023 £m	31 December 2022 £m	1 January 2022 £m
Deferred Income	32	**4**	3	5
Total contract liabilities		**4**	3	5

4. Net gains or losses on financial instruments and other income

Gains and losses resulting from changes in both market value and foreign exchange on investments classified as fair value through profit or loss are recognised in the consolidated income statement in the period in which they occur. The gains and losses include investment income received such as interest payments and dividend income. Dividend income is recognised when the right to receive payment is established.

Interest income on financial instruments measured at amortised cost is separately recognised in the consolidated income statement using the effective interest rate method. The effective interest rate method allocates interest and other finance costs at a constant rate over the expected life of the financial instrument, or where appropriate a shorter period, by using as the interest rate the rate that exactly discounts the future cash receipts over the expected life to the net carrying value of the instrument.

Other income includes income related to vacant property and fair value movements in contingent consideration.

	Notes	2023 £m	2022 £m
Fair value movements and dividend income on significant listed investments			
Fair value movements on significant listed investments (other than dividend income)		**(178)**	(187)
Dividend income from significant listed investments		**64**	68
Total fair value movements and dividend income on significant listed investments		**(114)**	(119)
Non-unit linked business – excluding significant listed investments			
Net gains or losses on financial instruments at fair value through profit or loss		**6**	(83)
Interest and similar income from financial instruments at amortised cost		**76**	25
Foreign exchange gains or losses on financial instruments at amortised cost		**(7)**	9
Other income		**37**	41
Net gains or losses on financial instruments and other income – non-unit linked business – excluding significant listed investments		**112**	(8)
Unit linked business			
Net gains or losses on financial instruments at fair value through profit or loss			
Net gains or losses on financial assets at fair value through profit or loss		**69**	(130)
Change in non-participating investment contract financial liabilities		**(65)**	112
Change in liability for third party interests in consolidated funds		**(1)**	23
Total net gains or losses on financial instruments at fair value through profit or loss		**3**	5
Interest and similar income from financial instruments at amortised cost		**1**	-
Net gains or losses on financial instruments and other income – unit linked business[1]	23	**4**	5
Total other net gains or losses on financial instruments and other income		**116**	(3)
Total net gains or losses on financial instruments and other income		**2**	(122)

1. In addition to the Net gains or losses on financial instruments and other income – unit linked business of £4m (2022: £5m), there are administrative expenses and policyholder tax of £1m (2022: £1m) and £3m (2022: £4m) respectively relating to unit linked business for the account of policyholders so the result attributable to unit linked business for the year is £nil (2022: £nil). Refer Note 23 for further details.

Fair value movements on significant listed investments (other than dividend income) of losses of £178m (2022: losses of £187m) comprises losses of £5m relating to HDFC Life (2022: losses of £38m), losses of £96m relating to HDFC Asset Management (2022: losses of £105m) and losses of £77m relating to Phoenix (2022: losses of £44m).

Dividend income from significant listed investments of £64m (2022: £68m) comprises £54m (2022: £52m) relating to Phoenix, £10m (2022: £15m) relating to HDFC Asset Management and £nil (2022: £1m) relating to HDFC Life.

5. Administrative and other expenses

	Notes	2023 £m	2022 £m
Restructuring and corporate transaction expenses	8	**152**	214
Impairment of intangibles acquired in business combinations and through the purchase of customer contracts			
Impairment of intangibles acquired in business combinations	13	**63**	368
Impairment of intangibles acquired through the purchase of customer contracts	13	**–**	1
Total impairment of intangibles acquired in business combinations and through the purchase of customer contracts		**63**	369
Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts			
Amortisation of intangibles acquired in business combinations	13	**115**	115
Amortisation of intangibles acquired through the purchase of customer contracts	13	**11**	10
Total amortisation of intangibles acquired in business combinations and through the purchase of customer contracts		**126**	125
Staff costs and other employee-related costs	6	**529**	549
Other administrative expenses[1,2]		**593**	662
Total administrative and other expenses[3]		**1,463**	1,919

1. Other administrative expenses in 2022 included expense relating to a single process execution event provision. Other administrative expenses in 2023 includes a related credit for the recovery from the Group's liability insurance for this provision which was received in 2023. Refer Note 33 for further details.
2. Other administrative expenses includes interest expense of £4m (2022: £2m). In addition, interest expense of £19m (2022: £23m) was incurred in respect of subordinated liabilities and the related cash flow hedge (refer Note 18) and interest expense of £6m (2022: £6m) in respect of lease liabilities (refer Note 16) which are included in Finance costs in the consolidated income statement.
3. Total administrative and other expenses includes £1m (2022: £1m) relating to unit linked business. Refer Note 23 for further details.

6. Staff costs and other employee-related costs

	Notes	2023 £m	2022 £m
The aggregate remuneration payable in respect of employees:			
Wages and salaries		**443**	452
Social security costs		**51**	50
Pension costs			
Defined benefit plans		**(39)**	(29)
Defined contribution plans		**55**	56
Employee share-based payments and deferred fund awards	40	**19**	20
Total staff costs and other employee-related costs		**529**	549

In addition, wages and salaries of £18m (2022: £25m), social security costs of £4m (2022: £3m), pension costs – defined benefit plans of £nil (2022: less than £1m), pension costs – defined contribution plans of less than £1m (2022: £1m), employee share-based payments and deferred fund awards relating to transformation, leavers and corporate transactions of £12m (2022: £6m) and termination benefits of £44m (2022: £53m) have been included in restructuring and corporate transaction expenses. Refer Note 8. A further £4m (2022: £11m) of expenses are included in other cost of sales in relation to amounts payable to employees and former employees relating to carried interest and performance fee revenue. Refer Note 3.

The following table provides an analysis of the average number of staff employed by the Group during the year.

	2023	2022
Investments	**2,132**	2,344
Adviser	**536**	658
ii (previously named Personal)	**1,138**	928
IT and support functions[1]	**1,252**	1,369
Total employees	**5,058**	5,299

1. Previously named Operations, IT and support functions. All roles classified as Operations have been allocated directly to the reportable segment since 2022.

Information in respect of Directors' remuneration is provided in the Directors' remuneration report on pages 115 to 134. In addition to the total remuneration disclosed as paid to the Director for the prior year are amounts paid to those Directors who stepped down from the Board during 2022 being £50,000 to Martin Pike, £42,000 to Jutta af Rosenberg and £81,000 to Cecilia Reyes. This is as disclosed in the 2022 Directors' remuneration report.

7. Auditors' remuneration

The following table shows the auditors' remuneration during the year.

	2023 £m	2022 £m
Fees payable to the Company's auditors for the audit of the Company's individual and consolidated financial statements	**2.1**	1.5
Fees payable to the Company's auditors for other services		
The audit of the Company's consolidated subsidiaries pursuant to legislation	**5.1**	4.7
Audit related assurance services	**2.8**	2.3
Total audit and audit related assurance fees	**10.0**	8.5
Other assurance services	**1.0**	1.0
Other non-audit fee services	**–**	0.3
Total non-audit fees	**1.0**	1.3
Total auditors' remuneration	**11.0**	9.8

Auditors' remuneration disclosed above excludes audit and non-audit fees payable to the Group's principal auditor by Group managed funds which are not controlled by the Group, and therefore not consolidated in the Group's financial statements.

During the year ended 31 December 2023 no audit fees were payable in respect of defined benefit plans to the Group's principal auditor (2022: £nil).

For more information on non-audit services, refer to the Audit Committee report in the Corporate governance statement.

8. Restructuring and corporate transaction expenses

Total restructuring and corporate transaction expenses during the year were £152m (2022: £214m). Restructuring expenses of £121m (2022: £169m) mainly consisting of property related impairments, severance, platform transformation and specific costs to effect savings in Investments. This was partly offset by a £32m release of the provision for separation costs. Refer Note 33 for further details. Corporate transaction expenses were £31m (2022: £45m) and include deal costs relating to acquisitions for the year ended 31 December 2023 of £2m (2022: £14m). Further information on restructuring and corporate transaction expenses can be found in Section 1.1 of Supplementary information.

9. Taxation

The Group's tax expense comprises both current tax and deferred tax expense.

Current tax is the expected tax payable on taxable profit for the year and is calculated using tax rates and laws substantively enacted at the balance sheet date.

A deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that it is probable that the tax deduction will be capable of being offset against taxable profits and gains in future periods. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset or liability are realised. Any tax consequences of distributions on other equity instruments are credited to the statement in which the profit distributed originally arose.

Deferred tax is recognised on temporary differences arising from investments in subsidiaries and associates unless the timing of the reversal is in our control and it is expected that the temporary difference will not reverse in the foreseeable future.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current tax and deferred tax are recognised in the consolidated income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly to equity respectively.

The Group operates in a number of territories and during the normal course of business will be subject to audit or enquiry by local tax authorities. At any point in time the Group will also be engaged in commercial transactions the tax outcome of which may be uncertain due to their complexity or uncertain application of tax law. Tax provisions, therefore, are subjective by their nature and require management judgement based on the interpretation of legislation, management experience and professional advice. As such, this may result in the Group recognising provisions or disclosing contingent liabilities for uncertain tax positions. Management will provide for uncertain tax positions where they judge that it is probable there will be a future outflow of economic benefits from the Group to settle the obligation. Where a future outflow of economic benefits is judged as less than probable but more than remote, a contingent liability will be disclosed, where material. In assessing uncertain tax positions management considers each issue on its own merits using their judgement as to the estimate of the most likely outcome. When making estimates, management considers all available evidence. This may include forecasts of future profitability, the frequency and severity of any losses, and statutory carry forward and carry back provisions as well as management experience of tax attributes expiring without use. Where the final outcome differs from the amount provided this difference will impact the tax charge in future periods. Management re-assesses provisions at each reporting date based upon latest available information.

(a) Tax charge in the consolidated income statement

(a)(i) Current year tax expense

	2023 £m	2022 £m
Current tax:		
UK	**17**	5
Overseas	**51**	45
Adjustment to tax expense in respect of prior years	**(2)**	(8)
Total current tax	**66**	42
Deferred tax:		
Deferred tax credit arising from the current year	**(69)**	(104)
Adjustment to deferred tax in respect of prior years	**(15)**	(4)
Total deferred tax	**(84)**	(108)
Total tax credit [1]	**(18)**	(66)

1. The tax credit of £18m (2022: £66m) includes a tax expense of £3m (2022: £4m) relating to unit linked business. Refer Note 23 for further details.

In 2023 unrecognised tax losses from previous years were used to reduce the current tax expense by £2m (2022: £3m).

Current tax recoverable and current tax liabilities at 31 December 2023 were £10m (2022: £7m) and £6m (2022: £11m) respectively. In addition current tax recoverable and current tax liabilities in relation to unit linked business were £nil (2022: less than £1m) and £nil (2022: less than £1m) respectively. Current tax assets and liabilities are expected to be recoverable or payable in less than 12 months at both 31 December 2023 and 31 December 2022.

(a)(ii) Reconciliation of tax expense

	2023 £m	2022 restated[1] £m
Loss before tax	**(6)**	(612)
Tax at 23.5% (2022: 19%)	**(1)**	(116)
Remeasurement of deferred tax due to rate changes	**(5)**	(15)
Permanent differences	**1**	1
Non-taxable dividends from significant listed investments	**(13)**	(13)
Non-taxable fair value movements on significant listed investments	**18**	21
Tax effect of accounting for Share of profit or loss from associates and joint ventures	**-**	(2)
Tax effect of distributions on other equity instruments	**(3)**	(2)
Impairment losses on goodwill	**15**	65
Impairment of investment in associates and joint ventures	**-**	2
Differences in overseas tax rates	**4**	5
Adjustment to current tax expense in respect of prior years	**(2)**	(8)
Recognition of previously unrecognised deferred tax credit	**(1)**	(3)
Deferred tax not recognised	**2**	4
Adjustment to deferred tax expense in respect of prior years	**(15)**	(4)
Non-taxable profit or loss on sale of subsidiaries, associates and significant listed investments	**(18)**	(5)
Other	**-**	4
Total tax credit for the year	**(18)**	(66)

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.

The standard UK Corporation Tax rate for the accounting period is 23.5%. The rate of UK Corporation Tax increased from 19% to 25% with effect from 1 April 2023.

The accounting for certain items in the consolidated income statement results in certain reconciling items in the table above, the values of which vary from year to year depending upon the underlying accounting values.

Details of significant reconciling items are as follows:
- Dividend income and fair value movements from our investments in Phoenix not being subject to tax.
- Movements in the fair value of our investment in HDFC Asset Management being tax effected at the Indian long-term capital gains tax rate, which is lower than the UK Corporation Tax rate.
- Profit on the sale of abrdn Capital not being subject to tax.
- Goodwill impairments not deductible for tax purposes.
- Prior year adjustments to deferred tax liabilities on intangibles.

(b) Tax relating to components of other comprehensive income

Tax relating to components of other comprehensive income is as follows:

	2023 £m	2022 £m
Tax relating to fair value gains and losses recognised on cash flow hedges	**(10)**	21
Tax relating to cash flow hedge gains and losses transferred to consolidated income statement	**7**	(19)
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**(3)**	2
Tax relating to other comprehensive income	**(3)**	2

All of the amounts presented above are in respect of equity holders of abrdn plc.

(c) Deferred tax assets and liabilities

(c)(i) Analysis of recognised deferred tax

	2023 £m	2022 £m
Deferred tax assets comprise:		
Losses carried forward	**160**	170
Depreciable assets	**35**	33
Employee benefits	**20**	26
Provisions and other temporary timing differences	**7**	5
Gross deferred tax assets	**222**	234
Less: Offset against deferred tax liabilities	**(7)**	(22)
Deferred tax assets	**215**	212
Deferred tax liabilities comprise:		
Unrealised gains on investments	**4**	60
Deferred tax on intangible assets acquired through business combinations	**124**	162
Other	**8**	11
Gross deferred tax liabilities	**136**	233
Less: Offset against deferred tax assets	**(7)**	(22)
Deferred tax liabilities	**129**	211
Net deferred tax asset at 31 December	**86**	1

A deferred tax asset of £160m (2022: £170m) has been recognised by the Group in respect of losses of the parent company and various subsidiaries. The decrease in this deferred tax asset in 2023 reflects the utilisation of brought forward losses against taxable profits in the year.

Deferred tax assets are recognised to the extent that it is probable that the losses will be capable of being offset against taxable profits and gains in future periods. The value attributed to them takes into account the certainty or otherwise of their recoverability. Their recoverability is measured against the reversal of deferred tax liabilities and anticipated taxable profits and gains based on business plans. The deferred tax asset recognised on losses relates to UK entities where there is currently no restriction on the period of time over which losses can be utilised. Recognition of this deferred tax asset requires that management must consider if it is more likely than not that this asset will be recoverable in future periods against future profits arising in the UK. In making this assessment management have considered future operating plans and forecast taxable profits and are satisfied that, following completion of transformation activities, forecast taxable profits will be sufficient to enable recovery of the UK tax losses. The financial forecasts considered were consistent with those used for the assessment of the Group's intangible assets (refer Note 13). Based upon the level of forecast taxable profits management do not consider there is significant risk of a material adjustment to the carrying amount of the deferred tax asset on UK tax losses within the next financial year. Management expect the deferred tax asset to be utilised over a period of between five and seven years.

Deferred tax liabilities relating to unrealised gains on investments at 31 December 2022 of £60m included £52m relating to the Group's investment in HDFC Asset Management. This investment was sold in 2023 (refer Note 11(a) for further details).

Deferred tax assets of £215m (2022: £212m) and liabilities of £129m (2022: £211m) are expected to be recovered or settled after more than 12 months.

(c)(ii) Movements in deferred tax assets and liabilities

	Losses carried forward £m	Depreciable assets £m	Employee benefits £m	Provisions and other temporary timing differences £m	Unrealised gains on investments £m	Deferred tax on intangible assets acquired through business combinations £m	Other £m	Net deferred tax asset £m
At 1 January 2023	**170**	**33**	**26**	**5**	**(60)**	**(162)**	**(11)**	**1**
Amounts (expensed) in/credited to the consolidated income statement	**(10)**	**2**	**(6)**	**2**	**56**	**38**	**2**	**84**
Tax on cash flow hedge	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Other	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
At 31 December 2023	**160**	**35**	**20**	**7**	**(4)**	**(124)**	**(8)**	**86**

	Losses carried forward £m	Depreciable assets £m	Employee benefits £m	Provisions and other temporary timing differences £m	Unrealised gains on investments £m	Deferred tax on intangible assets acquired through business combinations £m	Other £m	Net deferred tax asset £m
At 1 January 2022	129	25	30	4	(104)	(72)	(9)	3
Acquired through business combinations	–	5	–	–	–	(114)	–	(109)
Amounts (expensed) in/credited to the consolidated income statement	41	3	(5)	1	44	24	–	108
Tax on cash flow hedge	–	–	–	–	–	–	(2)	(2)
Other	–	–	1	–	–	–	–	1
At 31 December 2022	170	33	26	5	(60)	(162)	(11)	1

(d) Unrecognised deferred tax

Due to uncertainty regarding recoverability, deferred tax assets have not been recognised in respect of the following:

- Cumulative losses carried forward of £91m (2022: £81m) in the UK and losses and other temporary differences of £360m (2022: £275m) in the US, losses of £10m in China (2022: £11m), losses of £10m in Japan (2022: £13m) and losses of £9m (2022: £19m) in other overseas jurisdictions.

Of these unrecognised deferred tax assets, certain losses have expiry dates as follows:

- US losses of £140m with expiry dates between 2035-2037 (2022: £79m).
- Other overseas losses of £21m with expiry dates between 2024-2033 (2022: £27m).

The following table provides an analysis of the losses with expiry dates for unrecognised deferred tax assets.

	2023 £m	2022 £m
Less than 1 year	**4**	5
Greater than or equal to 1 year and less than 5 years	**9**	11
Greater than or equal to 5 years and less than 10 years	**8**	11
Greater than 10 years	**140**	79
Total losses with expiry dates	**161**	106

There is unrecognised deferred tax of £18m (2022: £nil) relating to temporary timing differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements.

(e) Pillar Two taxes

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the UK, the jurisdiction in which abrdn plc is incorporated, and came into effect from 1 January 2024. The Group expects to be subject to top-up taxes in relation to its operations in Guernsey, where the statutory rate is below 15% and in Singapore where certain qualifying income is subject to a concessionary tax rate of 10% under the Singapore Financial Sector Incentive for Fund Managers. The Group also expects to be subject to top up taxes in the UK, in relation to its overseas joint ventures with a local effective tax rate below 15%. However, since the newly enacted tax legislation is only effective from 1 January 2024, there is no current tax impact for the year ended 31 December 2023.

As noted above, the Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

If the top-up tax had applied in 2023, then the associated profits relating to the Group's operations for the year ended 31 December 2023 that would be subject to it amount to £48.6m, with the average effective tax rate applicable to those profits during 2023 being 12 percent.

10. Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period excluding shares owned by the employee trusts that have not vested unconditionally to employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees. Details of the share options and awards issued under the Group's employee plans are provided in Note 40.

Adjusted earnings per share is calculated on adjusted profit after tax attributable to ordinary equity holders of the Company.

Basic earnings per share was 0.1p (2022: 26.6p) and diluted earnings per share was 0.1p (2022: 26.6p) for the year ended 31 December 2023. The following table shows details of basic, diluted and adjusted earnings per share.

	2023 £m	2022 restated[1] £m
Adjusted profit before tax	**330**	253
Tax on adjusted profit	**(50)**	(22)
Adjusted profit after tax	**280**	231
Attributable to:		
Other equity holders	**(11)**	(11)
Non-controlling interests – ordinary shares	**–**	(1)
Adjusted profit after tax attributable to equity shareholders of abrdn plc	**269**	219
Total adjusting items including results of associates and joint ventures	**(336)**	(865)
Tax on adjusting items	**68**	88
Profit/(loss) attributable to equity shareholders of abrdn plc	**1**	(558)

	2023 Millions	2022 Millions
Weighted average number of ordinary shares outstanding	**1,902**	2,094
Dilutive effect of share options and awards	**28**	16
Weighted average number of diluted ordinary shares outstanding	**1,930**	2,110

In accordance with IAS 33, no share options and awards were treated as dilutive for the year ended 31 December 2022 due to the loss attributable to equity holders of abrdn plc in that period. This resulted in the diluted earnings per share and adjusted diluted earnings per share being calculated using the weighted average number of ordinary shares of 2,094 million.

	2023 Pence	2022 restated[1] Pence
Basic earnings per share	**0.1**	(26.6)
Diluted earnings per share	**0.1**	(26.6)
Adjusted earnings per share	**14.1**	10.5
Adjusted diluted earnings per share	**13.9**	10.5

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.

11. Adjusted profit and adjusting items

Adjusted profit excludes the impact of the following items:
- Restructuring and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate.
- Change in fair value of/dividends from significant listed investments (see (a) below).
- Share of profit or loss from associates and joint ventures.
- Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method.
- Fair value movements in contingent consideration.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

The tax charge or credit allocated to adjusting items is based on the tax treatment of each adjusting item.

The operating, investing and financing cash flows presented in the consolidated statement of cash flows are for both adjusting and non-adjusting items.

(a) Significant listed investments

During 2020 and 2021, the Group's investments in HDFC Life, Phoenix and HDFC Asset Management were reclassified from associates to equity securities and considered significant listed investments of the Group. Fair value movements on these investments are included as adjusting items, which is aligned with our treatment of gains on disposal for these holdings when they were classified as associates. Dividends from significant listed investments are also included as adjusting items, as these result in fair value movements.

During the year ended 31 December 2023:
- The Group's holding in HDFC Life reduced by 1.7% following the sale of 35,694,105 equity shares through a Bulk Sale on 31 May 2023 and the Group now has no remaining shareholding in HDFC Life. The total consideration net of taxes, expenses and related foreign exchange hedging was £198m.
- The Group's holding in HDFC Asset Management reduced by 10.2% following the sale of 21,778,305 equity shares through a Bulk Sale on 20 June 2023 and the Group now has no remaining shareholding in HDFC Asset Management. The total consideration net of taxes, expenses and related foreign exchange hedging was £337m.

Following the sales, the Group has one remaining significant listed investment, Phoenix.

(b) Other

Other adjusting items for the year ended 31 December 2023 include:
- £36m for an insurance liability recovery in relation to the single process execution event in 2022. The £41m provision expense was included in other adjusting items for the year ended 31 December 2022. Refer Note 33.
- A £23m gain (2022: £35m gain) for net fair value movements in contingent consideration.
- £21m for provision expense relating to a potential tax liability. Refer Note 33.
- A £5m fair value loss (2022: £11m loss) on a financial instrument liability related to a prior period acquisition.
- A gain of £4m (2022: loss of £13m) in relation to market gains and losses on the investments held by the abrdn Financial Fairness Trust which is consolidated by the Group. The assets of the abrdn Financial Fairness Trust are restricted to be used for charitable purposes.

12. Dividends on ordinary shares

Dividends are distributions of profit to holders of abrdn plc's share capital and as a result are recognised as a deduction in equity. Final dividends are announced with the Annual report and accounts and are recognised when they have been approved by shareholders. Interim dividends are announced with the Half year results and are recognised when they are paid.

	2023		2022	
	Pence per share	**£m**[1]	Pence per share	£m
Prior year's final dividend paid	**7.30**	**142**	7.30	154
Interim dividend paid	**7.30**	**137**	7.30	153
Total dividends paid on ordinary shares		**279**		307
Current year final recommended dividend	**7.30**	**130**	7.30	142

1. Estimated for current year final recommended dividend.

The final recommended dividend will be paid on 30 April 2024 to shareholders on the Company's register as at 15 March 2024, subject to approval at the 2024 Annual General Meeting. After the current year final recommended dividend, the total dividend in respect of the year ended 31 December 2023 is 14.60p (2022: 14.60p).

13. Intangible assets

Goodwill is created when the Group acquires a business and the consideration exceeds the fair value of the net assets acquired. In determining the net assets acquired in business combinations, intangible assets are recognised where they are separable or arise from contractual or legal rights. Intangible assets acquired by the Group through business combinations consist mainly of customer relationships and investment management contracts, technology and brands. Any remaining value that cannot be identified as a separate intangible asset on acquisition forms part of goodwill.

In addition to intangible assets acquired through business combinations, the Group recognises as intangible assets software which has been developed internally and other purchased technology which is used in managing and executing our business. Costs to develop software internally are capitalised after the research phase and when it has been established that the project is technically feasible and the Group has both the intention and ability to use the completed asset.

Intangible assets are recognised at cost and amortisation is charged to the income statement over the length of time the Group expects to derive benefits from the asset. The allocation of the income statement charge to each reporting period is dependent on the expected pattern over which future benefits are expected to be derived. Where this pattern cannot be determined reliably the charge is allocated on a straight-line basis.

Goodwill is not charged to the income statement unless it becomes impaired.

The Group also recognises the cost of obtaining customer contracts (refer Note 3) as an intangible asset. These costs primarily relate to the cost of acquiring existing investment management contracts from other asset managers and commission costs for initial investors into new closed-end funds where these are borne by the Group. For the cost of obtaining customer contracts, the intangible asset is amortised on the same basis as the transfer to the customer of the services to which the intangible asset relates.

	Acquired through business combinations							
	Goodwill	Brand	Customer relationships and investment management contracts	Technology and other	Internally developed software[1]	Purchased software and other	Cost of obtaining customer contracts	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Gross amount								
At 1 January 2022	3,721	94	1,088	69	131	5	104	5,212
Reclassified as held for sale during the year	(49)	–	(28)	–	–	–	–	(77)
Disposals and adjustments	–	–	2	–	–	–	1	3
Additions – ii	993	16	421	32	–	–	–	1,462
Additions – other	–	–	–	–	6	–	–	6
At 31 December 2022	4,665	110	1,483	101	137	5	105	6,606
Disposals and adjustments	**–**	**1**	**(4)**	**–**	**2**	**–**	**–**	**(1)**
Additions	**41**	**–**	**78**	**–**	**8**	**–**	**33**	**160**
Foreign exchange adjustment	**(2)**	**–**	**(4)**	**–**	**–**	**–**	**(1)**	**(7)**
At 31 December 2023	**4,704**	**111**	**1,553**	**101**	**147**	**5**	**137**	**6,758**
Accumulated amortisation and impairment								
At 1 January 2022	(3,390)	(82)	(774)	(64)	(127)	(4)	(67)	(4,508)
Reclassified as held for sale during the year	–	–	19	–	–	–	–	19
Amortisation charge for the year[2]	–	(14)	(91)	(10)	(3)	(1)	(10)	(129)
Impairment losses recognised[3]	(340)	–	(28)	–	–	–	(1)	(369)
At 31 December 2022	(3,730)	(96)	(874)	(74)	(130)	(5)	(78)	(4,987)
Amortisation charge for the year[2]	**–**	**(4)**	**(99)**	**(12)**	**(2)**	**–**	**(11)**	**(128)**
Impairment losses recognised[3]	**(62)**	**–**	**(1)**	**–**	**(2)**	**–**	**–**	**(65)**
At 31 December 2023	**(3,792)**	**(100)**	**(974)**	**(86)**	**(134)**	**(5)**	**(89)**	**(5,180)**
Carrying amount								
At 1 January 2022	331	12	314	5	4	1	37	704
At 31 December 2022	935	14	609	27	7	–	27	1,619
At 31 December 2023	**912**	**11**	**579**	**15**	**13**	**–**	**48**	**1,578**

1. Included in the internally developed software of £13m (2022: £7m) is £10m (2022: £5m) relating to intangible assets not yet ready for use.
2. For the year ended 31 December 2023, £126m (2022: £125m) of the amortisation charge is recognised in Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts with £2m (2022: £4m) recognised in Other administrative expenses.
3. For the year ended 31 December 2023, £63m (2022: £369m) of impairment is recognised in Impairment of intangibles acquired in business combinations and through the purchase of customer contracts with £2m (2022: £nil) recognised in Restructuring and corporate transaction expenses.

At 31 December 2023, there was:
- £39m (2022: £nil) of goodwill attributable to the abrdn Inc. cash-generating unit (CGU) in the Investments segment in relation to the acquisition of the healthcare fund management capabilities of Tekla (refer Note 1(b)(i) for further details).
- £819m (2022: £819m) and £24m (2022: £60m) of goodwill attributable to the ii CGU and abrdn financial planning business CGU respectively in the ii segment (previously named Personal). At 31 December 2022 goodwill of £49m relating to the ii segment was classified as held for sale in relation to the sale of aCL which completed in 2023 (refer Note 1(c)(i) for further details).
- £25m (2022: £25m) of goodwill is attributable to an Adviser segment CGU. Prior to January 2023, this goodwill which relates to the acquisition of threesixty was attributable to a CGU in the ii segment.
- £5m (2022: £31m) of goodwill attributable to the Finimize CGU which is reported within Other business operations and corporate costs. Finimize was previously included within the Investments segment.

Tekla investment management contract intangible assets

On acquisition of the healthcare fund management capabilities of Tekla, £78m of customer relationships and investment management contract intangibles were recognised. These assets primarily relate to investment management contracts with the four NYSE listed funds. The description of the individually material intangible assets including the estimated useful life at the acquisition date of 27 October 2023 were as follows:

Investment management contract intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date £m	**Carrying value 2023 £m**	Carrying value 2022 £m
Tekla Healthcare Opportunities Fund	Investment management contract with Tekla Healthcare Opportunities Fund	12.1 years	28	**26**	N/A
Tekla Healthcare Investors	Investment management contract with Tekla Healthcare Investors	12.1 years	25	**23**	N/A

The key assumptions, other than the useful life, in measuring the fair value of the investment contract intangible assets at acquisition date were as follows:
- Revenue growth – this assumption was based on past experience of growth for each fund in prior periods before reverting to a long term growth in line with inflation estimates. Management fee rates are assumed to stay in line with current rates.
- Operating margin – this assumption was based on the expected EBITDA of each acquired investment management contract.
- Discount rate – this assumption was based on a risk adjusted internal rate of return (IRR) of the transaction.

As with prior significant acquisitions, the Group made use of assistance from a third-party valuation specialist in determining the value of the customer intangibles.

As the investment management contracts relate to closed-end funds, the straight-line method of amortisation is considered appropriate for these intangibles. There has been no change to the useful lives and therefore the residual useful life of these investment management contract intangible assets is 11.9 years.

ii intangible assets

On acquisition of ii, customer relationships, brand and technology and other intangibles of £421m, £16m and £32m respectively were recognised. Identification and valuation of intangible assets acquired in business combinations is a key judgement. The description of the individually material intangible asset including the estimated useful life at the acquisition date of 27 May 2022 was as follows:

Customer relationship intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date £m	**Carrying value 2023 £m**	Carrying value 2022 £m
Customer base	ii's customer base at the date of acquisition	15 years	421	**340**	390

The key assumptions in measuring the fair value of this intangible asset at acquisition date were as follows:
- Revenue per customer growth – comprises expected growth in account fees, treasury income and trading transactions revenue from ii business plans. Treasury income is the interest earned on cash balances less the interest paid to customers and was assumed to grow in line with assets under administration. Market interest rates were assumed to remain at or above 1%.
- Customer attrition – customer attrition represents the expected rate of existing customers leaving ii. This assumption was primarily based on historical attrition rates and was assumed to remain constant over time.
- Operating margin - this assumption was based on the current operating margins adjusted for marketing costs which are not attributable to the servicing of existing customers. Expected future operating margins are adjusted to take into account that increased treasury income does not result in higher costs.
- Discount rate - this assumption was based on a market participant weighted average cost of capital.

The above assumptions, and in particular the customer attrition assumption, were also used to determine the 15 year useful economic life at the acquisition date. There has been no change to the useful life and therefore the residual useful life of the customer relationships intangible asset is 13.4 years. The reducing balance method of amortisation is considered appropriate for this intangible, consistent with the attrition rate being constant over time.

The technology intangible asset relates to ii's internally generated technology which has been valued based on the replacement cost method. The brand intangible asset relates to the ii brand and has been valued based on applying an assumed royalty rate to revenue forecasts.

Following the valuation of the ii intangibles discussed above goodwill of £993m was recognised. The allocation of this goodwill to cash-generating units was a key judgement in 2022. The goodwill was allocated to cash-generating units based on expected earnings contribution, including in relation to revenue synergies, at the time of the transaction. We considered an earnings contribution method of allocation to be appropriate as earnings multiples are a primary valuation method for businesses such as ii. This resulted in the goodwill being primarily allocated to the ii cash-generating unit in the ii segment (£819m), with £132m and £42m allocated to the asset management group of cash-generating units in the Investments segment and a cash-generating unit in the ii segment respectively. As noted below, the £132m allocated to the asset management group of cash-generating units was subsequently impaired in 2022. The £42m allocated to a cash-generating unit in the ii segment was transferred to held for sale at 31 December 2022 and disposed of during 2023. Refer Note 21 for further details.

Tritax investment management contract intangible assets

On acquisition of Tritax, £71m of customer relationships and investment management contracts intangibles were recognised. These assets primarily relate to Tritax's investment management contracts with Tritax Big Box REIT plc and Tritax Euro Box plc which are listed closed-end real estate funds. The description of the individually material intangible asset including the estimated useful life at the acquisition date of 1 April 2021 was as follows:

Investment management contract intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date £m	**Carrying value 2023 £m**	Carrying value 2022 £m
Tritax Big Box REIT plc	Investment management contract with Tritax Big Box REIT plc	13 years	50	**40**	43

The key assumptions, other than the useful life, in measuring the fair value of the investment contract intangible assets at acquisition date were as follows:

- Revenue growth – this assumption was based on the fund growth (from markets and investment performance) included in the Tritax business plan as adjusted for the impact of fund raisings which commenced prior to the acquisition date. Management fee rates are assumed to stay in line with current rates.
- Operating margin – this assumption was based on the current operating margins adjusted for expected cost synergies.
- Discount rate – this assumption was based on a market participant weighted average cost of capital.

As the investment management contracts relate to closed-end funds, the straight-line method of amortisation is considered appropriate for these intangibles. There has been no change to the useful lives and therefore the residual useful life of these investment management contract intangible assets is 10.25 years.

abrdn Holdings Limited (aHL) intangibles

On the acquisition of aHL in 2017, we identified intangible assets in relation to customer relationships, brand and technology as being separable from goodwill. Identification and valuation of intangible assets acquired in business combinations is a key judgement.

The customer relationships acquired through aHL were grouped where the customer groups have similar economic characteristics and similar useful economic lives. This gave rise to three separate intangible assets which we termed Lloyds Banking Group, Open ended funds, and Segregated and similar.

In relation to the Open ended funds we considered that it was most appropriate to recognise an intangible asset relating to customer relationships between aHL and open ended fund customers, rather than an intangible asset relating to investment management agreements between aHL and aHL's open ended funds. Our judgement was that the value associated with the open ended fund assets under management was predominantly derived from the underlying customer relationships, taking into account that a significant proportion of these assets under management are from institutional clients.

The intangible asset for Lloyds Banking Group had a carrying value of £nil at the end of 2019. The description of the remaining two separate intangible assets including their estimated useful life at the acquisition date of 14 August 2017 was as follows:

Customer relationship intangible asset	Description	Useful life at acquisition date	Fair value on acquisition date £m	**Carrying value 2023 £m**	Carrying value 2022 £m
Open ended funds	Separate vehicle group – open ended investment vehicles	11 years	223	**30**	45
Segregated and similar	All other vehicle groups dominated by segregated mandates which represent 75% of this group	12 years	427	**43**	63

Measuring the fair value of intangible assets acquired in business combinations required further assumptions and judgements. Customer relationships were valued using discounted cash flow projections. The key assumptions in measuring the fair value of the customer relationships at the acquisition date were as follows:

- Net attrition – net attrition represents the expected rate of outflows of assets under management net of inflows from existing customers. This assumption was primarily based on recent experience.
- Market growth – a market growth adjustment was applied based on the asset class.
- Operating margin – this assumption was consistent with forecast margins and included the impact of synergies that would be expected by any market participant and impacted the customer relationship cash flows.
- Discount rate – this assumption was based on the internal rate of return (IRR) of the transaction and is consistent with a market participant discount rate.

The above assumptions, and in particular the net attrition assumption, were also used to determine the useful economic life at the acquisition date of each asset used for amortisation. The reducing balance method of amortisation is considered appropriate for these intangibles, consistent with the attrition pattern on customer relationships which means that the economic benefits delivered from the existing customer base will reduce disproportionately over time.

There has been no change to the useful lives of the Open ended funds and Segregated and similar customer relationship intangible assets. Therefore the residual useful life of the Open ended funds customer relationship intangible asset is 4.6 years and the residual life of the Segregated and similar customer relationship intangible asset is 5.6 years.

Estimates and assumptions

The key estimates and assumptions in relation to intangible assets are:

- Determination of the recoverable amount of goodwill and customer intangibles.
- Determination of useful lives.

The determination of the recoverable amount of the interactive investor CGU is a key area of estimation uncertainty at 31 December 2023, and further details of assumptions and sensitivities are disclosed in this section.

Determination of the recoverable amount of goodwill and customer intangibles

For all intangible assets including goodwill, an assessment is made at each reporting date as to whether there is an indication that the goodwill or intangible asset has become impaired. If any indication of impairment exists then the recoverable amount of the asset is determined. In addition, the recoverable amount for goodwill must be assessed annually.

The recoverable amounts are defined as the higher of fair value less costs of disposal (FVLCD) and the value in use (VIU) where the value in use is based on the present value of future cash flows. Where the carrying value exceeds the recoverable amount then the carrying value is written down to the recoverable amount.

In assessing value in use or FVLCD measured using a discounted cash flow approach, expected future cash flows are discounted to their present value using a pre-tax discount rate for VIU or a post-tax discount rate for FVLCD. Judgement is required in assessing both the expected cash flows and an appropriate discount rate which is based on current market assessments of the time value of money and the risks associated with the asset.

Goodwill

In 2023 impairments of goodwill of £62m (2022: £340m) have been recognised. The goodwill impairment for the year ended 31 December 2023 comprises £36m relating to the abrdn Financial Planning Limited (aFPL) CGU which is included in the ii segment and £26m relating to the Finimize CGU which is reported within Other business operations and corporate costs. The goodwill impairment for the year ended 31 December 2022 comprised £299m relating to the asset management group of CGUs and £41m relating to the Finimize CGU. Both impairments relate to assets which were included in the Investments segment. As noted above, the Finimize CGU is now reported within Other business operations and corporate costs.

The impairments are included within Impairment of intangibles acquired in business combinations and through the purchase of customer contracts in the consolidated income statement.

aFPL

The aFPL CGU comprises the Group's financial planning business. A total impairment of £36m has been recognised in the year ended 31 December 2023 of which £23m was initially recognised at 30 June 2023. The impairments resulted from lower projected revenues as a result of lower markets and macroeconomic conditions and the impact of business restructuring. Following the impairment, the goodwill allocated to the aFPL CGU was £24m (2022: £60m).

The recoverable amount of the aFPL CGU which was its FVLCD at 31 December 2023 was £45m. This was also the carrying value of the CGU at 31 December 2023. The FVLCD considered a number of valuation approaches, with the primary approach being a multiples approach based on price to revenue and price to assets under advice (AUAdv). Multiples were based on trading multiples for aFPL's peer companies, adjusted to take into account profitability where appropriate, and were benchmarked against recent transactions. Revenue was based on actual 2023 and forecast 2024 revenue and AUAdv were based on forecast 2024 AUAdv. The expected cost of disposal was based on past experience of previous transactions. This is a level 3 measurement as they are measured using inputs which are not based on observable market data.

As the carrying value of the CGU is equal to the recoverable amount any downside sensitivity will lead to a further future impairment loss. A 20% reduction in recurring revenue and AUAdv would result in a further impairment of £11m. A 20% reduction in multiples would result in a further impairment of £11m.

No impairment of this goodwill was recognised in 2022. At 31 December 2022, the carrying value of this CGU was equal to the recoverable amount. As above, the recoverable amount was based on FVLCD which similarly considered a number of valuation approaches, with the primary approach being a multiples approach based on price to revenue and price to AUAdv.

Finimize

The Finimize CGU comprises the Finimize business. A total impairment of £26m has been recognised in the year ended 31 December 2023 of which £14m was initially recognised at 30 June 2023. The impairments resulted from lower short-term projected growth following a strategic shift that prioritises profitability over revenue growth in the pursuit of a sustainable, resilient if lower growing business in the short term and broader market conditions. Following the impairment, the goodwill allocated to the Finimize CGU was £5m (2022: £31m).

The recoverable amount of the Finimize CGU at 31 December 2023 was £10m which was based on FVLCD. This was also the carrying value of the CGU at 31 December 2023. The FVLCD considered a number of valuation approaches, with the primary approach being a revenue multiple approach. The key assumptions used in determining the revenue multiple valuation were future revenue projections, which were based on management forecasts and assumed a continued level of revenue growth, and market multiples. Market multiples were based on broadly comparable listed companies, with appropriate discounts applied to take into account profitability, track record, revenue growth potential, and net premiums for control. This is a level 3 measurement as they are measured using inputs which are not based on observable market data.

The residual goodwill allocated to the Finimize CGU is not significant in comparison to the total carrying amount of goodwill.

The goodwill allocated to the Finimize CGU was also impaired in 2022 by £41m. The recoverable amount of the Finimize CGU at 31 December 2022 was £35m which was based on FVLCD. As above, the FVLCD considered a number of valuation approaches, with the primary approach being a revenue multiple approach.

Asset management

At 31 December 2023, there is no goodwill allocated to the asset management group of CGUs (2022: none). The goodwill of £41m in relation to the acquisition of healthcare fund management capabilities of Tekla has been allocated to the abrdn Inc. CGU (see below).

As noted above, an impairment of £299m was recognised in 2022 in relation to goodwill allocated to the asset management group of CGUs. The asset management group of CGUs comprised the Investments segment (excluding Finimize) which was the lowest group of CGUs to which the asset management goodwill had been allocated at this time. The goodwill prior to impairment of £299m included additions in 2022 of £132m allocated to the asset management group of CGUs for revenue synergies in our Investments segment in relation to the acquisition of ii. The recoverable amount of this group of CGUs at 31 December 2022 was £1,532m which was based on FVLCD. The FVLCD considered a number of valuation approaches, with the primary approach being a discounted cash flow approach.

interactive investor

Goodwill of £819m (2022: £819m) is allocated to the interactive investor CGU which comprises the interactive investor business in the ii segment. The recoverable amount of this CGU was determined based on FVLCD. The FVLCD was based on an earnings multiple approach. This is a level 3 measurement as it is measured using inputs which are not based on observable market data.

The key assumptions used in determining the earnings multiple valuation were future post tax adjusted earnings, which were based on management's business plan projections and reflected past experience and market price to earnings multiples, which were based on multiples of a peer group of comparable listed direct-to-consumer investment platform providers.

Sensitivities of key assumptions

The business plan projections used to determine the future earnings are based on macroeconomic forecasts including interest rates and inflation, and forecast levels of client activity, market pricing, the percentage of client funds held in cash and expenses. The projections are therefore sensitive to these assumptions. Given current macroeconomic uncertainties a 20% reduction in forecast earnings has been provided as a sensitivity.

The market price to earnings multiple used in the valuation is 16x based on multiples of a peer group of comparable listed direct-to-consumer investment platform providers. This assumption is sensitive to general equity market fluctuations and to market views on UK direct-to-consumer investment platform companies. Taking into account historic equity market fluctuations a 25% sensitivity to an earnings multiple has been provided as a sensitivity.

The recoverable amount at 31 December 2023 exceeds the carrying amount of the cash-generating unit by £398m. The impact of sensitivities to a single variable and the change required to reduce headroom to zero are shown in the tables below.

Reduction in headroom for illustrative sensitivities	£m
20% reduction in forecast post tax adjusted earnings	**(346)**
25% reduction in market multiple	**(433)**

Change required to reduce headroom to zero	%
Change in forecast post tax adjusted earnings	**(24)**
Reduction in market multiple	**(24)**

We consider the 24% reduction in market multiple assumption to 12x to reduce the headroom to zero to be a reasonably possible change.

Other goodwill

Goodwill of £39m (2022: £nil) is attributable to the abrdn Inc. CGU in the Investments segment. As noted above, this relates to the acquisition of healthcare fund management capabilities of Tekla. Refer Note 1(b)(i) for further details. No impairment of this goodwill has been identified since acquisition.

Goodwill of £25m (2022: £25m) is attributable to an Adviser segment CGU (included in an ii segment CGU in 2022).

These goodwill balances are not significant in comparison to the total carrying amount of goodwill.

Customer relationship and investment management contract intangibles

An impairment of customer relationship and investment management contract intangibles of £1m has been recognised in 2023.

In 2022, an impairment of £28m was recognised in relation to customer relationship and investment management contract intangibles. The impairment was included within Impairment of intangibles acquired in business combinations and through the purchase of customer contracts in the consolidated income statement. The impairment related to the Phoenix Life business intangible asset which was recognised on the acquisition of Ignis Asset Management in 2014, and was part of the Investments segment. The recoverable of this intangible asset at 31 December 2022 was £nil which was based on its FVLCD, based on a discounted cash flow approach based on expected future cashflows for the Phoenix Life business.

Determination of useful lives

The determination of useful lives requires judgement in respect of the length of time that the Group expects to derive benefits from the asset and considers for example expected duration of customer relationships and when technology is expected to become obsolete for technology based assets. The amortisation period and method for each of the Group's intangible asset categories is as follows:

- Customer relationships acquired through business combinations – generally between 7 and 15 years, generally reducing balance method.
- Investment management contracts acquired through business combinations – between 10 and 17 years, straight-line.
- Brand acquired through business combinations – between 2 and 5 years, straight-line.
- Technology and other intangibles acquired through business combinations – between 1 and 6 years, straight-line.
- Internally developed software – between 2 and 6 years. Amortisation is on a straight-line basis and commences once the asset is available for use.
- Purchased software – between 2 and 6 years, straight-line.
- Costs of obtaining customer contracts – between 3 and 12 years, generally reducing balance method.

Internally developed software

There was an impairment of internally developed software of £2m in 2023 (2022: £nil).

14. Investments in associates and joint ventures

Associates are entities where the Group can significantly influence decisions made relating to the financial and operating policies of the entity but does not control the entity. For entities where voting rights exist, significant influence is presumed where the Group holds between 20% and 50% of the voting rights. Where the Group holds less than 20% of voting rights, consideration is given to other indicators and entities are classified as associates where it is judged that these other indicators result in significant influence.

Joint ventures are strategic investments where the Group has agreed to share control of an entity's financial and operating policies through a shareholders' agreement and decisions can only be taken with unanimous consent.

Associates, other than those accounted for at fair value through profit or loss, and joint ventures are accounted for using the equity method from the date that significant influence or shared control, respectively, commences until the date this ceases with consistent accounting policies applied throughout.

Under the equity method, investments in associates and joint ventures are initially recognised at cost. When an interest is acquired at fair value from a third party, the value of the Group's share of the investee's identifiable assets and liabilities is determined applying the same valuation criteria as for a business combination at the acquisition date. This is compared to the cost of the investment in the investee. Where cost is higher the difference is identified as goodwill and the investee is initially recognised at cost which includes this component of goodwill. Where cost is lower a bargain purchase has arisen and the investee is initially recognised at the Group's share of the investee's identifiable assets and liabilities unless the recoverable amount for the purpose of assessing impairment is lower, in which case the investee is initially recognised at the recoverable amount.

Subsequently the carrying value is adjusted for the Group's share of post-acquisition profit or loss and other comprehensive income of the associate or joint venture, which are recognised in the consolidated income statement and other comprehensive income respectively. The Group's share of post-acquisition profit or loss includes amortisation charges based on the valuation exercise at acquisition. The carrying value is also adjusted for any impairment losses.

On partial disposal of an associate, a gain or loss is recognised based on the difference between the proceeds received and the equity accounted value of the portion disposed of. Indicators of significant influence are reassessed based on the remaining voting rights. Where significant influence is judged to have been lost, the investment in associate is reclassified to interests in equity securities and pooled investment funds measured at fair value. If an entity is reclassified, the difference between the fair value and the remaining equity accounted value is accounted for as a reclassification gain or loss on disposal.

Where the Group has an investment in an associate, a portion of which is held by, or is held indirectly through, a mutual fund, unit trust or similar entity, including investment-linked insurance funds, that portion of the investment is measured at FVTPL. In general, investment vehicles which are not subsidiaries are considered to be associates where the Group holds more than 20% of the voting rights.

The level of future dividend payments and other transfers of funds to the Group from associates and joint ventures accounted for using the equity method could be restricted by the regulatory solvency and capital requirements of the associate or joint venture, certain local laws or foreign currency transaction restrictions.

(a) Investments in associates and joint ventures accounted for using the equity method

	2023			2022		
	Associates	**Joint ventures**	**Total**	Associates	Joint ventures restated[1]	Total restated[1]
	£m	**£m**	**£m**	£m	£m	£m
Opening balance carried forward	**14**	**218**	**232**	10	255	265
Effect of application of IFRS 9[2]	**–**	**51**	**51**	–	–	–
Opening balance at 1 January	**14**	**269**	**283**	10	255	265
Reclassified as held for sale during the year	**–**	**(9)**	**(9)**	–	–	–
Exchange translation adjustments	**–**	**(19)**	**(19)**	–	8	8
Additions	**2**	**–**	**2**	18	2	20
Profit/(loss) after tax	**(1)**	**2**	**1**	(5)	10	5
Other comprehensive income	**–**	**(31)**	**(31)**	–	(57)	(57)
Reversal of impairment/(impairment)	**–**	**2**	**2**	(9)	–	(9)
At 31 December	**15**	**214**	**229**	14	218	232

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.
2. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, HASL applied IFRS 9 at 1 January 2023 following the implementation of the new insurance standard, IFRS 17. Refer Basis of preparation.

The following joint venture is considered to be material to the Group as at 31 December 2023.

Name	Nature of relationship	Principal place of business	Measurement method	Interest held by the Group at 31 December 2023	Interest held by the Group at 31 December 2022
Heng An Standard Life Insurance Company Limited (HASL)	Joint venture	China	Equity accounted	**50.00%**	50.00%

The country of incorporation or registration is the same as the principal place of business. The interest held by the Group is the same as the proportion of voting rights held. HASL is not listed.

(b) Investments in associates accounted for using the equity method

	2023	2022
	£m	£m
Carrying value of associates accounted for using the equity method	**15**	14
Share of profit/(loss) after tax	**(1)**	(5)

Investments in associates accounted for using the equity method primarily relates to the Group's interests in Archax Holdings Limited (Archax) and Tenet Group Limited (Tenet).

During the year ended 31 December 2023, the Group increased its interest in Archax from 9.8% to 11% following a further £2m investment. The classification of Archax as an associate reflects the Group's additional rights under Archax's articles of association as a large external investor. There are no indicators of impairment in relation to Archax at 31 December 2023.

During the year ended 31 December 2022, the Group recognised an impairment of £9m in relation to its interest in Tenet which reduced its value to £nil. There has been no further investment into Tenet in 2023 and no further impairment has been recognised.

(c) Investments in joint ventures

	HASL		Other		Total	
	2023	2022 restated[1]	**2023**	2022	**2023**	2022 restated[1]
	£m	£m	**£m**	£m	**£m**	£m
Carrying value of joint ventures accounted for using the equity method	**214**	210	**–**	8	**214**	218
Dividends received	**–**	–	**–**	–	**–**	–
Share of profit/(loss) after tax	**3**	10	**(1)**	–	**2**	10

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.

HASL

The Group has a 50% share in HASL, one of China's leading life insurance companies offering life and health insurance products. HASL is an investment which gives the Group access to one of the world's largest markets. The table below provides summarised financial information for HASL, the joint venture which is considered to be material to the Group. HASL's year-end date is 31 December, however, HASL is not required to adopt IFRS 17 and IFRS 9 for its local reporting until 2026. Consequently, HASL has provided additional financial information on an IFRS 17 and IFRS 9 basis for the purposes of the preparation of the Group's consolidated financial statements.

For further details of HASL's implementation of IFRS 17 and IFRS 9, refer Basis of Preparation.

	HASL	
	2023 **£m**	2022 restated[1] £m
Summarised financial information of joint venture:		
Revenue	**154**	162
Depreciation and amortisation	**6**	6
Interest income	**97**	93
Interest expense	**2**	2
Income tax (expense)/credit	**(1)**	6
Profit after tax	**6**	20
Other comprehensive income	**(62)**	(114)
Total comprehensive income	**(56)**	(94)
Total assets[2]	**5,267**	4,348
Total liabilities[2]	**4,839**	3,928
Cash and cash equivalents	**179**	130
Net assets	**428**	420
Attributable to investee's shareholders	**428**	420
Interest held	**50%**	50%
Share of net assets	**214**	210

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.
2. As a liquidity presentation is used by insurance companies when presenting their statement of financial position, an analysis of total assets and total liabilities between current and non-current has not been provided for HASL.

In relation to HASL, there are no indicators that the recoverable amount of the Group's investment in HASL is less than the Group's share of net assets.

Virgin Money UTM

The carrying value of joint ventures accounted for using the equity method for Other at 31 December 2022 primarily related to the Group's interest in Virgin Money UTM. As detailed in Note 43, the agreed sale of the Group's interest in Virgin Money UTM to its joint venture partner, Clydesdale Bank, has been announced. At 31 December 2023, a sale was considered as highly probable and the Group's interest in Virgin Money UTM was transferred to held for sale at this date at a carrying value of £9m (refer Note 21).

The sale was also considered as an indicator that there was a small reversal of the £45m impairment of the interest that was recognised in 2020. The carrying value prior to reversal of impairment was £7m. The recoverable amount of Virgin Money UTM prior to transfer was £20m which was based on FVLCD and determined based on the agreed sale price. However, as the Group had recognised £11m for its share of Virgin Money UTM's losses since the previous impairment, the reversal of impairment recognised prior to the transfer was limited to £2m. The reversal of impairment is included in Reversal of impairment/(impairment) of interests in associates and joint ventures in the consolidated income statement. The interest in Virgin Money UTM does not form part of the Group's reportable segments.

(d) Investments in associates measured at FVTPL

The aggregate fair value of associates accounted for at FVTPL included in equity securities and interests in pooled investment funds (refer Note 17) at 31 December 2023 is £10m (2022: £46m) none of which are considered individually material to the Group.

15. Property, plant and equipment

Property, plant and equipment consists primarily of property owned and occupied by the Group and the computer equipment used to carry out the Group's business along with right-of-use assets for leased property and equipment.

Owner occupied property: Owner occupied property is initially recognised at cost and subsequently revalued to fair value at each reporting date. Depreciation, being the difference between the carrying amount and the residual value of each significant part of a building, is charged to the consolidated income statement over its useful life. The useful life of each significant part of a building is estimated as being between 30 and 50 years. A revaluation surplus is recognised in other comprehensive income unless it reverses a revaluation deficit which has been recognised in the consolidated income statement.

Equipment: Equipment is initially recognised at cost and subsequently measured at cost less depreciation. Depreciation is charged to the income statement over 2 to 15 years depending on the length of time the Group expects to derive benefit from the asset.

Right-of-use asset: Refer Note 16 below for the accounting policies for right-of-use assets.

	Owner occupied property £m	Equipment £m	Right-of-use assets – property £m	Right-of-use assets – equipment £m	Total £m
Cost or valuation					
At 1 January 2022	2	104	322	3	431
Reclassified as held for sale during the year	–	–	(1)	–	(1)
Additions	–	24	36	1	61
Disposals and adjustments[1]	–	(11)	(41)	–	(52)
Derecognition of right-of-use assets relating to subleases classified as finance leases	–	–	(6)	–	(6)
Foreign exchange adjustment	–	3	11	–	14
At 31 December 2022	2	120	321	4	447
Additions	**–**	**18**	**30**	**1**	**49**
Disposals and adjustments[1]	**–**	**(8)**	**(10)**	**(1)**	**(19)**
Derecognition of right-of-use assets relating to subleases classified as finance leases	**–**	**–**	**(24)**	**–**	**(24)**
Foreign exchange adjustment	**–**	**(2)**	**(4)**	**–**	**(6)**
At 31 December 2023	**2**	**128**	**313**	**4**	**447**
Accumulated depreciation and impairment					
At 1 January 2022	(1)	(54)	(187)	(2)	(244)
Reclassified as held for sale during the year	–	–	1	–	1
Depreciation charge for the year[2]	–	(18)	(20)	(1)	(39)
Disposals and adjustments[1]	–	10	38	–	48
Derecognition of right-of-use assets relating to subleases classified as finance leases	–	–	3	–	3
Impairment[3]	–	–	(7)	–	(7)
Foreign exchange adjustment	–	(3)	(5)	–	(8)
At 31 December 2022	(1)	(65)	(177)	(3)	(246)
Depreciation charge for the year[2]	**–**	**(15)**	**(16)**	**(1)**	**(32)**
Disposals and adjustments[1]	**–**	**7**	**9**	**–**	**16**
Derecognition of right-of-use assets relating to subleases classified as finance leases	**–**	**–**	**20**	**–**	**20**
Impairment[3]	**–**	**(11)**	**(39)**	**–**	**(50)**
Reversal of impairment[3]	**–**	**–**	**3**	**–**	**3**
Foreign exchange adjustment	**–**	**2**	**2**	**1**	**5**
At 31 December 2023	**(1)**	**(82)**	**(198)**	**(3)**	**(284)**
Carrying amount					
At 1 January 2022	1	50	135	1	187
At 31 December 2022	1	55	144	1	201
At 31 December 2023	**1**	**46**	**115**	**1**	**163**

1. For the year ended 31 December 2023, £5m (2022: £1m) of disposals and adjustments relates to equipment with net book value of £nil which is no longer in use.
2. Included in other administrative expenses.
3. Included in restructuring and corporate transaction expenses.

Included in property right-of-use assets, are right-of-use assets that meet the definition of investment property. Their carrying amount at 31 December 2023 is £31m (2022: £14m). This comprises a gross carrying value of £134m (2022: £49m) and accumulated depreciation and impairment of £103m (2022: £35m). Rental income received and direct operating expenses incurred to generate that rental income in the year to 31 December 2023 were £3m (2022: £3m) and £2m (2022: £3m) respectively. In addition, there were direct expenses of £1m (2022: £1m) in relation to investment properties not currently generating income.

The movements during the period of the carrying value of the Group's investment property is analysed below.

	2023 £m	2022 £m
At start of period	**14**	21
Transfers to investment property	**63**	–
Transfers from investment property	**(3)**	–
Depreciation	**(4)**	(2)
Derecognition related to new subleases classified as finance leases	**(3)**	(1)
Impairments	**(39)**	(3)
Reversal of impairment	**3**	–
Disposals and adjustments	**–**	(1)
At end of period	**31**	14

The transfers to investment property relate to a number of properties in the UK and the US that will no longer be used operationally by the Group. The right-of-use assets were assessed for impairment at the point of transfer. Impairments of £39m have been recognised in the year ended 31 December 2023 in relation to these properties and one other property in the UK previously transferred to investment property. The right-of-use assets are related to the Investments segment (£27m impairment) ii segment (£1m impairment) and Other business operations and corporate costs (£11m impairment).

The recoverable amount for the properties in the UK, which was based on value in use, was £27m using a pre-tax discount rate of 6%. The recoverable amount for the properties in the US, which was based on value in use, was £4m using a pre-tax discount rate of 7%. The cash flows were based on the rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. The assessment of the cash flows takes into consideration climate related factors such as the energy efficiency of the buildings. It is not based on valuations by an independent valuer.

The transfers from investment property relate to a property in the UK which was not being used operationally but following the review of properties in the UK is being brought back into operational use. The right-of-use asset was assessed for reversal of impairment at the point of transfer. The Group has recognised a reversal of impairment of £3m in the year ended 31 December 2023 in relation to this property. The recoverable amount for this property was its carrying value at 30 June 2023 if it had not previously been impaired. The right-of-use asset is also related to the Investments segment.

The fair value of investment property included within right-of-use assets at 31 December 2023 is £36m (2022: £14m). The valuation technique used to determine the fair value considers the rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. It is not based on valuations by an independent valuer. This is a Level 3 valuation technique as defined in Note 36.

If owner occupied property was measured using the cost model, the historical cost before impairment would be £1m (2022: £1m). As the expected residual value of owner occupied property is in line with the current fair value, no depreciation is currently charged.

Further details on the leases under which the Group's right-of-use assets are recognised are provided in Note 16 below.

16. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. In 2019, on adoption of IFRS 16 the Group used the practical expedient permitted to apply the new standard at transition solely to leases previously identified in accordance with IAS 17 and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are presented in property, plant and equipment (refer Note 15). The Group does not revalue its right-of-use assets. This applies to all right-of-use assets, including those that are assessed as meeting the definition of investment property. The cost comprises the amount of the initial measurement of the lease liability plus any initial direct costs and expected restoration costs not relating to wear and tear. Costs relating to wear and tear are expensed over the term of the lease. Depreciation is charged on right-of-use assets on a straight -line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group assesses right-of-use assets for impairment when such indicators exist, and where required, reduces the value of the right-of-use asset accordingly.

The related lease liability (included in other financial liabilities – refer Note 32) is calculated as the present value of the future lease payments. The lease payments are discounted using the rate implicit within the lease where readily available or the Group's incremental borrowing rate where the implicit rate is not readily available. Interest is calculated on the liability using the discount rate and is charged to the consolidated income statement under finance costs.

In determining the value of the right-of-use assets and lease liabilities, the Group considers whether any leases contain lease extensions or termination options that the Group is reasonably certain to exercise.

Where a leased property has been sublet, the Group assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset to the lessee under the sublease. Where this is the case, the right-of-use asset is derecognised and a net investment in finance leases (included in Receivables and other financial assets – refer Note 19) is recognised, calculated as the present value of the future lease payments receivable under the sublease. Where a property is only partially sublet, only the portion of the right-of-use asset relating to the sublet part of the property is derecognised and recognised as a net investment in finance leases.

Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised in the consolidated income statement (within other income or expenses). Interest is calculated on the net investment in finance lease using the discount rate and is recognised in the consolidated income statement as interest income.

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease, the Group continues to recognise the right-of-use asset. The sublease is accounted for as an operating lease with the lease payments received recognised as property rental income in other income in the consolidated income statement. Lease incentives granted are recognised as an integral part of the property rental income and are spread over the term of the lease.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases (less than one year from inception) and leases where the underlying asset is of low value.

(a) Leases where the Group is lessee

The Group leases various offices and equipment used to carry out its business. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The remaining periods for current leases range from less than 1 year to 15 years (2022: less than 1 year to 16 years). A number of leases which are due to end in 2031 contain options that would allow the Group to extend the lease term. The Group reviews its property use on an ongoing basis and these extensions have not been included in the right-of-use asset or lease liability calculations. The Group has committed to one lease at 31 December 2023 which had not commenced at this date. The expected lease liability for these leases is not significant to the Group.

The Group has recognised the following assets and liabilities in relation to these leases where the Group is a lessee:

	2023 £m	2022 £m
Right-of-use assets:		
Property	**115**	144
Equipment	**1**	1
Total right-of-use assets	**116**	145
Lease liabilities	**(223)**	(224)

Details of the movements in the Group's right-of-use assets including additions and depreciation are included in Note 15.

The interest on lease liabilities is as follows:

	2023 £m	2022 £m
Interest on lease liabilities	**6**	6

The total cash outflow for lease liabilities recognised in the consolidated statement of cash flows for the year ended 31 December 2023 was £30m (2022: £52m). Refer Note 37(f) for further details.

The following table provides a maturity analysis of the contractual undiscounted cash flows for the lease liabilities.

	2023 £m	2022 £m
Less than 1 year	**26**	29
Greater than or equal to 1 year and less than 2 years	**25**	24
Greater than or equal to 2 years and less than 3 years	**26**	23
Greater than or equal to 3 years and less than 4 years	**26**	24
Greater than or equal to 4 years and less than 5 years	**25**	23
Greater than or equal to 5 years and less than 10 years	**91**	99
Greater than or equal to 10 years and less than 15 years	**32**	38
Greater than or equal to 15 years	**–**	4
Total undiscounted lease liabilities	**251**	264

The Group does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value. The expenses for these leases for the year ended 31 December 2023 were £1m (2022: £3m). The Group has no lease commitments for short-term leases at 31 December 2023 (2022: none).

(b) Leases where the Group is lessor (subleases)

Where the Group no longer requires a leased property, the property may be sublet to a third party. The sublease may be for the full remaining term of the Group's lease or only part of the remaining term.

At 31 December 2023, the Group had a net investment in finance leases asset of £31m (2022: £29m) for subleases which had transferred substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease. All other subleases are accounted for as operating leases.

(b)(i) Finance leases

During the year ended 31 December 2023, the Group received finance income on the net investment in finance leases asset of less than £1m (2022: less than £1m). The Group recorded an initial gain of £6m in relation to new subleases entered into during the year ended 31 December 2023 (2022: £1m). The following table provides a maturity analysis of the future contractual undiscounted cash flows for the net investment in finance leases and a reconciliation to the net investment in finance leases asset.

	2023 £m	2022 £m
Less than 1 year	**3**	3
Greater than or equal to 1 year and less than 2 years	**4**	3
Greater than or equal to 2 years and less than 3 years	**4**	4
Greater than or equal to 3 years and less than 4 years	**4**	4
Greater than or equal to 4 years and less than 5 years	**4**	4
Greater than or equal to 5 years and less than 10 years	**14**	12
Greater than or equal to 10 years and less than 15 years	**1**	2
Total contractual undiscounted cash flows under finance leases	**34**	32
Unearned finance income	**(3)**	(3)
Total net investment in finance leases	**31**	29

(b)(ii) Operating leases

During the year ended 31 December 2023, the Group received property rental income from operating leases of £3m (2022: £3m).

The following table provides a maturity analysis of the future contractual undiscounted cash flows for subleases classified as operating leases.

	2023 £m	2022 £m
Less than 1 year	**2**	1
Greater than or equal to 1 year and less than 2 years	**2**	1
Greater than or equal to 2 years and less than 3 years	**1**	1
Greater than or equal to 3 years and less than 4 years	**–**	1
Total contractual undiscounted cash flows under operating leases	**5**	4

17. Financial assets

Financial assets are initially recognised at their fair value. Subsequently all equity securities and interests in pooled investment funds and derivative instruments are measured at fair value. All equity securities and interests in pooled investment funds are classified as FVTPL on a mandatory basis. Changes in their fair value are recognised in Net gains or losses on financial instruments and other income in the consolidated income statement. The classification of derivatives and the accounting treatment of derivatives designated as a hedging instrument are set out in Note 18.

The subsequent measurement of debt instruments depends on whether their cash flows are solely payments of principal and interest and the nature of the business model they are held in as follows:

SPPI[1] test satisfied?	Business model	Classification
Yes	A: Objective is to hold to collect contractual cash flows	Amortised cost[2]
Yes	B: Objective is achieved by both collecting contractual cash flows and selling	Fair value through other comprehensive income (FVOCI)[2]
Yes	C: Objective is neither A nor B	FVTPL
No	N/A	FVTPL

1. Solely payments of principal and interest.
2. May be classified as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Group has no direct holding in debt instruments that are managed within a business model whose objective is achieved both by collecting contractual cash flows and selling and therefore there are no debt instruments classified as FVOCI. The Group's Chinese joint venture, HASL, does hold debt securities classified as FVOCI. Refer Basis of Preparation for further details. Debt instruments classified as FVTPL are classified as such due to the business model they are managed under, predominantly being held in consolidated investment vehicles.

The methods and assumptions used to determine fair value of financial assets at FVTPL are discussed in Note 36.

Amortised cost is calculated, and related interest is credited to the consolidated income statement, using the effective interest method. Impairment is determined using an expected credit loss impairment model which is applied to all financial assets measured at amortised cost. Financial assets measured at amortised cost attract a loss allowance equal to either:

- 12 month expected credit losses (losses resulting from possible default within the next 12 months).
- Lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset).

Financial assets attract a 12 month ECL allowance unless the asset has suffered a significant deterioration in credit quality or the simplified approach for calculation of ECL has been applied. As permitted under IFRS 9 *Financial Instruments*, the Group has applied the simplified approach to calculate the ECL allowance for trade receivables and contract assets recognised under IFRS 15 *Revenue from Contracts with Customers* and lease receivables recognised under IFRS 16 *Leases*. Under the simplified approach the ECL is always equal to the lifetime expected credit loss.

The table below sets out an analysis of financial assets excluding those assets backing unit linked liabilities which are set out in Note 23.

		At fair value through profit or loss[1]		Cash flow hedge[2]		At amortised cost		Total	
		2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	Notes	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Derivative financial assets	18	**2**	19	**41**	85	**–**	–	**43**	104
Equity securities and interests in pooled investment funds	36	**1,139**	2,033	**–**	–	**–**	–	**1,139**	2,033
Debt securities	36	**740**	592	**–**	–	**125**	210	**865**	802
Financial investments		**1,881**	2,644	**41**	85	**125**	210	**2,047**	2,939
Receivables and other financial assets	19	**11**	19	**–**	–	**1,060**	888	**1,071**	907
Cash and cash equivalents	22	**–**	–	**–**	–	**1,196**	1,133	**1,196**	1,133
Total		**1,892**	2,663	**41**	85	**2,381**	2,231	**4,314**	4,979

1. All financial assets measured at fair value through profit or loss have been classified at FVTPL on a mandatory basis. The Group has not designated any financial assets as FVTPL.
2. Changes in fair value are recognised in the Cash Flow Hedges Reserve (refer Note 27) but may be reclassified subsequently to profit or loss.

The amount of debt securities expected to be recovered or settled after more than 12 months is £8m (2022: £2m). Due to the nature of equity securities and interests in pooled investment funds, there is no fixed term associated with these securities. The amount of equity securities and interests in pooled investment funds expected to be recovered or settled after more than 12 months is £1,139m (2022: £669m).

Included in Proceeds from sale or redemption of financial investments of £1,029m (2022: £1,633m) within the consolidated statement of cash flows are £576m (2022: £789m) in relation to sales of significant listed investments. Refer Note 11 for further details of the sales in 2023.

18. Derivative financial instruments

A derivative is a financial instrument that is typically used to manage risk and whose value moves in response to an underlying variable such as interest or foreign exchange rates. The Group uses derivative financial instruments in order to match subordinated debt liabilities and to reduce the risk from potential movements in foreign exchange rates on seed capital and co-investments and potential movements in market rates on seed capital. Certain consolidated investment vehicles may also use derivatives to take and alter market exposure, with the objective of enhancing performance and controlling risk.

Management determines the classification of derivatives at initial recognition. All derivative instruments are classified as at FVTPL except those designated as part of a cash flow hedge or net investment hedge. Derivatives at FVTPL are measured at fair value with changes in fair value recognised in the consolidated income statement.

On adoption of IFRS 9 *Financial instruments* in 2019, the Group has elected to continue applying the hedge accounting requirements of IAS 39. The accounting treatment below applies to derivatives designated as part of a hedging relationship.

Using derivatives to manage a particular exposure is referred to as hedging. For a derivative to be considered as part of a hedging relationship its purpose must be formally documented at inception. In addition, the effectiveness of the hedge must be initially high and be able to be reliably measured on a regular basis. Derivatives used to hedge variability in future cash flows such as coupons payable on subordinated liabilities or revenue receivable in a foreign currency are designated as cash flow hedges, while derivatives used to hedge currency risk on investments in foreign operations are designated as net investment hedges.

Where a derivative qualifies as a cash flow or net investment hedge, hedge accounting is applied. The effective part of any gain or loss resulting from the change in fair value is recognised in other comprehensive income, and in the cash flow or net investment hedge reserve in equity, while any ineffective part is recognised immediately in the consolidated income statement. If a derivative ceases to meet the relevant hedging criteria, hedge accounting is discontinued.

For cash flow hedges, the amount recognised in the cash flow hedge reserve is transferred to the consolidated income statement (recycled) in the same period or periods during which the hedged item affects profit or loss and is transferred immediately if the cash flow is no longer expected to occur. For net investment hedges, the amount recognised in the net investment hedge reserve is transferred to the consolidated income statement on disposal of the investment.

		2023			2022		
	Notes	Contract amount £m	Fair value assets £m	Fair value liabilities £m	Contract amount £m	Fair value assets £m	Fair value liabilities £m
Cash flow hedges	17,29	**588**	**41**	**–**	623	85	–
FVTPL	17,29	**628**	**2**	**9**	638	19	1
Derivative financial instruments	36	**1,216**	**43**	**9**	1,261	104	1
Derivative financial instruments backing unit linked liabilities	23	**2**	**–**	**–**	258	1	2
Total derivative financial instruments		**1,218**	**43**	**9**	1,519	105	3

Derivative assets of £41m (2022: £85m) are expected to be recovered after more than 12 months. There are no derivative liabilities (2022: none) expected to be settled after more than 12 months.

(a) Hedging strategy

The Group generally does not hedge the currency exposure relating to revenue and expenditure, nor does it hedge translation of overseas profits in the income statement. Where appropriate, the Group may use derivative contracts to reduce or eliminate currency risk arising from individual transactions or seed capital and co-investment activity.

(a)(i) Cash flow hedges

On 18 October 2017, the Group issued subordinated notes with a principal amount of US$750m. In order to manage its foreign exchange risk relating to the principal and coupons payable on these notes the Group entered into a cross-currency swap which is designated as a cash flow hedge. The cash flow hedge was fully effective during the year. The cross-currency swap has the effect of swapping the 4.25% US Dollar fixed rate subordinated notes into 3.2% Sterling fixed rate subordinated notes with a principal amount of £569m. The cross-currency swap has a fair value asset position of £41m (2022: £85m asset). During the year ended 31 December 2023 fair value losses of £40m (2022: gains of £85m) were recognised in other comprehensive income in relation to the cross-currency swap. Losses of £35m (2022: gains of £70m) were transferred from other comprehensive income to Net gains or losses on financial instruments and other income in the consolidated income statement in relation to the cross-currency swap during the year. In addition, forward points of £6m (2022: £6m) and gains of £1m (2022: gains of £2m) were transferred from other comprehensive income to Finance costs in the consolidated income statement.

(a)(ii) FVTPL

Derivative financial instruments classified as FVTPL include those that the Group holds as economic hedges of financial instruments that are measured at fair value. FVTPL derivative financial instruments are also held by the Group to match contractual liabilities that are measured at fair value or to achieve efficient portfolio management in respect of instruments measured at fair value.

	2023			2022		
	Contract amount £m	Fair value assets £m	Fair value liabilities £m	Contract amount £m	Fair value assets £m	Fair value liabilities £m
Equity derivatives:						
Futures	**130**	**-**	**5**	137	3	–
Swaps	**13**	**-**	**-**	–	–	–
Bond derivatives:						
Futures	**46**	**-**	**2**	–	–	–
Interest rate derivatives:						
Swaps	**21**	**1**	**-**	18	1	–
Foreign exchange derivatives:						
Forwards	**339**	**1**	**-**	678	16	3
Other derivatives:						
Credit default swaps	**81**	**-**	**2**	63	–	–
Derivative financial instruments at FVTPL	**630**	**2**	**9**	896	20	3

(b) Maturity profile

The maturity profile of the contractual undiscounted cash flows in relation to derivative financial instruments is as follows:

	Within 1 year		1-5 years		5-10 years		Total	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Cash inflows								
Derivative financial assets	**339**	569	**677**	107	**-**	637	**1,016**	1,313
Derivative financial liabilities	**25**	138	**-**	–	**-**	–	**25**	138
Total	**364**	707	**677**	107	**-**	637	**1,041**	1,451
Cash outflows								
Derivative financial assets	**(331)**	(541)	**(632)**	(91)	**-**	(578)	**(963)**	(1,210)
Derivative financial liabilities	**(25)**	(141)	**(2)**	–	**-**	–	**(27)**	(141)
Total	**(356)**	(682)	**(634)**	(91)	**-**	(578)	**(990)**	(1,351)
Net derivative financial instruments cash inflows	**8**	25	**43**	16	**-**	59	**51**	100

Included in the above maturity profile are the following cash flows in relation to cash flow hedge assets:

	Within 1 year		1-5 years		5-10 years		Total	
	2023 £m	20222 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Cash inflows	**25**	26	**676**	106	**-**	637	**701**	769
Cash outflows	**(18)**	(18)	**(632)**	(91)	**-**	(578)	**(650)**	(687)
Net cash flow hedge cash inflows	**7**	8	**44**	15	**-**	59	**51**	82

Cash inflows and outflows are presented on a net basis where the Group is required to settle cash flows net.

19. Receivables and other financial assets

	Notes	**2023 £m**	2022 £m
Amounts receivable from contracts with customers	3(d)	**110**	161
Accrued income		**310**	278
Amounts due from counterparties and customers for unsettled trades and fund transactions		**477**	317
Net investment in finance leases		**31**	29
Collateral pledged in respect of derivative contracts	34	**19**	14
Contingent consideration assets	36	**11**	19
Other		**113**	89
Receivables and other financial assets		**1,071**	907

The carrying amounts disclosed above reasonably approximate the fair values as at the year end.

The amount of receivables and other financial assets expected to be recovered after more than 12 months is £67m (2022: £34m).

Accrued income includes £306m (2022: £273m) of accrued income from contracts with customers (refer Note 3(d)).

20. Other assets

	2023 £m	2022 £m
Prepayments	**75**	89
Deferred acquisition costs	**-**	1
Other	**2**	2
Other assets	**77**	92

The amount of other assets expected to be recovered after more than 12 months is £24m (2022: £21m).

Prepayments includes £23m (2022: £43m) relating to the Group's future purchase of certain products in the Phoenix Group's savings business offered through abrdn's adviser platforms together with the Phoenix Group's trustee investment plan business for UK pension scheme clients. Refer Note 39(b) for further details.

All deferred acquisition costs above are costs deferred on investment contracts (deferred origination costs) which relate to contracts with customers (refer Note 3(d)). The amortisation charge for deferred origination costs relating to contracts with customers for the year was £1m (2022: £2m).

21. Assets and liabilities held for sale

Assets and liabilities held for sale are presented separately in the consolidated statement of financial position and consist of operations and individual non-current assets whose carrying amount will be recovered principally through a sale transaction (expected within one year) and not through continuing use.

Operations held for sale, being disposal groups, and investments in associates accounted for using the equity method are measured at the lower of their carrying amount and their fair value less disposal costs. No depreciation or amortisation is charged on assets in a disposal group once it has been classified as held for sale.

Operations held for sale include newly established investment vehicles which the Group has seeded but is actively seeking to divest from. For these investment funds, which do not have significant liabilities or non-financial assets, financial assets continue to be measured based on the accounting policies that applied before they were classified as held for sale. The Group classifies seeded operations as held for sale where the intention is to dispose of the investment vehicle in a single transaction. Where disposal of a seeded investment vehicle will be in more than one tranche the operations are not classified as held for sale in the consolidated statement of financial position.

Certain amounts seeded into funds are classified as interests in pooled investment funds. Investment property and owner occupied property held for sale relates to property for which contracts have been exchanged but the sale had not completed during the current financial year. Interests in pooled investment funds and investment property held for sale continue to be measured based on the accounting policies that applied before they were classified as held for sale.

		2023 £m	2022 £m
Assets of operations held for sale			
abrdn Capital Limited		**–**	87
European-headquartered Private Equity business		**10**	–
Investments in joint ventures accounted for using the equity method			
Virgin Money UTM	14, 43	**9**	–
Assets held for sale		**19**	87
Liabilities of operations held for sale			
abrdn Capital Limited		**–**	14
European-headquartered Private Equity business		**2**	–
Liabilities of operations held for sale		**2**	14

(a) European-headquartered Private Equity business

On 16 October 2023, the Group announced the proposed sale of its European-headquartered Private Equity business which is in the Investments segment. The sale is expected to complete in the first half of 2024 and this business has been classified as an operation held for sale. At 31 December 2023, this disposal group was measured at its carrying amount and comprised the following assets and liabilities:

	2023 £m
Assets of operations held for sale	
Receivables and other financial assets	**9**
Cash and cash equivalents	**1**
Total assets of operations held for sale	**10**
Liabilities of operations held for sale	
Other financial liabilities	**2**
Total liabilities of operations held for sale	**2**
Net assets of operations held for sale	**8**

Net assets of operations held for sale were net of intercompany balances between the European-headquartered Private Equity business and other group entities, the net assets on a gross basis as at 31 December 2023 were £8m.

(b) abrdn Capital Limited (aCL)

On 1 September 2023, the Group completed the sale of aCL. Refer Note 1 (c)(i). aCL was reported in the ii segment (previously named Personal).

At 31 December 2022, this disposal group was measured at its carrying amount and comprised the following assets and liabilities:

	2022 £m
Assets of operations held for sale	
Intangible assets	58
Property, plant and equipment	–
Receivables and other financial assets	15
Other assets	1
Cash and cash equivalents	13
Total assets of operations held for sale	87
Liabilities of operations held for sale	
Other financial liabilities	14
Total liabilities of operations held for sale	14
Net assets of operations held for sale	73

Net assets of operations held for sale were net of intercompany balances between abrdn Capital Limited and other group entities, the net assets of abrdn Capital Limited on a gross basis as at 31 December 2022 were £70m.

22. Cash and cash equivalents

Cash and cash equivalents include cash at bank, money at call and short notice with banks, money market funds and any highly liquid investments with less than three months to maturity from the date of acquisition. For the purposes of the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts which are included in other financial liabilities on the consolidated statement of financial position where the overdraft is repayable on demand and forms an integral part of the Group's cash management.

Where the Group has a legally enforceable right of set off and intention to settle on a net basis, cash and overdrafts are offset in the consolidated statement of financial position.

	2023 £m	2022 £m
Cash at bank and in hand	**704**	783
Money at call, term deposits, reverse repurchase agreements and debt instruments with less than three months to maturity from acquisition	**301**	236
Money market funds	**191**	114
Cash and cash equivalents	**1,196**	1,133

	Notes	**2023 £m**	2022 £m
Cash and cash equivalents		**1,196**	1,133
Cash and cash equivalents backing unit linked liabilities	23	**13**	23
Cash and cash equivalents classified as held for sale	21	**1**	13
Bank overdrafts	32	**–**	(3)
Total cash and cash equivalents for consolidated statement of cash flows		**1,210**	1,166

Cash at bank, money at call and short notice and deposits are subject to variable interest rates.

Cash and cash equivalents in respect of unit linked funds (including third party interests in consolidated funds) are held in separate bank accounts and are not available for general use by the Group.

23. Unit linked liabilities and assets backing unit linked liabilities

The Group operates unit linked life assurance businesses through an insurance subsidiary. This subsidiary provides investment products through a life assurance wrapper. These products do not contain any features which transfer significant insurance risk and therefore are classified as investment contracts. Unit linked non-participating investment contracts are separated into two components being an investment management services component and a financial liability. All fees and related administrative expenses are deemed to be associated with the investment management services component (refer Note 3). The financial liability component is designated at FVTPL as it is implicitly managed on a fair value basis as its value is directly linked to the market value of the underlying portfolio of assets.

Where the Group is deemed to control an investment vehicle as a result of holdings in that vehicle by subsidiaries to back unit linked non-participating investment contract liabilities, the assets and liabilities of the vehicle are consolidated within the Group's statement of financial position. The liability for third party interest in such consolidated funds is presented as a unit linked liability.

Unit linked liabilities and assets backing unit linked liabilities are presented separately in the consolidated statement of financial position except for those held in operations held for sale, which are presented in assets and liabilities held for sale in the consolidated statement of financial position.

Contributions received on non-participating investment contracts and from third party interest in consolidated funds are treated as deposits and not reported as revenue in the consolidated income statement.

Withdrawals paid out to policyholders on non-participating investment contracts and to third party interest in consolidated funds are treated as a reduction to deposits and not recognised as expenses in the consolidated income statement.

Investment return and related benefits credited in respect of non-participating investment contracts and third party interest in consolidated funds are recognised in the consolidated income statement as changes in investment contract liabilities and changes in liability for third party interest in consolidated funds respectively. Investment returns relating to unit linked business are for the account of policyholders and have an equal and opposite effect on income and expenses in the consolidated income statement with no impact on profit or loss after tax.

Assets backing unit linked liabilities comprise financial investments, which are all classified as FVTPL on a mandatory basis, and receivables and other financial assets and cash and cash equivalents which are measured at amortised cost.

(a) Result for the year attributable to unit linked business

	Notes	2023 £m	2022 £m
Net gains or losses on financial instruments and other income	4	**4**	5
Other administrative expense	5	**(1)**	(1)
Profit before tax		**3**	4
Tax expense attributable to unit linked business	9	**(3)**	(4)
Profit after tax		**–**	–

(b) Financial instrument risk management

The shareholder is not directly exposed to market risk or credit risk in relation to the financial assets backing unit linked liabilities. The shareholder's exposure to market risk on these assets is limited to variations in the value of future revenue as fees are based on a percentage of fund value.

The shareholder is exposed to liquidity risk relating to unit linked funds. For the unit linked business, liquidity risk is primarily managed by holding a range of diversified instruments which are assessed against cash flow and funding requirements. A core portfolio of assets is maintained and invested in accordance with the mandates of the relevant unit linked funds. Given that unit linked policyholders can usually choose to surrender, in part or in full, their unit linked contracts at any time, the non-participating investment contract unit linked liabilities are designated as payable within one year. Such surrenders would be matched in practice, if necessary, by sales of underlying assets. Policyholder behaviour and the trading position of asset classes are actively monitored. The Group can delay settling liabilities to unit linked policyholders to ensure fairness between those remaining in the fund and those leaving the fund. The length of any such delay is dependent on the underlying financial assets.

(c) Fair value measurement of unit linked financial liabilities and financial assets backing unit linked liabilities

Each of the unit linked financial liabilities and the financial assets backing unit linked liabilities has been categorised below using the fair value hierarchy as defined in Note 36. Refer Note 36 for details of valuation techniques used.

	Level 1		Level 2		Level 3		Not at fair value		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Financial investments	**396**	601	**273**	322	**–**	1	**–**	–	**669**	924
Receivables and other financial assets	**–**	–	**–**	–	**–**	–	**4**	5	**4**	5
Cash and cash equivalents	**–**	–	**–**	–	**–**	–	**13**	23	**13**	23
Total financial assets backing unit linked liabilities	**396**	601	**273**	322	**–**	1	**17**	28	**686**	952
Investment contract liabilities	**–**	–	**684**	772	**–**	1	**–**	–	**684**	773
Third party interest in consolidated funds	**–**	–	**–**	173	**–**	–	**–**	–	**–**	173
Other unit linked financial liabilities	**–**	–	**–**	2	**–**	–	**2**	4	**2**	6
Total unit linked financial liabilities	**–**	–	**684**	947	**–**	1	**2**	4	**686**	952

In addition to financial assets backing unit linked liabilities and unit linked financial liabilities shown above there is a current tax asset of £nil (2022: less than £1m) included in unit linked assets and a current tax liability of £nil (2022: less than £1m) included in unit linked liabilities.

The financial investments backing unit linked liabilities comprise equity securities and interests in pooled investment funds of £667m (2022: £811m), debt securities of £2m (2022: £112m) and derivative financial assets of £nil (2022: £1m).

The fair value of financial instruments not held at fair value approximates to their carrying value at both 31 December 2023 and 31 December 2022.

There were no significant transfers from level 1 to level 2 during the year ended 31 December 2023. There were transfers from level 1 to level 2 of £52m during the year ended 31 December 2022. The Group now considers government bonds not issued by the G7 countries or the European Union as level 2. There were no significant transfers from level 2 to level 1 during the year ended 31 December 2023 (2022: £nil). Transfers are deemed to have occurred at the end of the calendar quarter in which they arose.

The movements during the period of level 3 unit linked assets and liabilities held at fair value are analysed below.

	Equity securities and interests in pooled investment funds		Investment contract liabilities	
	31 Dec 2023 £m	31 Dec 2022 £m	**31 Dec 2023 £m**	31 Dec 2022 £m
At start of period	**1**	1	**(1)**	(1)
Sales	**(1)**	–	**1**	–
At end of period	**–**	1	**–**	(1)

Unit linked level 3 assets related to holdings in real estate funds. No individual unobservable input is considered significant. Changing unobservable inputs in the measurement of the fair value of these unit linked level 3 financial assets and liabilities to reasonably possible alternative assumptions would have no impact on profit attributable to equity holders or on total assets.

Transfers of unit linked assets and liabilities to level 3 generally arise when external pricing providers stop providing prices for the underlying assets and liabilities in the funds or where the price provided is considered stale.

(d) Change in non-participating investment contract liabilities

The change in non-participating investment contract liabilities was as follows:

	2023 £m	2022 £m
At 1 January	**773**	1,088
Contributions	**54**	36
Account balances paid on surrender and other terminations in the year	**(206)**	(237)
Change in non-participating investment contract liabilities recognised in the consolidated income statement	**65**	(112)
Recurring management charges	**(2)**	(2)
At 31 December	**684**	773

FINANCIAL INFORMATION

(e) Derivatives

The treatment of collateral accepted and pledged in respect of financial instruments and the Group's approach to offsetting financial assets and liabilities is described in Note 34. The following table presents the impact of master netting agreements and similar arrangements for derivatives backing unit linked liabilities.

	Gross amounts of financial instruments as presented on the consolidated statement of financial position		Related amounts not offset on the consolidated statement of financial position: Financial instruments		Related amounts not offset on the consolidated statement of financial position: Financial collateral pledged/(received)		Net position	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Financial assets								
Derivatives[1]	**–**	1	**–**	–	**–**	–	**–**	1
Total financial assets	**–**	1	**–**	–	**–**	–	**–**	1
Financial liabilities								
Derivatives[1]	**–**	(1)	**–**	–	**–**	–	**–**	(1)
Total financial liabilities	**–**	(1)	**–**	–	**–**	–	**–**	(1)

1. Only OTC derivatives subject to master netting agreements have been included above.

24. Issued share capital and share premium

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The Company's share capital consists of the number of ordinary shares in issue multiplied by their nominal value. The difference between the proceeds received on issue of the shares and the nominal value of the shares issued is recorded in share premium.

Where the Company undertakes share buybacks, the reduction to retained earnings is accounted for on the trade date of the transaction of each repurchase with a liability recognised for unsettled trades, unless the Company has an irrevocable contractual obligation with a third party. Where the Company has an irrevocable contractual obligation, the full contractual value of the buyback programme is recognised as a liability and as a reduction to retained earnings on the date of the agreement. The reduction to share capital for the cancellation of the shares and the related credit to the capital redemption reserve is always accounted for on the settlement date for the repurchases.

The movement in the issued ordinary share capital and share premium of the Company was:

	2023			2022		
	Ordinary share capital		Share premium	Ordinary share capital		Share premium
Issued shares fully paid	13 61/63p each	£m	£m	13 61/63p each	£m	£m
At 1 January	**2,001,891,899**	**280**	**640**	2,180,724,786	305	640
Shares issued in respect of share incentive plans	**2,414**	**–**	**–**	2,381	–	–
Share buyback	**(161,153,949)**	**(23)**	**–**	(178,835,268)	(25)	–
At 31 December	**1,840,740,364**	**257**	**640**	2,001,891,899	280	640

All ordinary shares in issue in the Company rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Company.

On 5 June 2023, the Company announced that it would initiate a £150m return to shareholders. On 8 August 2023, the Company announced the extension of this programme to £300m. The share buyback commenced on 5 June 2023 and was completed on 19 December 2023. During the year ended 31 December 2023, the Company had bought back and cancelled 161,153,949 shares as part of this programme. The total consideration was £302m which includes transaction costs.

During the year ended 31 December 2022, the Company bought back and cancelled 178,835,268 shares. The total consideration was £302m which included transaction costs. There were no unsettled purchases at 31 December 2022.

The share buyback has resulted in a reduction in retained earnings of £302m (2022: £302m).

In addition, an amount of £23m (2022: £25m) has been credited to the capital redemption reserve relating to the nominal value of the shares cancelled.

The Company can issue shares to satisfy awards granted under employee incentive plans which have been approved by shareholders. Details of the Group's employee plans are provided in Note 40.

25. Shares held by trusts

Shares held by trusts relates to shares in abrdn plc that are held by the abrdn Employee Benefit Trust (abrdn EBT), the abrdn Employee Trust (formerly named the Standard Life Employee Trust)(abrdn ET) and the Aberdeen Asset Management Employee Benefit Trust 2003 (AAM EBT).

The abrdn EBT, abrdn ET and AAM EBT purchase shares in the Company for delivery to employees under employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid. Where new shares are issued to the abrdn EBT, abrdn ET or AAM EBT the price paid is the nominal value of the shares. When shares are distributed from the trust their corresponding value is released to retained earnings.

The number of shares held by trusts was as follows:

	2023	2022
Number of shares held by trusts		
abrdn Employee Benefit Trust	**34,076,343**	36,112,240
abrdn Employee Trust	**22,187,644**	22,629,035
Aberdeen Asset Management Employee Benefit Trust 2003	**2,080,853**	2,264,591

26. Retained earnings

The following table shows movements in retained earnings during the year.

	Notes	2023 £m	2022 restated[1] £m
Opening balance carried forward		**4,986**	5,766
Effect of application of IFRS 9 on Investments in associates and joint ventures accounted for using the equity method[2]		**51**	–
Opening balance at 1 January		**5,037**	5,766
Recognised in comprehensive income			
Recognised in profit/(loss) for the year attributable to equity holders[1]		**1**	(558)
Recognised in other comprehensive income			
Remeasurement losses on defined benefit pension plans	31	**(139)**	(793)
Share of other comprehensive income of associates and joint ventures[1]		**(31)**	(57)
Total items recognised in comprehensive income		**(169)**	(1,408)
Recognised directly in equity			
Dividends paid on ordinary shares		**(279)**	(307)
Share buyback	24	**(302)**	(302)
Cancellation of capital redemption reserve	27	**–**	1,059
Transfer for vested employee share-based payments		**31**	63
Transfer between reserves on disposal of subsidiaries		**–**	1
Transfer between reserves on impairment of subsidiaries	27	**169**	207
Shares distributed by employee and other trusts		**(38)**	(70)
Other movements[3]		**–**	(23)
Total items recognised directly in equity		**(419)**	628
At 31 December		**4,449**	4,986

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.
2. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, the Group's insurance joint venture, Heng An Standard Life Insurance Company Limited, applied IFRS 9 at 1 January 2023 following the implementation of the new insurance standard, IFRS 17. Refer Basis of preparation.
3. Other movements in 2022 included the transfer of (£17m) previously recognised in the foreign currency translation reserve (which is part of Other reserves) to Retained earnings. In prior years we have considered the functional currency of an intermediate subsidiary holding the Group's investment in HDFC Life to be US Dollars. We now consider that the functional currency should have been GBP, resulting in the current period transfer between reserves. Prior periods have not been restated as the impact on prior periods is not considered material.

27. Movements in other reserves

In July 2006 Standard Life Group demutualised and during this process the merger reserve, the reserve arising on Group reconstruction and the special reserve were created.

Merger reserve: the merger reserve consists of two components. Firstly at demutualisation in July 2006 the Company issued shares to former members of the mutual company. The difference between the nominal value of these shares and their issue value was recognised in the merger reserve. The reserve includes components attaching to each subsidiary that was transferred to the Company at demutualisation based on their fair value at that date. Secondly following the completion of the merger of Standard Life plc and Aberdeen Asset Management PLC on 14 August 2017, an additional amount was recognised in the merger reserve representing the difference between the nominal value of shares issued to shareholders of Aberdeen Asset Management PLC and their fair value at that date. On disposal or impairment of a subsidiary any related component of the merger reserve is released to retained earnings.

Reserve arising on Group reconstruction: The value of the shares issued at demutualisation was equal to the fair value of the business at that date. The business's assets and liabilities were recognised at their book value at the time of demutualisation. The difference between the book value of the business's net assets and its fair value was recognised in the reserve arising on Group reconstruction. The reserve comprises components attaching to each subsidiary that was transferred to the Company at demutualisation. On disposal of such a subsidiary any related component of the reserve arising on Group reconstruction is released to retained earnings.

Special reserve: Immediately following demutualisation and the related initial public offering, the Company reduced its share premium reserve by court order giving rise to the special reserve. Dividends can be paid out of this reserve.

Capital redemption reserve: In August 2018, as part of the return of capital and share buyback the capital redemption reserve was created. Additional capital redemption reserve is created by subsequent buybacks (refer Note 24). See below for the cancellation of the capital redemption reserve as at 1 July 2022.

The following tables show the movements in other reserves during the year.

	Notes	Cash flow hedges £m	Foreign currency translation £m	Merger reserve £m	Equity compensation reserve £m	Special reserve £m	Reserve arising on Group reconstruction £m	Capital redemption reserve £m	Total £m
1 January 2023		**23**	**70**	**275**	**48**	**115**	**(685)**	**25**	**(129)**
Recognised in other comprehensive income									
Fair value losses on cash flow hedges		**(40)**	**-**	**-**	**-**	**-**	**-**	**-**	**(40)**
Exchange differences on translating foreign operations		**-**	**(35)**	**-**	**-**	**-**	**-**	**-**	**(35)**
Items transferred to profit or loss		**28**	**(1)**	**-**	**-**	**-**	**-**	**-**	**27**
Aggregate tax effect of items recognised in other comprehensive income		**3**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
Total items recognised in other comprehensive income		**(9)**	**(36)**	**-**	**-**	**-**	**-**	**-**	**(45)**
Recognised directly in equity									
Share buyback	24	**-**	**-**	**-**	**-**	**-**	**-**	**23**	**23**
Reserves credit for employee share-based payments		**-**	**-**	**-**	**24**	**-**	**-**	**-**	**24**
Transfer to retained earnings for vested employee share-based payments		**-**	**-**	**-**	**(31)**	**-**	**-**	**-**	**(31)**
Transfer between reserves on impairment of subsidiaries		**-**	**-**	**(169)**	**-**	**-**	**-**	**-**	**(169)**
Total items recognised directly within equity		**-**	**-**	**(169)**	**(7)**	**-**	**-**	**23**	**(153)**
At 31 December 2023		**14**	**34**	**106**	**41**	**115**	**(685)**	**48**	**(327)**

The merger reserve includes £94m (2022: £263m) in relation to the Group's asset management businesses. During 2023, following the impairment of the Company's investment in abrdn Investments (Holdings) Limited, £169m was transferred from the merger reserve to retained earnings. During 2022, following the impairment of the Company's investments in abrdn Holdings Limited and abrdn Investments (Holdings) Limited, £207m was transferred from the merger reserve to retained earnings. Refer to the Company financial statements for further details on these impairments.

	Notes	Cash flow hedges £m	Foreign currency translation £m	Merger reserve £m	Equity compensation reserve £m	Special reserve £m	Reserve arising on Group reconstruction £m	Capital redemption reserve £m	Total £m
1 January 2022		18	17	483	87	115	(685)	1,059	1,094
Recognised in other comprehensive income									
Fair value gains on cash flow hedges		85	–	–	–	–	–	–	85
Exchange differences on translating foreign operations		–	36	–	–	–	–	–	36
Items transferred to profit or loss		(78)	–	–	–	–	–	–	(78)
Aggregate tax effect of items recognised in other comprehensive income		(2)	–	–	–	–	–	–	(2)
Total items recognised in other comprehensive income		5	36	–	–	–	–	–	41
Recognised directly in equity									
Share buyback	24	–	–	–	–	–	–	25	25
Cancellation of capital redemption reserve		–	–	–	–	–	–	(1,059)	(1,059)
Reserves credit for employee share-based payments		–	–	–	24	–	–	–	24
Transfer to retained earnings for vested employee share-based payments		–	–	–	(63)	–	–	–	(63)
Transfer between reserves on disposal of subsidiaries		–	–	(1)	–	–	–	–	(1)
Transfer between reserves on impairment of subsidiaries		–	–	(207)	–	–	–	–	(207)
Other movements[1]		–	17	–	–	–	–	–	17
Total items recognised directly within equity		–	17	(208)	(39)	–	–	(1,034)	(1,264)
At 31 December 2022		23	70	275	48	115	(685)	25	(129)

1. Other movements included the transfer of (£17m) previously recognised in the foreign currency translation reserve to Retained earnings. In prior periods we had considered the functional currency of an intermediate subsidiary holding the Group's investment in HDFC Life to be US Dollars. We now consider that the functional currency should have been GBP, resulting in the transfer between reserves. Prior periods were not restated as the impact on prior periods was not considered material. There was no impact on net assets for any period presented.

On 1 July 2022, the Company's capital redemption reserve at this date was cancelled in accordance with section 649 of the Companies Act 2006 resulting in a transfer of £1,059m to retained earnings.

28. Other equity and non-controlling interests

Perpetual subordinated notes issued by abrdn plc are classified as other equity where no contractual obligation to deliver cash exists.

(a) Other equity – perpetual subordinated notes

5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes

On 13 December 2021, the Company issued £210m of 5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the 'Notes'). These were classified as other equity and initially recognised at £207m (proceeds received less issuance costs of £3m).

The Notes initially bear interest on their principal amount at 5.25% per annum payable semi-annually in arrears on 13 June and 13 December in each year. The interest rate is subject to reset on 13 June 2027 and then every five years thereafter. The payments of interest are discretionary and non-cumulative. The interest paid is recognised as profit attributable to other equity when paid. The profit for the year attributable to other equity was £11m (2022: £11m).

The Notes have no fixed redemption date. The Company has the option to redeem the Notes (in full) between 13 December 2026 and 13 June 2027 and every five years thereafter. The Notes are convertible to ordinary shares in abrdn plc at a conversion price of £1.6275 (fixed subject to adjustment for share corporate actions e.g. share consolidations in accordance with the terms and conditions of the Notes) if the Group IFPR CET1 Ratio falls below 70%. The IFPR CET1 ratio at 31 December 2023 was 467% (2022: 408%).

(b) Non-controlling interests – ordinary shares

Non-controlling interests – ordinary shares of £5m were held at 31 December 2023 (2022: £7m). The profit for the year attributable to non-controlling interests – ordinary shares was less than £1m (2022: £1m).

29. Financial liabilities

Management determines the classification of financial liabilities at initial recognition. Financial liabilities which are managed and whose performance is evaluated on a fair value basis are designated as at fair value through profit or loss. Changes in the fair value of these financial liabilities are recognised in the consolidated income statement.

Derivatives are also measured at fair value. Changes in the fair value of derivatives are recognised in Net gains or losses on financial instruments and other income in the consolidated income statement except for derivative instruments that are designated as a cash flow hedge or net investment hedge. The classification of derivatives and the accounting treatment of derivatives designated as a hedging instrument are set out in Note 18.

Except for contingent consideration liabilities which are measured at fair value, other financial liabilities are classified as being subsequently measured at amortised cost. Amortised cost is calculated, and the related interest expense is recognised in the consolidated income statement, using the effective interest method.

All financial liabilities are initially recognised at fair value less, in the case of financial liabilities subsequently measured at amortised cost, transaction costs that are directly attributable to the issue of the liability.

Where the terms of a financial liability measured at amortised cost are modified and the modification does not result in the derecognition of the liability, the liability is adjusted to the net present value of the future cash flows less transaction costs with a modification gain or loss recognised in the income statement.

The methods and assumptions used to determine fair value of financial liabilities measured at fair value through profit or loss and derivatives are discussed in Note 36.

The table below sets out an analysis of financial liabilities excluding unit linked financial liabilities which are set out in Note 23.

		At fair value through profit or loss[1]		At amortised cost		Total	
	Notes	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Third party interest in consolidated funds		**187**	242	**–**	–	**187**	242
Subordinated liabilities	30	**–**	–	**599**	621	**599**	621
Derivative financial liabilities	18	**9**	1	**–**	–	**9**	1
Other financial liabilities[2]	32	**129**	143	**1,112**	1,058	**1,241**	1,201
Total		**325**	386	**1,711**	1,679	**2,036**	2,065

1. All financial liabilities measured at fair value through profit or loss have been classified at FVTPL on a mandatory basis except for third party interest in consolidated funds which the Group has designated as at FVTPL.
2. The Group has made a presentational change to show Deferred income within Other financial liabilities. Refer Note 32.

30. Subordinated liabilities

Subordinated liabilities are debt instruments issued by the Company which rank below its other obligations in the event of liquidation but above the share capital. Subordinated liabilities are initially recognised at the value of proceeds received after deduction of issue expenses. Subsequent measurement is at amortised cost using the effective interest rate method.

		2023		2022	
	Notes	**Principal amount**	**Carrying value**	Principal amount	Carrying value
Subordinated notes					
4.25% US Dollar fixed rate due 30 June 2028		**$750m**	**£599m**	$750m	£621m
Total subordinated liabilities	36		**£599m**		£621m

A description of the key features of the Group's subordinated liabilities as at 31 December 2023 is as follows:

	4.25% US Dollar fixed rate[1]
Principal amount	$750m
Issue date	18 October 2017
Maturity date	30 June 2028
Callable at par at option of the Company from	Not applicable
If not called by the Company interest will reset to	Not applicable

1. The cash flows arising from the US dollar subordinated notes give rise to foreign exchange exposure which the Group manages with a cross-currency swap designated as a cash flow hedge. Refer Note 18 for further details.

The difference between the fair value and carrying value of the subordinated liabilities is presented in Note 36. A reconciliation of movements in subordinated liabilities in the year is provided in Note 37.

The principal amount of the subordinated liabilities is expected to be settled after more than 12 months. The accrued interest on the subordinated liabilities of £13m (2022: £nil) is expected to be settled within 12 months.

During the year ended 31 December 2022, the Group redeemed subordinated liabilities with the following key features:

	5.5% Sterling fixed rate
Principal amount	£92m
Issue date	4 December 2012
Maturity date	4 December 2042
Callable at par at option of the Company from	4 December 2022 and on every interest payment date (semi-annually) thereafter
If not called by the Company interest will reset to	4.85% over the five-year gilt rate (and at each fifth anniversary)

The 5.5% Sterling fixed rate subordinated notes with a principal amount of £92m were redeemed on 4 December 2022.

31. Pension and other post-retirement benefit provisions

The Group operates two types of pension plans:

- Defined benefit plans which provide pension payments upon retirement to members as defined by the plan rules. All of the Group's defined benefit plans, with the exception of a small plan in Ireland, are closed to future service accrual.
- Defined contribution plans where the Group makes contributions to a member's pension plan but has no further payment obligations once the contributions have been paid.

The Group's liabilities in relation to its defined benefit plans are valued by at least annual actuarial calculations. The Group has funded these liabilities in relation to its UK and Ireland defined benefit plans by ring-fencing assets in trustee-administered funds. The Group has further smaller defined benefit plans some of which are unfunded.

The statement of financial position reflects a net asset or net liability for each defined benefit pension plan. The liability recognised is the present value of the defined benefit obligation (estimated future cash flows are discounted using the yields on high quality corporate bonds) less the fair value of plan assets, if any. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Group considers that it has an unconditional right to a refund of the surplus from the plan. The amount of surplus recognised will be limited by tax and expenses. Our judgement is that, in the UK, an authorised surplus tax charge is not an income tax. Consequently, any UK surplus is recognised net of this tax charge rather than the tax charge being included within deferred taxation.

For the principal defined benefit plan (abrdn UK Group plan), the Group considers that it has an unconditional right to a refund of a surplus, assuming the gradual settlement of the plan liabilities over time until all members have left the plan. The plan trustees can purchase annuities to insure member benefits and can, for the majority of benefits, transfer these annuities to members. The trustees cannot unconditionally wind up the plan or use the surplus to enhance member benefits without employer consent. Our judgement is that these trustee rights do not prevent us from recognising an unconditional right to a refund and therefore a surplus.

Net interest income (if a plan is in surplus) or interest expense (if a plan is in deficit) is calculated using yields on high quality corporate bonds and recognised in the consolidated income statement. A current service cost is also recognised which represents the expected present value of the defined benefit pension entitlement earned by members in the period. A past service cost is also recognised which represents the change in the present value of the defined benefit obligation for service in prior periods, resulting from an amendment or curtailment to a plan.

Remeasurements, which include gains and losses as a result of changes in actuarial assumptions, the effect of the limit on the plan surplus and returns on plan assets (other than amounts included in net interest) are recognised in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

For defined contribution plans, the Group pays contributions to separately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in current service cost in the consolidated income statement as staff costs and other employee-related costs when they are due.

Defined contribution plans

The defined contribution plans comprise a mixture of arrangements depending on the employing entity and other factors. Some of these plans are located within the same legal vehicles as defined benefit plans. The Group contributes a percentage of pensionable salary to each employee's plan. The contribution levels vary by employing entity and other factors.

Defined benefit plans

UK plans

These plans are governed by trustee boards, which comprise employer and employee nominated trustees and an independent trustee. The plans are subject to the statutory funding objective requirements of the Pensions Act 2004, which require that plans be funded to at least the level of their technical provisions (an actuarial estimate of the assets needed to provide for benefits already built-up under the plan). The trustees perform regular valuations to check that the plans meet the statutory funding objective.

While the IAS 19 valuation reflects a best estimate of the financial position of the plan, the funding valuation reflects a prudent estimate. There is no material difference in how assets are measured. The funding measure of liabilities (technical provisions) and the IAS 19 measure are materially different. The key differences are the discount rate and inflation assumptions. While IAS 19 requires that the discount rate reflect corporate bond yields, the funding measure discount rate reflects a prudent estimate of future investment returns based on the actual investment strategy. The funding valuation adopts a market consistent measure of inflation without any adjustment. The IAS 19 RPI inflation assumption is derived from market-implied RPI inflation with an adjustment to remove the inflation risk premium believed to exist within market prices, with an additional deduction required to derive the IAS 19 CPI inflation assumption (to reflect differences between RPI and CPI).

The trustees set the plan investment strategy to protect the ratio of plan assets to the trustees' measure of the value of assets needed to meet the trustees' objectives. This investment strategy does not aim to protect the IAS 19 surplus or the ratio of plan assets to the IAS 19 measure of liabilities.

After consulting the relevant employers, the trustees prepare statements of funding and investment principles and set a schedule of contributions. If necessary, this schedule includes a recovery plan that aims to restore the funding level to the level of the technical provisions.

abrdn UK Group (SLSPS) plan (principal plan)	This is the Group's principal defined benefit plan. The plan closed to new membership in 2004 and changed from a final salary basis to a revalued career average salary basis in 2008. Accrual ceased in April 2016. Following a High Court ruling against a third party's pension scheme in 2018, that required pension schemes to address inequalities for the effect of unequal GMPs accrued between May 1990 and April 1997, an allowance for assumed equalisation was recognised as a past service cost for our principal defined benefit plan in 2018 and this adjustment has been carried forward to 2023. There was a further judgement in 2020 requiring pension schemes to address inequalities for the effect of unequal GMPs for those beneficiaries that transferred out of the scheme between May 1990 and October 2018. The estimated impact is immaterial and was recognised as a past service cost in 2020 and this adjustment has been carried forward to 2023. The funding of the plan depends on the statutory valuation performed by the trustee, and the relevant employers, with the assistance of the scheme actuary – i.e. not the IAS 19 valuation. The funding valuation was last completed at 31 December 2022, and measured plan assets and liabilities to be £3.0bn and £2.1bn respectively. This corresponds to a surplus of £0.9bn and a funding level of 144%. As there is currently no deficit, no recovery plan is required. As part of ongoing actions taken in recent years to reduce risk in abrdn's principal defined benefit pension plan, the trustee submitted a petition to the Court of Session in March 2023 seeking a direction on the destination of any residual surplus assets that remain after all plan-related obligations are settled or otherwise provided for. On 1 August 2023, the Court of Session, among other things, confirmed that if a buy-out were to be completed and sufficient provision made for: (i) any remaining liabilities; and (ii) expenses of completing the winding-up of the pension scheme, there would be a resulting trust in respect of any residual surplus assets in favour of the employer. We are continuing to work with the trustee on next steps. Any residual surplus will be determined on a different basis to IAS 19 or funding measures of the plan surplus. The timing of release of any surplus remains a matter for the trustee. The IAS 19 defined benefit plan asset is not included in abrdn's regulatory capital.
Other UK plans	The Group also operates two UK defined benefit plans as a result of the acquisition of Aberdeen Asset Management PLC (now renamed abrdn Holdings Limited) in 2017. These plans are final salary based, with benefits depending on members' length of service and salary prior to retirement. At the last statutory valuation date (30 June 2022), one plan, the Edinburgh Fund Managers Group Scheme (the EFM Scheme) was in deficit and the Group agreed funding plans with the plan's trustees which aimed to eliminate the deficit. The other plan, the Murray Johnstone Limited Retirement Benefits Plan (the MJ Plan), was in surplus. Refer Section 31(d) for details of the buy-in undertaken on the MJ Plan in 2023.

Other plans

abrdn ROI plan	In December 2009, this plan closed to new membership and changed from a final salary basis to a career average revalued earnings (CARE) basis. Following the sale of the UK and European insurance business in 2018, there remain two employees who continue to accrue benefits under this plan. At the last funding valuation, effective 1 January 2022, the plan was in deficit and as above, the Group agreed funding plans with the plan's trustees which aimed to eliminate the deficit.
Other	The Group operates smaller funded and unfunded defined benefit plans in other countries.

Plan regulations

The plans are administered according to local laws and regulations in each country. Responsibility for the governance of the plans rests with the relevant trustee boards (or equivalent). The UK pensions market is regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website, **www.thepensionsregulator.gov.uk**

(a) Analysis of amounts recognised in the consolidated income statement

The amounts recognised in the consolidated income statement for defined contribution and defined benefit plans are as follows:

	2023 £m	2022 £m
Current service cost	**55**	56
Past service cost	**(5)**	–
Net interest income	**(38)**	(32)
Administrative expenses	**4**	3
Expense recognised in the consolidated income statement	**16**	27

Contributions made to defined contribution plans are included within current service cost.

Contributions to defined benefit plans in the year ended 31 December 2023 comprised £8m (2022: £14m) to the Other UK plans and the abrdn ROI plan. Contributions are expected to be £5m in 2024 and are not expected to materially change in the two subsequent years. These contributions include a mixture of deficit funding and funding to achieve a targeted level of overall financial strength.

(b) Analysis of amounts recognised in the consolidated statement of financial position

	2023			2022		
	Principal plan £m	Other £m	Total £m	Principal plan £m	Other £m	Total £m
Present value of funded obligation	**(1,784)**	**(234)**	**(2,018)**	(1,755)	(228)	(1,983)
Present value of unfunded obligation	**–**	**(2)**	**(2)**	–	(3)	(3)
Fair value of plan assets	**2,912**	**233**	**3,145**	3,001	251	3,252
Net asset/(liability) before the limit on plan surplus	**1,128**	**(3)**	**1,125**	1,246	20	1,266
Effect of limit on plan surplus[1,2]	**(394)**	**(3)**	**(397)**	(436)	(11)	(447)
Net asset/(liability)	**734**	**(6)**	**728**	810	9	819

1. UK recoverable surpluses are reduced to reflect an authorised surplus payments charge of 35% that would arise on a refund. This applies to both the principal plan surplus and the defined benefit plan within Other which has a net asset of £6m at 31 December 2023 (2022: £21m).
2. The UK Government announced in the Autumn Statement a proposed reduction in the authorised pension surplus charge from 35% to 25% to be effective from 6 April 2024. This change has not yet been enacted. The impact of the change would have been to increase the pension asset by £113m.

Other comprises a defined benefit plan asset of £6m (2022: £21m) and a number of other defined benefit plans with a total liability of £12m (2022: £12m).

A pension plan surplus is considered to be recoverable where an unconditional right to a refund exists. The principal plan surplus had reduced significantly in 2022 due to market movements, primarily driven by the increase in UK high quality bond yields with a smaller impact from UK inflation changes during 2022. There was further impact from these in 2023 but this was less significant.

(c) Movement in the net defined benefit asset

	Present value of obligation		Fair value of plan assets		Net asset/(liability) before the limit on plan surplus		Effect of limit on plan surpluses		Net asset/(liability)	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
At 1 January	**(1,986)**	(3,252)	**3,252**	5,686	**1,266**	2,434	**(447)**	(865)	**819**	1,569
Total expense										
Current service cost	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–
Past service cost	**5**	–	**-**	–	**5**	–	**-**	–	**5**	–
Interest (expense)/income	**(88)**	(65)	**146**	115	**58**	50	**(20)**	(18)	**38**	32
Administrative expenses	**(4)**	(3)	**-**	–	**(4)**	(3)	**-**	–	**(4)**	(3)
Total (expense)/income recognised in consolidated income statement	**(87)**	(68)	**146**	115	**59**	47	**(20)**	(18)	**39**	29
Remeasurements										
Return on plan assets, excluding amounts included in interest income	**-**	–	**(186)**	(2,473)	**(186)**	(2,473)	**-**	–	**(186)**	(2,473)
Gain from change in demographic assumptions	**31**	5	**-**	–	**31**	5	**-**	–	**31**	5
(Loss)/gain from change in financial assumptions	**(56)**	1,450	**-**	–	**(56)**	1,450	**-**	–	**(56)**	1,450
Experience gains/(losses)	**2**	(211)	**-**	–	**2**	(211)	**-**	–	**2**	(211)
Change in effect of limit on plan surplus	**-**	–	**-**	–	**-**	–	**70**	436	**70**	436
Remeasurement (losses)/gains recognised in other comprehensive income	**(23)**	1,244	**(186)**	(2,473)	**(209)**	(1,229)	**70**	436	**(139)**	(793)
Exchange differences	**4**	(6)	**(4)**	5	**-**	(1)	**-**	–	**-**	(1)
Employer contributions	**-**	–	**8**	14	**8**	14	**-**	–	**8**	14
Benefit payments	**72**	96	**(71)**	(95)	**1**	1	**-**	–	**1**	1
At 31 December	**(2,020)**	(1,986)	**3,145**	3,252	**1,125**	1,266	**(397)**	(447)	**728**	819

(d) Defined benefit plan assets

Investment strategy is directed by the trustee boards (where relevant) who pursue different strategies according to the characteristics and maturity profile of each plan's liabilities. Assets and liabilities are managed holistically to create a portfolio with the dual objectives of return generation and liability management. In the principal plan this is achieved through a diversified multi-asset absolute return strategy seeking consistent positive returns, and hedging techniques which protect liabilities against movements arising from changes in interest rates and inflation expectations. Derivative financial instruments support both of these objectives and may lead to increased or decreased exposures to the physical asset categories disclosed below.

To provide more information on the approach used to determine and measure the fair value of the plan assets, the fair value hierarchy has been used as defined in Note 36. Those assets which cannot be classified as level 1 have been presented together as level 2 or 3.

The distribution of the fair value of the assets of the Group's funded defined benefit plans is as follows:

	Principal plan		Other		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Assets measured at fair value based on level 1 inputs						
Derivatives	**–**	9	**–**	–	**–**	9
Equity securities	**–**	55	**–**	–	**–**	55
Debt securities	**1,403**	2,186	**–**	93	**1,403**	2,279
Total assets measured at fair value based on level 1 inputs	**1,403**	2,250	**–**	93	**1,403**	2,343
Assets measured at fair value based on level 2 or 3 inputs						
Derivatives	**(3)**	(7)	**(2)**	(3)	**(5)**	(10)
Equity securities	**44**	55	**–**	–	**44**	55
Interests in pooled investment funds						
Debt	**286**	284	**19**	16	**305**	300
Equity	**–**	–	**7**	6	**7**	6
Multi-asset private markets	**230**	224	**–**	–	**230**	224
Property	**82**	95	**11**	12	**93**	107
Absolute return	**–**	–	**9**	24	**9**	24
Cash	**9**	39	**73**	41	**82**	80
Debt securities	**1,110**	581	**2**	12	**1,112**	593
Qualifying insurance policies	**2**	2	**125**	45	**127**	47
Total assets measured at fair value based on level 2 or 3 inputs	**1,760**	1,273	**244**	153	**2,004**	1,426
Cash and cash equivalents	**103**	160	**4**	5	**107**	165
Liability in respect of collateral held	**(354)**	(682)	**(15)**	–	**(369)**	(682)
Total	**2,912**	3,001	**233**	251	**3,145**	3,252

Further information on risks is provided at Section (g) of this Note. The £2,515m (2022: £2,872m) of debt securities includes £1,608m (2022: £2,550m) of government bonds (including conventional and index-linked). Of the remaining £907m (2022: £322m) debt securities, £815m (2022: £190m) are investment grade corporate bonds or certificates of deposit.

Included in the qualifying insurance policy asset of £127m (2022: £47m) is £121m (2022: £42m) in relation to two insurance policies purchased by the trustees of Other UK defined benefit plans to protect the plans against future investment and actuarial risks.

- £43m (2022: £42m) in relation to the partial buy-in completed on the EFM Scheme in 2015.
- £78m (2022: £nil) in relation to the substantially full buy-in completed on the MJ Plan in 2023. The premium paid was £99m.

The MJ Plan buy-in is not considered to be a settlement therefore, as noted above, the insurance policy has been recognised within the plan assets. The buy-in transaction was an investment decision made by the trustee to increase the security of plan benefits. The insurance policy does provide the option to convert the buy-in into individual policies which would transfer the future obligation to pay pensions to the insurer for the members covered by the policy (known as a buy-out). However, this obligation remains with the Group and while the conversion to a buy-out may be considered in the future, a separate decision will be required, and certain conditions will need to be met, including changes to the MJ Plan's trust deed and rules, before any buy-out can be executed. Consequently the difference between the valuation of the policy and the premium paid has been recognised within Remeasurement (losses)/gains recognised in other comprehensive income.

On completion of the MJ Plan buy-in, a contract in place to hedge longevity risk for pensioners on this plan was derecognised. The fair value of this derivative at 31 December 2022 was a liability of £1m.

The £369m liability in respect of collateral held (2022: £682m) consists of repurchase agreements of £353m (2022: £652m), margins on derivatives of (£8m) (2022: (£10m)) and collateral of £24m (2022: £40m).

(e) Estimates and assumptions

Determination of the valuation of principal plan liabilities is a key estimate as a result of the assumptions made relating to both economic and non-economic factors.

The key economic assumptions for the principal plan, which are based in part on current market conditions, are shown below:

	2023 %	2022 %
Discount rate	**4.60**	4.85
Rates of inflation		
Consumer Price Index (CPI)	**2.65**	2.75
Retail Price Index (RPI)	**3.00**	3.10

The changes in economic assumptions over the period reflect changes in both corporate bond prices and market implied inflation. The underlying methodology used to set these assumptions has not changed over the reporting period. The population of corporate bond prices excludes bonds issued by UK universities. The inflation assumption reflects the future reform of RPI effective from 2030 as described in Section (g)(i) below.

The most significant non-economic assumption for the principal plan is post-retirement longevity which is inherently uncertain. These non-economic assumptions have been updated for the current reporting date. The longevity assumptions (along with sample expectations of life) are illustrated below:

				Expectation of life from NRA			
				Male age today		Female age today	
2023	Table	Improvements	Normal Retirement Age (NRA)	NRA	40	NRA	40
	Plan specific basis (calibrated by Club Vita) reflecting membership demographics	Core parameterisation of the CMI 2021 mortality improvements model (SK parameter of 7.0), with an initial improvement (or 'A') parameter of +0.5% for males and females, and a long-term rate of improvement of 1.5%.	**60**	**27**	**28**	**29**	**31**

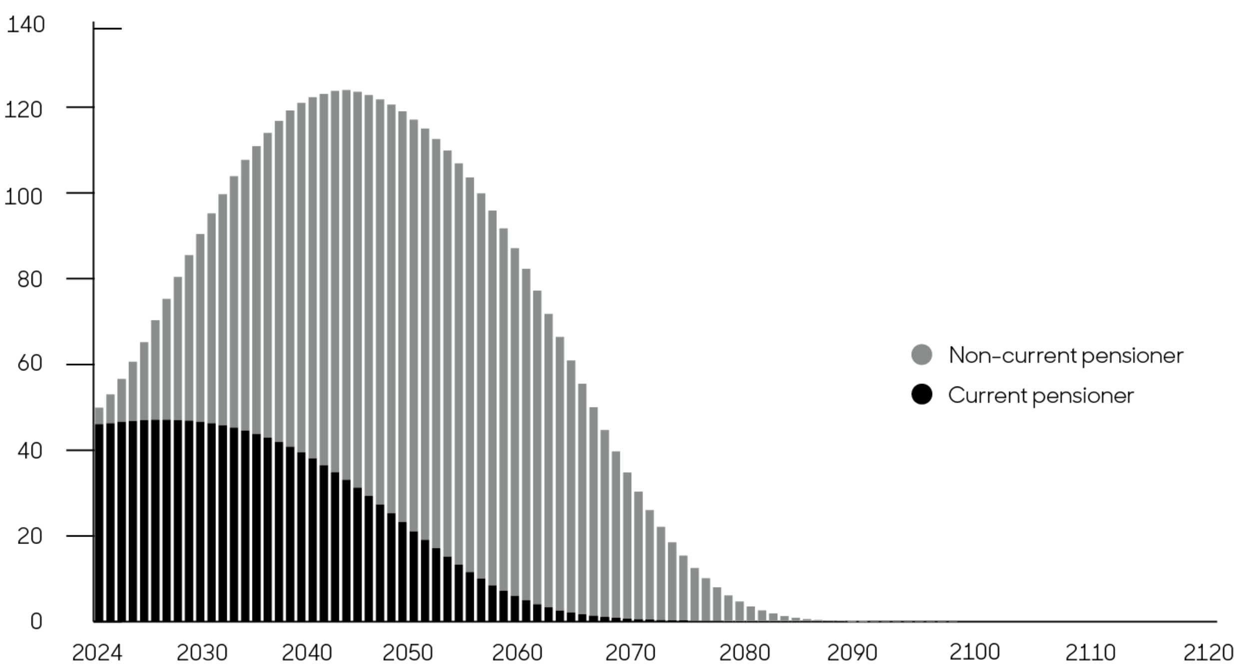
				Expectation of life from NRA			
				Male age today		Female age today	
2022	Table	Improvements	Normal Retirement Age (NRA)	NRA	40	NRA	40
	Plan specific basis (calibrated by Club Vita) reflecting membership demographics	Core parameterisation of the CMI 2019 mortality improvements model (SK parameter of 7.0), with an initial improvement (or 'A') parameter of +0.5% for males and females, and a long-term rate of improvement of 1.5%.	60	27	29	29	31

These assumptions reflect a cautious allowance for the recently observed slowdown in longevity improvements. The updated mortality improvement assumptions are in line with CMI 2021 but with a 10% weighting on 2020 and 2021 data. This makes some allowance for recent post-pandemic experience whilst recognising that greater stability in recent 2022 mortality experience may be indicative of expected future trends.

(f) Duration of defined benefit obligation

The graph below provides an illustration of the undiscounted expected benefit payments included in the valuation of the principal plan obligations.

Undiscounted benefit payments (£m)



Weighted average duration	2023 years	2022 years
Current pensioner	**11**	11
Non-current pensioner	**22**	22

The weighted average duration is calculated based on discounted benefit payments so is impacted by changes in the discount and inflation rates used (Refer Section (e)).

(g) Risk

(g)(i) Risks and mitigating actions

The Group's consolidated statement of financial position is exposed to movements in the defined benefit plans' net asset. In particular, the consolidated statement of financial position could be materially sensitive to reasonably likely movements in the principal assumptions for the principal plan. By having offered post-retirement defined benefit pension plans the Group is exposed to a number of risks. An explanation of the key risks and mitigating actions in place for the principal plan is given below.

Asset volatility

Investment strategy risks include underperformance of the absolute return strategy and underperformance of the liability hedging strategy. As the trustees set investment strategy to protect their own view of plan strength (not the IAS 19 position), changes in the IAS 19 liabilities (e.g. due to movements in corporate bond prices) may not always result in a similar movement in plan assets.

Failure of the asset strategy to keep pace with changes in plan liabilities would expose the plan to the risk of a deficit developing, which could increase funding requirements for the Group. abrdn and the trustees are working together to determine the most appropriate de-risking strategy to best protect against the risk that this plan strength deteriorates in the future.

Yields/discount rate

Falls in yields would in isolation be expected to increase the defined benefit plan liabilities.

The principal plan uses both bonds and derivatives to hedge out yield risks on the relevant plan basis in order to meet the trustee's objectives, rather than the IAS 19 basis, which is expected to minimise the plan's need to rely on support from the Group.

Inflation
Increases in inflation expectations would in isolation be expected to increase the defined benefit plan liabilities.

The principal plan uses both bonds and derivatives to hedge out inflation risks on the relevant plan basis in order to meet the objectives, rather than the IAS 19 basis, which is expected to minimise the plan's need to rely on support from the Group.

In the principal plan, pensions in payment are generally linked to CPI, however inflationary risks are hedged using RPI instruments due to lack of availability of CPI linked instruments. Therefore, the plan is exposed to movements in the actual and expected long-term gap between RPI and CPI.

A House of Lords report in 2019 raised the potential for changes to the RPI measure of inflation, which was followed by recommendations from the UK Statistics Authority. The results of the consultation on the reform of RPI (announced on 25 November 2020) confirmed that RPI will be aligned to CPIH (CPI excluding owner occupiers' housing costs) as proposed, but not before 2030. While uncertainty remains, there is a risk that future cash flows from, and thus the value of, the plan's RPI-linked assets fall without a corresponding reduction in the plan's CPI-linked liabilities. While not directly observable from market data, the plan's RPI-linked asset values may already reflect an element of the expected changes and risk of such changes.

Life expectancy
Increases in life expectancy beyond those currently assumed will lead to an increase in plan liabilities. Regular reviews of longevity assumptions are performed to ensure assumptions remain appropriate.

Climate
The principal plan adopts a low-risk strategy to investment, with the majority of plan assets invested in UK government bonds. The trustees have assessed the principal plan's exposure to severe climate change as being minimal, as a result of the low-risk investment strategy alongside the plan's strong funding level.

(g)(ii) Sensitivity to key assumptions

The sensitivity of the principal plan's obligation and assets to the key assumptions is disclosed below.

		2023		2022	
	Change in assumption	**(Increase)/decrease in present value of obligation £m**	**Increase/(decrease) in fair value of plan assets £m**	(Increase)/decrease in present value of obligation £m	Increase/(decrease) in fair value of plan assets £m
Yield/discount rate	Decrease by 1% (e.g. from 4.60% to 3.60%)	**(342)**	**566**	(341)	698
	Increase by 1%	**266**	**(432)**	268	(525)
Rates of inflation	Decrease by 1%	**233**	**(371)**	235	(445)
	Increase by 1%	**(306)**	**485**	(305)	591
Life expectancy	Decrease by 1 year	**54**	**N/A**	60	N/A
	Increase by 1 year	**(54)**	**N/A**	(60)	N/A

32. Other financial liabilities

	Notes	**2023 £m**	2022 £m
Accruals		**284**	326
Amounts due to counterparties and customers for unsettled trades and fund transactions		**464**	300
Lease liabilities	16	**223**	224
Cash collateral held in respect of derivative contracts	34	**40**	109
Bank overdrafts	22	**–**	3
Contingent consideration liabilities	36	**114**	132
Deferred income[1]		**4**	3
Other		**112**	104
Other financial liabilities		**1,241**	1,201

1. The Group has made a presentational change to show Deferred income within Other financial liabilities.

The amount of other financial liabilities expected to be settled after more than 12 months is £323m (2022: £318m).

33. Provisions and other liabilities

Provisions are obligations of the Group which are of uncertain timing or amount. They are recognised when the Group has a present obligation as a result of a past event, it is probable that a loss will be incurred in settling the obligation and a reliable estimate of the amount can be made.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate reimbursement asset is recognised when it is virtually certain that reimbursement will be received if the Group settles the obligation.

(a) Provisions

The movement in provisions during the year is as follows:

	Separation costs		Process execution		Tax related provisions		Other provisions		Total provisions	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
At 1 January	**33**	35	**41**	–	**–**	–	**23**	14	**97**	49
Reclassified as held for sale during the year	**–**	–	**–**	–	**–**	–	**–**	(2)	**–**	(2)
Charged/(credited) to the consolidated income statement										
Additional provisions	**–**	–	**–**	41	**42**	–	**33**	18	**75**	59
Release of unused provision	**(32)**	–	**–**	–	**–**	–	**(4)**	(1)	**(36)**	(1)
Used during the year	**(1)**	(2)	**(41)**	–	**–**	–	**(28)**	(6)	**(70)**	(8)
At 31 December	**–**	33	**–**	41	**42**	–	**24**	23	**66**	97

The separation cost provision recognised at 31 December 2022 of £33m was in respect of costs expected to be incurred following the sale of the UK and European insurance business to Phoenix. Following the completion of the separation programme during the year ended 31 December 2023 the Group expects no further costs to be incurred and £32m (2022: less than £1m) was released from the provision. The remaining costs covered by the provision at 31 December 2022 were expected to be incurred in the next year.

A provision for a potential liability of £42m (2022: £nil) relates to a disputed tax matter which is the subject of an ongoing appeal. Any resolution is expected to be after 12 months. A reimbursement asset has been recognised for £18m (2022: £nil) which is an expected recovery in the event of any settlement.

The process execution provision recognised at 31 December 2022 for £41m in respect of a payment required to compensate an asset management client relating to the provision of certain services has been fully utilised in the year ended 31 December 2023 to fully settle the compensation.

Following the settlement, the Group had agreed a recovery of £36m from its liability insurance, being the cost of the compensation net of a £5m excess of which £36m had been received by 31 December 2023. The recovery has been credited against Other administrative expenses in the consolidated income statement.

Other provisions primarily relates to restructuring and dilapidations on leased properties. Restructuring provisions are generally expected to be settled within 12 months. Dilapidations are generally expected to be settled after more than 12 months. Refer Note 16 for further details of the Group's leases.

The amount of provisions expected to be settled after more than 12 months is £45m (2022: £3m).

(b) Other liabilities

As at 31 December 2023, other liabilities totalled £4m (2022: £8m). The amount of other liabilities expected to be settled after more than 12 months is £nil (2022: £3m).

34. Financial instruments risk management

(a) Overview

The principal risks and uncertainties that affect the Group's business model and the Group's approach to risk management are set out in the Risk management section of the Strategic report.

The Group's exposure to financial instrument risk is derived from the financial instruments that it holds directly, the assets and liabilities of the unit linked funds of the life operations of the Group and the Group's defined benefit pension plans. In addition due to the nature of the business, the Group's secondary exposure extends to the impact on treasury income and investment management and other fees that are determined on the basis of a percentage of AUMA and are therefore impacted by financial risks borne by third party investors. In this Note, exposures and sensitivities provided relate to the financial instrument assets and liabilities, in scope of IFRS 7, to which the shareholder is directly exposed.

For the purposes of this Note:

- Shareholder business refers to the assets and liabilities to which the shareholder is directly exposed. The shareholder refers to the equity holders of the Company.
- Unit linked funds refers to the assets and liabilities of the unit linked funds of the life operations of the Group. It does not include the cash flows (such as asset management charges or investment expenses) arising from the unit linked fund contracts. These cash flows are included in shareholder business.
- Third party interest in consolidated funds and non-controlling interests refers to the assets and liabilities recorded on the Group's consolidated statement of financial position which belong to third parties. The Group controls the entities which own the assets and liabilities but the Group does not own 100% of the equity or units of the relevant entities.

Unit linked funds are excluded from the analysis in this Note. Details regarding the financial risks of instruments relating to the Group's unit linked funds can be found in Note 23 and the risks relating to the Group's principal defined benefit pension plan are explained in Note 31.

Third party interests in consolidated funds do not expose the shareholder to market, credit or liquidity risk since the financial risks from the assets and obligations are borne by third parties. As a result equity risk, interest rate risk and credit risk quantitative disclosures in this Note exclude these assets.

Under IFRS 7 the following financial instruments are excluded from scope:

- Interests in subsidiaries, associates and joint ventures.
- Rights and obligations arising from employee benefit plans.
- Insurance contracts as defined by IFRS 17.
- Share-based payment transactions.

For the purposes of managing risks to the Group's financial instrument assets and liabilities, the Group considers the following categories:

Risk	Definition and exposure
Market	The risk of financial loss as a result of adverse financial market movements. The shareholder is directly exposed to the impact of movements in equity prices, interest rates and foreign exchange rates on the value of assets held by the shareholder business.
Credit	The risk of financial loss as a result of the failure of a counterparty, issuer or borrower to meet their obligations or perform them in a timely manner. The shareholder is directly exposed to credit risk from holding cash, debt securities, derivative financial instruments and receivables and other financial assets.
Liquidity	The risk of financial loss as a result of being unable to settle financial obligations when they fall due, as a result of having insufficient liquid resources or being unable to realise investments and other assets other than at excessive costs. The shareholder is directly exposed to the liquidity risk from the shareholder business if it is unable to realise investments and other assets in order to settle its financial obligations when they fall due, or can do so only at excessive cost.

As set out in the Risk management section of the Strategic report, the Group reviews and manages climate related risks. We continue to assess the potential impacts on our business with a view to the resilience of our operations and investment strategies. This is monitored through our climate risk and opportunity radar to ensure we are well positioned to realise opportunities and mitigate risks. Our day-to-day business is predominantly exposed to transition risk as markets, policy, and reputations come to terms with alignment to net zero. We have a critical role to play as stewards of clients' capital and this is reflected in our business strategy and our commitment to reduce the carbon intensity of our portfolios and absolute emissions from our direct operations. The Group is also exposed to climate risk in relation to its investment property which are primarily properties which are no longer being used operationally by the Group and are being sublet. Refer Note 15 for details of the Group's consideration of climate related factors in relation to investment property. We have considered the implications of climate related risk, including transition risks, for the 2023 financial statements, and have concluded that there are no material impacts on the valuation of the Group's assets and liabilities including the valuation of financial instruments held at fair value through profit or loss (in particular in relation to level 3 investments) or at amortised cost (in particular in relation to expected credit losses).

(b) Market risk

The Group's largest exposure to market risk relates to our investment in Phoenix. Other market risk exposures primarily arise as a result of holdings in newly established investment vehicles which the Group has seeded and co-investments in property and infrastructure funds in the Investments segment. Seed capital is classified as held for sale when it is the intention to dispose of the vehicle in a single transaction and within one year. Co-investments are typically held for a longer term and align the Group's economic interests with those of property, private equity and infrastructure fund co-investors. The consolidated statement of financial position includes the following amounts in respect of seed capital and co-investments.

	2023 £m	2022 £m
Equity securities and interests in pooled investment funds at FVTPL	**209**	213
Debt securities	**86**	76
Total seed capital	**295**	289
Equity securities and interests in pooled investment funds at FVTPL	**116**	107
Total co-investments	**116**	107

The Group sets limits for investing in seed capital and co-investment activity and regularly monitors exposures arising from these investments. The Group will consider hedging its exposure to market risk in respect of seed capital investments where it is appropriate and efficient to do so. The Group will also consider hedging its exposure to currency risk in respect of co-investments where it is appropriate and efficient to do so. Other market risks associated with co-investments are not hedged given the need for the Group's economic interests to be aligned with those of the co-investors.

(b)(i) Elements of market risk

The main elements of market risk to which the Group is exposed are equity risk, interest rate risk and foreign currency risk, which are discussed on the following pages.

Information on the methods used to determine fair values for each major category of financial instrument measured at fair value is presented in Note 36.

(b)(i)(i) Exposure to equity risk

The Group is exposed to the risk of adverse equity market movements which could result in losses. This applies to daily changes in the market values and returns on the holdings in equity securities.

At 31 December 2023 the shareholder exposure to equity markets was £792m (2022: £1,577m) in relation to equity securities. This primarily relates to the Group's investments in Phoenix of £557m (2022: £634m), seed capital investments of £151m (2022: £171m), and equity securities held by the abrdn Financial Fairness Trust of £64m (2022: £61m). At 31 December 2022, equity securities also included the Group's investments in HDFC Life of £203m and HDFC Asset Management of £477m.

The Group is also exposed to adverse market price movements on its interests in pooled investment funds. The shareholder exposure of £235m (2022: £268m) to pooled investment funds primarily relates to £174m (2022: £149m) of seed capital and co-investments, investments in certain managed funds to hedge against liabilities from variable pay awards that are deferred and settled in cash by reference to the price of those funds of £35m (2022: £37m), pooled investment funds held by the abrdn Financial Fairness Trust of £22m (2022: £25m) and corporate funds held in absolute return funds of £nil (2022: £50m).

The Equities and interests in pooled investment funds at FVTPL included in the consolidated statement of financial position includes £112m (2022: £188m) relating to third party interest in consolidated funds and non-controlling interests – ordinary shares to which the shareholder is not exposed.

Exposures to equity risk are primarily managed though the hedging of market risk in respect of seed capital investments where it is appropriate and efficient to do so. Additionally limits are imposed on the amount of seed capital and co-investment activity that may be undertaken. The Group does not hedge equity risk in relation to its investment in Phoenix.

(b)(i)(ii) Exposure to interest rate risk

Interest rate risk is the risk that arises from exposures to changes in the shape and level of yield curves which could result in losses due to the value of financial assets and liabilities, or the cash flows relating to these, fluctuating by different amounts.

The main financial assets held by the Group which give rise to interest rate risk are debt securities and cash and cash equivalents. The Group is also exposed to interest rate risk on its investments in pooled investment funds where the underlying instruments are exposed to interest rate risk.

Interest rate exposures are managed in line with the Group's risk appetite.

(b)(i)(iii) Exposure to foreign currency risk

Foreign currency risk arises where adverse movements in currency exchange rates impact the value of revenues received from, and the value of assets and liabilities held in, currencies other than UK Sterling. The Group's financial assets are generally held in the local currency of its operational geographic locations. The Group generally does not hedge the currency exposure relating to revenue and expenditure, nor does it hedge translation of overseas profits in the income statement. Where appropriate, the Group may use derivative contracts to reduce or eliminate currency risk arising from individual transactions or seed capital and co-investment activity.

The table below summarises the financial instrument exposure to foreign currency risks in UK Sterling.

		UK Sterling		Indian Rupee		Euro		US Dollar		Singapore Dollar		Other currencies		Total	
	Notes	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Financial assets	17	**3,280**	3,237	**-**	680	**204**	219	**612**	585	**59**	48	**159**	210	**4,314**	4,979
Financial liabilities[1]	29	**(1,130)**	(1,205)	**-**	–	**(48)**	(53)	**(823)**	(776)	**(15)**	(8)	**(20)**	(23)	**(2,036)**	(2,065)
Cash flow hedges		**(588)**	(623)	**-**	–	**-**	–	**588**	623	**-**	–	**-**	–	**-**	–
Non-designated derivatives		**296**	296	**-**	–	**(66)**	(68)	**(186)**	(182)	**-**	–	**(44)**	(46)	**-**	–
		1,858	1,705	**-**	680	**90**	98	**191**	250	**44**	40	**95**	141	**2,278**	2,914

1. The Group has made a presentational change to show Deferred income within Other financial liabilities which is part of Financial liabilities. Refer Note 32.

The Indian Rupee exposure at 31 December 2022 primarily related to the Group's investments in HDFC Life and HDFC Asset Management which were fully disposed of in 2023. Refer Note 11 for further details. Other currencies include assets of £41m (2022: £85m) and liabilities of £nil (2022: £1m) in relation to the fair value of derivatives used to manage currency risk.

On 18 October 2017, the Group issued US dollar subordinated notes with a principal amount of US$750m. The related cash flows expose the Group to foreign currency risk on the principal and coupons payable. The Group manages the foreign exchange risk with a cross-currency swap which is designated as a cash flow hedge.

Non-designated derivatives relate to foreign exchange forward contracts that are not designated as cash flow hedges or net investment hedges and primarily relate to the management of currency risk arising from seed capital and co-investment activity.

In addition to financial instruments analysed above, the principal source of foreign currency risk for shareholders arises from the Group's investments in overseas subsidiaries and associates and joint ventures accounted for using the equity method. The carrying value of the Group's Chinese joint venture is disclosed in Note 14. The Group does not hedge foreign currency risk in relation to these investments.

(b)(ii) Sensitivity of financial instruments to market risk analysis

The Group's profit/loss after tax and equity are sensitive to variations in respect of the Group's market risk exposures and a sensitivity analysis is presented below. The analysis has been performed by calculating the sensitivity of profit after tax and equity to changes in equity security prices (equity risk), changes in interest rates (interest rate risk) and changes in foreign exchange rate (foreign currency risk) as at the reporting date applied to assets and liabilities other than those classified as held for sale, and after allowing for the Group's hedging strategy.

The variables used in the sensitivity analysis are considered reasonable assumptions and are consistent with market peers. Changes to variables are provided by internal specialists who determine what are reasonable assumptions.

Profit/loss after tax and equity sensitivity to market risk

		31 December 2023		31 December 2022	
		A reasonable change in the variable within the next calendar year	**Increase/(decrease) in post-tax profit**	A reasonable change in the variable within the next calendar year	Increase/(decrease) in post-tax profit
		%	**£m**	%	£m
Equity prices	**Increase**	**10**	**74**	10	148
	Decrease	**10**	**(74)**	10	(148)
US Dollar against Sterling	**Strengthen**	**10**	**12**	10	14
	Weaken	**10**	**(9)**	10	(11)
Euro against Sterling	**Strengthen**	**10**	**10**	10	11
	Weaken	**10**	**(8)**	10	(9)

The reasonable change in variables have no impact on any other components of equity. These sensitivities concern only the impact on financial instruments and exclude indirect impacts of the variable on fee income and certain costs which may be affected by the changes in market conditions.

Interest rate sensitivity to a reasonable change in the variable within the next calendar year is not material in either 2023 or 2022.

Limitations

The sensitivity of the Group's profit after tax and equity may be non-linear and larger or smaller impacts should not be derived from these results. The sensitivities provided illustrate the impact of a reasonably possible change in a single sensitivity factor, while the other sensitivity factors remain unchanged. Correlations between the different risks and/or other factors may mean that experience would differ from that expected if more than one risk event occurred simultaneously.

(c) Credit risk

Exposures to credit risk and concentrations of credit risk are managed by setting exposure limits for different types of financial instruments and counterparties. The limits are established using the following controls:

Financial instrument with credit risk exposure	Control
Cash and cash equivalents	Maximum counterparty exposure limits are set with reference to internal credit assessments.
Derivative financial instruments	Maximum counterparty exposure limits, net of collateral, are set with reference to internal credit assessments. The forms of collateral that may be accepted are also specified and minimum transfer amounts in respect of collateral transfers are documented.
Debt securities	The Group's policy is to set exposure limits by name of issuer, sector and credit rating.
Other financial instruments	Appropriate limits are set for other financial instruments to which the Group may have exposure at certain times.

Group Treasury perform central monitoring of exposures against limits and are responsible for the escalation of any limit breaches to the Chief Risk Officer.

Expected credit losses (ECL) are calculated on financial assets which are measured at amortised cost.

Financial assets attract an ECL allowance equal to either:

12 month ECL (losses resulting from possible default within the next 12 months)	No significant increase in credit risk since initial recognition. Trade receivables or contract assets with significant financing component, or lease receivables if lifetime ECL measurement has not been elected.
Lifetime ECL (losses resulting from possible defaults over the remaining life of the financial asset)	Significant increase in credit risk since initial recognition. Trade receivables or contract assets with no significant financing component. Trade receivables or contract assets with significant financing component, or lease receivables for which lifetime ECL measurement has been elected.
Changes in Lifetime ECL	Credit-impaired at initial recognition.

In determining whether a default has taken place, or where there is an increased risk of a default, a number of factors are taken into account including a deterioration in the credit quality of a counterparty, the number of days that a payment is past due, and specific events which could impact a counterparty's ability to pay.

The Group assumes that a significant increase in credit risk has arisen when contractual payments are more than 30 days past due. The Group assumes that credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Financial instruments with an external rating of 'investment grade' are presumed to have low credit risk in the absence of evidence to the contrary. Investment grade financial instruments are financial assets with credit ratings assigned by external rating agencies with classification within the range of AAA to BBB. If a financial asset is not rated by an external agency it is classified as 'not rated'.

The Group applies the simplified approach, as permitted under IFRS 9, to calculate the ECL allowance for trade receivables and contract assets including accrued income from contracts with customers and lease receivables. Under the simplified approach, the ECL allowance is calculated over the remaining life of the asset, using a provision matrix approach based on historic observed default rates adjusted for knowledge of specific events which could influence loss rates.

At 31 December 2023 the Group does not hold significant financial assets at amortised cost that it regards as credit-impaired or for which it considers the probability of default would result in material expected credit losses in its Investments and Adviser segments. Historically, default levels have been insignificant for the Group's customers within these segments. Trade debtors past due but not in default at 31 December 2023 for these segments were £71m (2022: £84m) of which £36m was over 90 days past due (2022: £33m). We have not identified significant credit risk with counterparties with balances over 90 days past due and recovery is still expected. Consequently, the expected credit losses recognised were less than £1m (2022: less than £1m). In making this assessment the Group has considered if any evidence is available to indicate the occurrence of an event which would result in a detrimental impact on the estimated future cash flows of these assets.

The Group is exposed to a higher level of credit risk within its ii segment (previously named Personal), primarily in relation to ii. Trade debtors past due for the ii segment at 31 December 2023 were £5m (2022: £5m), the majority of which were considered to be credit impaired. A lifetime loss allowance of £2m (2022: £3m) has been recognised based on expected recovery.

(c)(i) Credit exposure

The following table presents an analysis of the credit quality of shareholder financial assets and the maximum exposure to credit risk without taking into account any collateral held.

					Amortised cost					
	Fair value through profit or loss		Cash flow hedge		12 month ECL		Lifetime ECL[1]		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
AAA	**30**	–	**–**	–	**115**	89	**–**	–	**145**	89
AA+ to AA-	**169**	164	**–**	–	**76**	162	**–**	–	**245**	326
A+ to A-	**405**	327	**41**	85	**977**	953	**–**	–	**1,423**	1,365
BBB	**86**	76	**–**	–	**127**	126	**–**	–	**213**	202
BB	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Not rated	**12**	21	**–**	–	**610**	429	**452**	463	**1,074**	913
Gross carrying amount	**702**	588	**41**	85	**1,905**	1,759	**452**	463	**3,100**	2,895
Loss allowance	**–**	–	**–**	–	**–**	–	**(2)**	(3)	**(2)**	(3)
Carrying amount	**702**	588	**41**	85	**1,905**	1,759	**450**	460	**3,098**	2,892
Derivative financial assets	**2**	19	**41**	85	**–**	–	**–**	–	**43**	104
Debt securities	**689**	550	**–**	–	**125**	210	**–**	–	**814**	760
Receivables and other financial assets	**11**	19	**–**	–	**610**	428	**450**	460	**1,071**	907
Cash and cash equivalents	**–**	–	**–**	–	**1,170**	1,121	**–**	–	**1,170**	1,121
Carrying amount	**702**	588	**41**	85	**1,905**	1,759	**450**	460	**3,098**	2,892

1. As noted in Section (c) above, Lifetime ECL balances include trade debtors with a gross carrying value of £5m (2022: £5m) which are credit impaired for which a loss allowance of £2m (2022: £3m) has been recognised. All other Lifetime ECL balances are not credit impaired.

In the table above debt securities exclude debt securities relating to third party interests in consolidated funds of £51m (2022: £42m). Cash and cash equivalents exclude cash and cash equivalents relating to third party interests in consolidated funds of £26m (2022: £12m). The shareholder is not exposed to the credit risk in respect of third party interests in consolidated funds since the financial risk of the assets are borne by third parties.

(c)(ii) Collateral accepted and pledged in respect of financial instruments

Collateral in respect of bilateral over-the-counter (OTC) derivative financial instruments and bilateral repurchase agreements is accepted from and provided to certain market counterparties to mitigate counterparty risk in the event of default. The use of collateral in respect of these instruments is governed by formal bilateral agreements between the parties. For OTC derivatives the amount of collateral required by either party is determined by the daily bilateral OTC exposure calculations in accordance with these agreements and collateral is moved on a daily basis to ensure there is full collateralisation. Under the terms of these agreements, collateral is posted with the ownership captured under title transfer of the contract. With regard to either collateral pledged or accepted, the Group may request the return of, or be required to return, collateral to the extent it differs from that required under the daily bilateral OTC exposure calculations.

Where there is an event of default under the terms of the agreements, any collateral balances will be included in the close-out calculation of net counterparty exposure. At 31 December 2023, the Group had pledged £19m (2022: £14m) of cash and £nil (2022: £nil) of securities as collateral for derivative financial liabilities. At 31 December 2023, the Group had accepted £40m (2022: £109m) of cash and £35m (2022: £nil) of securities as collateral for derivatives financial assets and reverse repurchase agreements. None of the securities were sold or repledged at the year end.

(c)(iii) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group does not offset financial assets and liabilities on the consolidated statement of financial position, as there are no unconditional rights to set off. Consequently, the gross amount of other financial instruments presented on the consolidated statement of financial position is the net amount. The Group's bilateral OTC derivatives are all subject to an International Swaps and Derivative Association (ISDA) master agreement. ISDA master agreements and reverse repurchase agreements entered into by the Group are considered master netting agreements as they provide a right of set off that is enforceable only in the event of default, insolvency, or bankruptcy.

The Group does not hold any other financial instruments which are subject to master netting agreements or similar arrangements.

The following table presents the effect of master netting agreements and similar arrangements.

	Gross amounts of financial instruments as presented on the consolidated statement of financial position		Related amounts not offset on the consolidated statement of financial position: Financial instruments		Related amounts not offset on the consolidated statement of financial position: Financial collateral pledged/(received)		Net position	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Financial assets								
Derivatives[1]	**43**	102	**(2)**	(1)	**(39)**	(100)	**2**	1
Reverse repurchase agreements	**35**	–	**–**	–	**(35)**	–	**–**	–
Total financial assets	**78**	102	**(2)**	(1)	**(74)**	(100)	**2**	1
Financial liabilities								
Derivatives[1]	**(2)**	(1)	**2**	1	**–**	–	**–**	–
Total financial liabilities	**(2)**	(1)	**2**	1	**–**	–	**–**	–

1. Only OTC derivatives subject to master netting agreements have been included above.

(d) Liquidity risk

The shareholder is exposed to liquidity risk if the Group is unable to realise investments and other assets in order to settle its financial obligations when they fall due, or can do so only at excessive cost. The following quantitative liquidity risk disclosures are provided in respect of these financial liabilities.

The Group has a liquidity risk framework and processes in place for monitoring, assessing, and managing liquidity risk.

This framework ensures that liquidity risks are identified across the Group and, where relevant, mitigation measures are put in place. Stress testing of the residual risks is performed to understand the quantum of risk under stress conditions. This then informs the level of liquid resources that need to be maintained. Where appropriate, this is enhanced with external credit facilities and the Group has a syndicated revolving credit facility of £400m which was undrawn at 31 December 2023.

The level of liquid resources in the Group is also projected under a number of adverse scenarios. These are described more fully in the Viability Statement.

A contingency funding plan is maintained to ensure that if liquidity risk did materialise, processes and procedures are already in place to assist with resolving the issue. Regular monitoring of liquid resources is performed and projections undertaken (under both base and stressed conditions) to understand the outlook.

As a result of the policies and processes established to manage risk, the Group expects to be able to manage liquidity risk on an ongoing basis. We recognise there are a number of scenarios that can impact the liquid resources of a business as discussed in the Risk management section of the Strategic report.

(d)(i) Maturity analysis

The analysis that follows presents the undiscounted cash flows payable under contractual maturity at the reporting date for all financial liabilities, other than those related to unit linked funds which are discussed in Note 23.

	Within 1 year		1-5 years		5-10 years		10-15 years		15-20 years		Greater than 20 years		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Subordinated liabilities	**24**	24	**647**	94	**-**	577	**-**	–	**-**	–	**-**	–	**671**	695
Other financial liabilities[1]	**950**	894	**185**	198	**97**	105	**46**	48	**6**	6	**-**	15	**1,284**	1,266
Total	**974**	918	**832**	292	**97**	682	**46**	48	**6**	6	**-**	15	**1,955**	1,961

1. The Group has made a presentational change to show Deferred income within Other financial liabilities. Refer Note 32.

Refer Note 18 for the maturity profile of undiscounted cash flows of derivative financial instruments.

The Group also had unrecognised commitments in respect of financial instruments as at 31 December 2023 (refer Note 39) with a contractual maturity of within one year, between one and five years and over five years of £2m, £29m and £36m respectively (2022: £3m, £32m and £37m). The commitments may generally be requested anytime up to the contractual maturity.

35. Structured entities

A structured entity is an entity that is structured in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity. The Group has interests in structured entities through investments in a range of investment vehicles including:

- Pooled investment funds managed internally and externally, including OEICs, SICAVs, unit trusts and limited partnerships.
- Debt securitisation vehicles which issue asset-backed securities.

The Group consolidates structured entities which it controls. Where the Group has an investment in, but not control over these types of entities, the investment is classified as an investment in associate when the Group has significant influence. Investments in associates at FVTPL are included in equity securities and pooled investment funds in the analysis of financial investments.

The Group also has interests in structured entities through asset management fees and other fees received from these entities.

(a) Consolidated structured entities

As at 31 December 2023 and 31 December 2022, the Group has not provided any non-contractual financial or other support to any consolidated structured entity and there are no current intentions to do so.

(b) Unconsolidated structured entities

As at 31 December 2023 and 31 December 2022, the Group has not provided any non-contractual financial or other support to any unconsolidated structured entities and there are no current intentions to do so.

The following table shows the carrying value of the Group's interests in unconsolidated structured entities by line item in the consolidated statement of financial position.

	2023 £m	2022 £m
Financial investments		
Equity securities and interests in pooled investment funds	**482**	558
Debt securities	**–**	–
Total financial investments	**482**	558
Receivables and other financial assets	**196**	215
Other financial liabilities	**114**	95

The Group's exposure to loss in respect of unconsolidated structured entities is limited to the carrying value of the Group's investment in these entities and the loss of future asset management and other fees received by the Group for the management of these entities. Exposure to loss arising from market and credit risk in relation to investments held in the unit linked funds and relating to third party interest in consolidated funds and non-controlling interests – ordinary shares is not borne by the shareholder.

Additional information on the Group's exposure to financial risk and the management of these risks can be found in Note 23 and Note 34.

The total assets under management of unconsolidated structured entities are £108,993m at 31 December 2023 (2022: £126,019m). The fees recognised in respect of these assets under management during the year to 31 December 2023 were £453m (2022: £566m).

As at 31 December 2023, the Group had no investments in unconsolidated structured debt securitisation vehicles (2022: £nil).

36. Fair value of assets and liabilities

The Group uses fair value to measure many of its assets and liabilities. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

An analysis of the Group's financial assets and financial liabilities in accordance with the categories of financial instrument set out in IFRS 9 *Financial Instruments* is presented in Notes 17, 23 and 29 and includes those financial assets and liabilities held at fair value.

(a) Fair value hierarchy

In determining fair value, the following fair value hierarchy categorisation has been used:

- **Level 1:** Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2:** Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Fair values measured using inputs that are not based on observable market data (unobservable inputs).

Information on the methods and assumptions used to determine fair values for equity securities and interests in pooled investment funds, debt securities and derivatives measured at fair value is given below:

	Equities and interests in pooled investment funds[1,2]	Debt securities	Derivatives[3]
Level 1	Equity instruments listed on a recognised exchange valued using prices sourced from their primary exchange.	Debt securities listed on a recognised exchange valued using prices sourced from their primary exchange.	Exchange traded derivatives valued using prices sourced from the relevant exchange.
Level 2	Pooled investment funds where daily unit prices are available and reference is made to observable market data.	Debt securities valued using prices received from external pricing providers based on quotes received from a number of market participants. Debt securities valued using models and standard valuation formulas based on observable market data[4].	Over-the-counter derivatives measured using a range of valuation models including discounting future cash flows and option valuation techniques.
Level 3	These relate primarily to interests in private equity, real estate and infrastructure funds which are valued at net asset value. Underlying real estate and private equity investments are generally valued in accordance with independent professional valuation reports or International Private Equity and Venture Capital Valuation Guidelines where relevant. The underlying investments in infrastructure funds are generally valued based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings. Where net asset values are not available at the same date as the reporting date, the latest available valuations are reviewed and, where appropriate, adjustments are made to reflect the estimated impact of changes in market conditions between the date of the valuation and the end of the reporting period. Other unlisted equity securities are generally valued using a calibration to the price of a recent investment.	Debt securities valued using prices received from external pricing providers based on a single broker indicative quote. Debt securities valued using models and standard valuation formulas based on unobservable market data[4].	N/A

1. Investments in associates at FVTPL are valued in the same manner as the Group's equity securities and interests in pooled investment funds.
2. Where pooled investment funds have been seeded and the investment in the funds have been classified as held for sale, the costs to sell are assumed to be negligible. The fair value of pooled investment funds held for sale is calculated as equal to the observable unit price.
3. Non-performance risk arising from the credit risk of each counterparty is also considered on a net exposure basis in line with the Group's risk management policies. At 31 December 2023 and 31 December 2022, the residual credit risk is considered immaterial and no credit risk adjustment has been made.
4. If prices are not available from the external pricing providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value.

The fair value of liabilities in respect of third party interest in consolidated funds and non-participating investment contracts are calculated equal to the fair value of the underlying assets and liabilities.

Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities:

- For third party interest in consolidated funds, when the underlying assets and liabilities are valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 2. Where the underlying assets and liabilities are not valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 3.
- For non-participating investment contracts, the underlying assets and liabilities are predominately categorised as level 1 or 2 and as such, the inputs into the valuation of the liabilities are observable and these liabilities are predominately categorised within level 2 of the fair value hierarchy. Where the underlying assets are categorised as level 3, the liabilities are also categorised as level 3.

In addition, contingent consideration assets and contingent consideration liabilities are also categorised as level 3 in the fair value hierarchy. Contingent consideration assets and liabilities have been recognised in respect of acquisitions and disposals. Generally valuations are based on unobservable assumptions regarding the probability weighted cash flows and, where relevant, discount rate.

(a)(i) Fair value hierarchy for assets measured at fair value in the statement of financial position

The table below presents the Group's non-unit linked assets measured at fair value by level of the fair value hierarchy (refer Note 23 for fair value analysis in relation to assets backing unit linked liabilities).

			Fair value hierarchy					
	Total		Level 1		Level 2		Level 3	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Owner occupied property	**1**	1	**–**	–	**–**	–	**1**	1
Derivative financial assets	**43**	104	**–**	3	**43**	101	**–**	–
Equity securities and interests in pooled investment vehicles[1]	**1,139**	2,033	**769**	1,621	**137**	181	**233**	231
Debt securities	**740**	592	**7**	2	**732**	588	**1**	2
Contingent consideration assets	**11**	19	**–**	–	**–**	–	**11**	19
Total assets at fair value	**1,934**	2,749	**776**	1,626	**912**	870	**246**	253

1. Includes £557m (2022: £634m) for the Group's listed equity investment in Phoenix which is classified as a significant listed investment. The Group's listed equity investments in HDFC Asset Management and HDFC Life which were also classified as significant listed investments were sold in the year ended 31 December 2023 (HDFC Asset Management: 2022: £477m, HDFC Life: 2022: £203m).

There were no significant transfers from level 1 to level 2 during the year ended 31 December 2023 (2022: none). There were also no significant transfers from level 2 to level 1 during the year ended 31 December 2023 (2022: none). Transfers generally relate to assets where changes in the frequency of observable market transactions resulted in a change in whether the market was considered active and are deemed to have occurred at the end of the calendar quarter in which they arose.

Refer Section (a)(iii) below for details of movements in level 3.

(a)(ii) Fair value hierarchy for liabilities measured at fair value in the statement of financial position

The table below presents the Group's non-unit linked liabilities measured at fair value by level of the fair value hierarchy.

	Total		Fair value hierarchy					
			Level 1		Level 2		Level 3	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Liabilities in respect of third party interest in consolidated funds[1]	**187**	242	**-**	–	**117**	168	**70**	74
Derivative financial liabilities	**9**	1	**7**	–	**2**	1	**-**	–
Contingent consideration liabilities	**114**	132	**-**	–	**-**	–	**114**	132
Other financial liabilities[2]	**15**	11	**-**	–	**-**	–	**15**	11
Total liabilities at fair value	**325**	386	**7**	–	**119**	169	**199**	217

1. Liabilities in respect of third party interest in consolidated funds at 31 December 2022 were previously all disclosed as Level 2 (£242m). £74m of the liability at this date has been represented in the table above as Level 3 to be consistent with the categorisation of the underlying assets.
2. Excluding contingent consideration liabilities.

There were no significant transfers between levels 1 and 2 during the year (2022: none). Refer Section (a)(iii) below for details of movements in level 3. Transfers are deemed to have occurred at the end of the calendar quarter in which they arose.

(a)(iii) Reconciliation of movements in level 3 instruments

The movements during the year of level 3 assets and liabilities held at fair value, excluding unit linked assets and liabilities and assets and liabilities held for sale, are analysed below.

	Owner occupied property		Equity securities and interests in pooled investment funds		Debt securities		Liabilities in respect of third party interest in consolidated funds	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	**2022 £m**	**2023 £m**	2022 £m
At 1 January	**1**	1	**231**	106	**2**	1	**(74)**	–
Total gains recognised in the consolidated income statement	**-**	–	**1**	2	**-**	(2)	**-**	–
Purchases	**-**	–	**18**	139	**-**	3	**-**	(70)
Sales and other adjustments	**-**	–	**(17)**	(16)	**(1)**	–	**4**	(4)
At 31 December	**1**	1	**233**	231	**1**	2	**(70)**	(74)

	Contingent consideration assets		Contingent consideration liabilities		Other financial liabilities[1]	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
At 1 January	**19**	31	**(132)**	(165)	**(11)**	–
Total amounts recognised in the consolidated income statement	**7**	3	**16**	32	**(5)**	(11)
Additions	**7**	1	**(11)**	(6)	**-**	–
Settlements	**(21)**	(18)	**12**	7	**1**	–
Other movements	**(1)**	2	**1**	–	**-**	–
At 31 December	**11**	19	**(114)**	(132)	**(15)**	(11)

1. Excluding contingent consideration liabilities.

For the year ended 31 December 2023, gains of £19m (2022: gains of £24m) were recognised in the consolidated income statement in respect of non-unit linked assets and liabilities held at fair value classified as level 3 at the year end, excluding assets and liabilities held for sale. Of this amount, gains of £19m (2022: gains of £24m) were recognised in Net gains or losses on financial instruments and other income.

Transfers of equity securities and interests in pooled investment funds and debt securities into level 3 generally arise when external pricing providers stop providing a price or where the price provided is considered stale. Transfers of equity securities and interests in pooled investment funds and debt securities out of level 3 arise when acceptable prices become available from external pricing providers.

(a)(iv) Significant unobservable inputs in level 3 instrument valuations

The table below identifies the significant unobservable inputs in relation to equity securities and interests in pooled investment funds categorised as level 3 instruments at 31 December 2023 with a fair value of £233m (2022: £231m).

	Fair value				
	2023 £m	2022 £m	**Valuation technique**	**Unobservable input**	**Range (weighted average)**
Private equity, real estate, hedge and infrastructure funds	**221**	219	Net asset value	Net asset value statements provided for a large number of funds including nine significant funds (fair value >£5m).	A range of unobservable inputs is not applicable as we have determined that the reported NAV represents fair value at the end of the reporting period.
Other unlisted equity securities	**12**	12	Indicative share price	Calibration to the price of a recent investment.	A range of unobservable inputs is not applicable as we have determined that the calibration to the price of a recent investment represents fair value at the end of the reporting period.

The unobservable input for the Group's related liabilities in respect of third party interest in consolidated funds categorised as level 3 instruments at 31 December 2023 with a fair value of (£70m) (2022: (£74m)) are the same as for the private equity, real estate, hedge and infrastructure funds above. There are no single significant funds in relation to liabilities in respect of third party interest in consolidated funds.

The table below identifies the significant unobservable inputs in relation to contingent consideration assets and liabilities and other financial instrument liabilities categorised as level 3 instruments at 31 December 2023 with a fair value of (£118m) (2022: (£124m)).

	Fair value				
	2023 £m	2022 £m	**Valuation technique**	**Unobservable input**	**Input used**
Contingent consideration assets and liabilities and other financial instrument liabilities	**(118)**	(124)	Probability weighted cash flow and where applicable discount rates	Unobservable inputs relate to probability weighted cash flows and, where relevant, discount rates.	
				The most significant unobservable inputs relate to assumptions used to value the contingent consideration liability related to the acquisition of Tritax of £90m (2022: £112m). For Tritax a number of scenarios were prepared, around a base case, with probabilities assigned to each scenario (based on an assessment of the likelihood of each scenario). The value of the contingent consideration was determined for each scenario, and these were then probability weighted, with this probability weighted valuation then discounted from the payment date to the balance sheet date. It was assumed that the timing of the exercise of the earn out put options between 2024, 2025 and 2026 would be that which is most beneficial to the holders of the put options.	The base scenario for Tritax contingent consideration used a revenue compound annual growth rate (CAGR) from 31 March 2023 to 31 March 2026 of 9% (2022: CAGR from 31 March 2022 to 31 March 2026 of 14%) with other scenarios using a range of revenue growth rates around this base. The base scenario used a cost/income ratio of c56% (2022: c52%) with other scenarios using a range of cost/income ratios around this base. The risk adjusted contingent consideration cash flows have been discounted using a primary discount rate of 4% (2022: 4.5%).

(a)(v) Sensitivity of the fair value of level 3 instruments to changes in key assumptions

At 31 December 2023 the shareholder is directly exposed to movements in the value of all non-unit linked level 3 instruments. See Note 23 for unit linked level 3 instruments.

Sensitivities for material level 3 assets and liabilities are provided below. Changing unobservable inputs in the measurement of the fair value of the other level 3 financial assets and financial liabilities to reasonably possible alternative assumptions would not have a material impact on loss attributable to equity holders or on total assets.

(a)(v)(i) Equity securities and interests in pooled investment funds/ liabilities in respect of third party interest in consolidated funds

As noted above, of the level 3 equity securities and interests in pooled investment funds, £221m relates to private equity, real estate, hedge and infrastructure funds (2022: £219m) which are valued using net asset value statements. A 10% increase or decrease in the net asset value of these investments would increase or decrease the fair value of the investments by £22m (2022: £22m).

(a)(v)(ii) Liabilities in respect of third party interest in consolidated funds

As noted above, £70m of liabilities in respect of third party interest in consolidated funds of the level 3 equity securities and interests in pooled investment funds (2022: £74m) are also valued using net asset value statements. A 10% increase or decrease in the net asset value of these investments would increase or decrease the fair value of the liability by £7m (2022: £7m).

(a)(v)(iii) Contingent consideration assets and liabilities and other financial instrument liabilities

As noted above, the most significant unobservable inputs for level 3 instruments relate to assumptions used to value the contingent consideration related to the purchase of Tritax. Sensitivities for reasonably possible changes to key assumptions are provided in the table below.

Assumption	Change in assumption	Consequential increase/(decrease) in contingent consideration liability 2023 £m
Revenue compound annual growth rate (CAGR) from 31 March 2023 to 31 March 2026	Decreased by 5%	**(17)**
	Increased by 10%	**34**
Cost/income ratio	Decreased by 5%	**14**
	Increased by 5%	**(15)**
Discount rate	Decreased by 2%	**4**
	Increased by 2%	**(4)**

(b) Assets and liabilities not carried at fair value

The table below presents estimated fair values by level of the fair value hierarchy of non-unit linked financial assets and liabilities whose carrying value does not approximate fair value. Fair values of assets and liabilities are based on observable market inputs where available, or are estimated using other valuation techniques.

		As recognised in the consolidated statement of financial position line item		Fair value		Level 1		Level 2		Level 3	
	Notes	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Assets											
Debt securities		**125**	210	**125**	211	**-**	-	**125**	210	**-**	1
Liabilities											
Subordinated liabilities	30	**599**	621	**534**	550	**-**	-	**534**	550	**-**	-

The estimated fair values for subordinated liabilities are based on the quoted market offer price.

The carrying value of all other financial assets and liabilities measured at amortised cost approximates their fair value.

37. Statement of cash flows

The Group classifies cash flows in the consolidated statement of cash flows as arising from operating, investing or financing activities.

Cash flows are classified based on the nature of the activity to which they relate and with consideration to generally accepted presentation adopted by peers. For activities related to asset management business, cash flows arising from the sale and purchase of debt securities and equity securities and interests in pooled investment funds, with the exception of those related to unit linked funds, are classified as cash flows arising from investing activities. For activities related to insurance business, including those related to unit linked funds, cash flows arising from the sale and purchase of debt securities and equity securities and interests in pooled investment funds are classified as cash flows arising from operating activities.

For activities related to the acquisition and disposal of subsidiaries, associates and joint ventures, cash flows are classified as investing activities. The settlement of contingent and deferred amounts recognised on acquisitions and disposals are classified as investing activities where there is not considered to be a significant financing component of the related inflows or outflows.

Purchases and sales of financial investments are presented on a gross basis except for purchases and sales of short-term instruments with a high turnover held in consolidated liquidity funds which are presented on a net basis.

Dividends received from associates and joint ventures are presented as cash flows arising from operating activities.

Movements in cash collateral held in relation to derivative contracts hedging subordinated debt are presented as cash flows arising from financing activities.

The tables below provide further analysis of the balances in the consolidated statement of cash flows.

(a) Change in operating assets

	2023 £m	2022 £m
Equity securities and interests in pooled investment funds	**314**	680
Debt securities	**13**	89
Derivative financial instruments	**30**	(11)
Receivables and other financial assets and other assets	**(184)**	174
Assets held for sale	**(16)**	(16)
Change in operating assets	**157**	916

Change in operating assets includes related non-cash items.

(b) Change in operating liabilities

	2023 £m	2022 £m
Other financial liabilities, provisions and other liabilities[1]	**76**	(179)
Pension and other post-retirement benefit provisions	**(48)**	(44)
Investment contract liabilities	**(90)**	(315)
Change in liability for third party interest in consolidated funds	**(53)**	(196)
Liabilities held for sale	**6**	9
Change in operating liabilities	**(109)**	(725)

1. The change in Other financial liabilities, provisions and other liabilities for the year ended 31 December 2022 of (£179m) includes £1m previously separately disclosed as Deferred income. The Group has made a presentational change to show Deferred income within Other financial liabilities.

Change in operating liabilities includes related non-cash items.

(c) Other non-cash and non-operating items

	2023 £m	2022 restated[1] £m
Gain on sale of subsidiaries and other operations	**(79)**	–
Profit on disposal of interests in associates	**–**	(6)
(Gain)/loss on disposal or derecognition of property, plant and equipment	**(6)**	7
Depreciation of property, plant and equipment	**32**	39
Amortisation of intangible assets	**128**	129
Impairment losses on intangible assets	**65**	369
(Reversal of impairment)/impairment of interests in associates and joint ventures	**(2)**	9
Impairment losses recognised on property, plant and equipment	**50**	7
Reversal of impairment losses recognised on property, plant and equipment	**(3)**	–
Movement in contingent consideration assets/liabilities	**(23)**	(35)
Equity settled share-based payments	**24**	24
Finance costs	**25**	29
Share of profit or loss from associates and joint ventures accounted for using the equity method	**(1)**	(5)
Other non-cash and non-operating items	**210**	567

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation.

(d) Disposal of subsidiaries and other operations

	Notes	2023[1] £m
Intangibles		**59**
Other assets of operations disposed of		**30**
Other liabilities of operations disposed of		**(12)**
Net assets disposed of		**77**
Items transferred to profit or loss on disposal of subsidiaries	1	**(1)**
Fair value of deferred and contingent consideration		**(5)**
Non-cash consideration	1	**(3)**
Gain on sale	1	**79**
Transaction costs		**13**
Total cash consideration		**160**
Cash and cash equivalents disposed of		**(21)**
Cash inflow from disposal of subsidiary		**139**

1. Relates to a number of 2023 disposals. Refer Note 1(c)(i) for further details.

There were no operations disposed of in the year ended 31 December 2022.

(e) Movement in subordinated liabilities

The following table reconciles the movement in subordinated liabilities in the year, split between cash and non-cash items.

	2023 £m	2022 £m
At 1 January	**621**	644
Cash flows from financing activities		
Repayment of subordinated liabilities	**–**	(92)
Interest paid[1]	**(13)**	(31)
Cash flows from financing activities	**(13)**	(123)
Non-cash items		
Interest expense	**26**	30
Foreign exchange adjustment	**(35)**	70
At 31 December	**599**	621

1. Interest paid on subordinated liabilities and other equity in the consolidated statement of cash flows of £20m (2022: £34m) includes an inflow of £4m (2022: £8m) in relation to the related cash flow hedge (refer Note 18) and an outflow of £11m (2022: £11m) in relation to other equity (refer Note 28). Other movements in the fair value of the cash flow hedge relate to non-cash movements. Cash collateral held in respect of derivative contracts of £40m (2022: £109m) in Other financial liabilities (refer Note 32) includes collateral held in respect of the cash flow hedge of £39m (2022: £89m).

(f) Movement in lease liabilities

The following table reconciles the movement in lease liabilities in the year, split between cash and non-cash items.

	2023 £m	2022 £m
At 1 January	**224**	225
Cash flows from financing activities		
Payment of lease liabilities – principal	**(24)**	(46)
Payment of lease liabilities – interest	**(6)**	(6)
Cash flows from financing activities	**(30)**	(52)
Non-cash items		
Additions	**28**	46
Disposals and adjustments	**(2)**	(8)
Interest capitalised	**6**	6
Foreign exchange adjustment	**(3)**	7
At 31 December	**223**	224

38. Contingent liabilities and contingent assets

Contingent liabilities are possible obligations of the Group of which timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised on the consolidated statement of financial position but are disclosed, unless they are considered remote. If such an obligation becomes probable and the amount can be measured reliably it is no longer considered contingent and is recognised as a liability.

Conversely, contingent assets are possible benefits to the Group. Contingent assets are only disclosed if it is probable that the Group will receive the benefit. If such a benefit becomes virtually certain it is no longer considered contingent and is recognised as an asset.

Legal proceedings, complaints and regulations

The Group is subject to regulation in all of the territories in which it operates investment management and insurance businesses. In the UK, where the Group primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The Group, like other financial organisations, is subject to legal proceedings, complaints and regulatory and tax authority discussions and reviews in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. A subsidiary of the Group is currently responding to certain information requests from an overseas Tax Authority in connection with its Income Tax Return. Interpretation of tax legislation is complex and therefore, as part of the normal course of business, local tax authorities may sometimes request further information in order to clarify facts and technical approach. These types of enquiries can sometimes be prolonged due to inherent complexity. At this stage of enquiry, it is not possible to reliably predict the outcome.

There are no other identified contingent liabilities expected to lead to a material exposure.

39. Commitments

The Group has contractual commitments which will be payable in future periods. These commitments are not recognised on the Group's statement of financial position at the year end but are disclosed to give an indication of the Group's future committed cash flows.

(a) Unrecognised financial instruments

As at 31 December 2023, the Group has committed to investing an additional £67m (2022: £72m) into funds in which it holds a co-investment interest.

(b) Capital commitments

As at 31 December 2023, the Group has no capital commitments other than in relation to financial instruments (2022: £2m).

In addition, the Group has commitments relating to future acquisitions.

- In February 2021, the Group announced the purchase of certain products in the Phoenix Group's savings business offered through abrdn's Wrap platform, comprising a self-invested pension plan (SIPP) and an onshore bond product; together with the Phoenix Group's trustee investment plan (TIP) business for UK pension scheme clients. The transaction is not expected to fully complete before 2025 and is subject to regulatory and court approvals. The upfront consideration paid by the Group in February 2021 was £62.5m, which is offset in part by payments from Phoenix to the Group relating to profits of the products prior to completion of the legal transfer. The net amount of consideration paid is included in prepayments in the consolidated statement of financial position with cash movements in relation to the consideration included in prepayment in respect of potential acquisition of customer contracts in the consolidated statement of cash flows.
- At 31 December 2023, the Group had other commitments for the cost of obtaining customer contracts for £22m. These commitments are still subject to the satisfaction of certain conditions.

40. Employee share-based payments and deferred fund awards

The Group operates share incentive plans for its employees. These generally take the form of an award of options, conditional awards or restricted shares in abrdn plc (equity-settled share-based payments) but can also take the form of a cash award based on the share price of abrdn plc (cash-settled share-based payments). The Group also incentivises certain employees through the award of units in Group managed funds (deferred fund awards) which are cash-settled. All the Group's incentive plans have conditions attached before the employee becomes entitled to the award. These can be performance and/or service conditions (vesting conditions) or the requirement of employees to save in the save-as-you-earn scheme (non-vesting condition). The period over which all vesting conditions are satisfied is the vesting period and the awards vest at the end of this period.

For all share-based payments, services received for the incentive granted are measured at fair value.

For equity-settled share-based payment transactions, the fair value of services received is measured by reference to the fair value of the equity instruments at the grant date. The fair value of the number of instruments expected to vest is charged to the income statement over the vesting period with a corresponding credit to the equity compensation reserve in equity.

At each period end the Group reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in the consolidated income statement with a corresponding adjustment to the equity compensation reserve.

At the time the equity instruments vest, the amount recognised in the equity compensation reserve in respect of those equity instruments is transferred to retained earnings.

For cash-settled share-based payment and deferred fund awards transactions, services received are measured at the fair value of the liability. The fair value of the liability is remeasured at each reporting date and any changes in fair value are recognised in the consolidated income statement.

The following plans made awards during the year ended 31 December 2023:

Plan	Options	Conditional awards	Restricted shares	Typical vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
abrdn plc Deferred Share Plan/ Discretionary Share Plan/Executive LTIP Plan[1]	Yes	Yes	No	1-3 years (3 years for Executive LTIP)	Up to 10 years from date of grant	Executives and senior management	Service, or service and performance conditions. These can be tailored to the individual award.
Sharesave (Save-as-you-earn)	Yes	No	No	3 or 5	Up to six months after vesting	UK and Irish employees	Service only
Share incentive plan	No	No	Yes	3 years	Not applicable	UK and Irish employees	Service only

1. Included in Deferred and discretionary share plans in Section (b)(i) below.

All of the awards made under these plans are equity-settled except for a small number of cash-settled awards for the deferred and discretionary share plans (see Section (d)(ii) below).

The fair value of awards granted under the Group's incentive schemes is determined using a relevant valuation technique, such as the Black Scholes option pricing model. The fair value of awards is recharged to employing entities over the life of the awards.

The awards made under the deferred and discretionary share plans include awards for deferred bonuses of the prior year. With the exception of the Executive Incentive Plan (EIP) awards, the deferred bonus awards have service conditions of one, two and three years after the date of the award and no outstanding performance conditions. The awards for deferred bonus for executive Directors in 2020 were made under the conditions of the EIP including a performance underpin.

The awards made include the awards for executive Directors under the Executive LTIP plan and certain awards under the deferred and discretionary share plans to senior management with specific performance conditions.

Further details of the EIP and the Executive LTIP are set out in the Directors' remuneration report.

The deferred and discretionary share plans also made a number of deferred fund awards in the year end 31 December 2023 (see Section (d)(i) below).

Options and conditional awards are all at nil cost with the exception of Sharesave where eligible employees in the UK and Ireland save a monthly amount from their salaries, over either a three or five year period, which can be used to purchase shares in the Company at a predetermined price.

The share incentive plan allows employees the opportunity to buy up to £1,800 of shares from their salary each year with the Group matching up to £600 per year. The matching shares awarded are granted each month but are restricted for three years (two years for Ireland).

In addition, the Group operates the following plans for which there are outstanding awards but for which no awards were made during the year ended 31 December 2023:

Plan	Options	Conditional awards	Restricted shares	Typical vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
Aberdeen Asset Management Deferred Share Plan 2009[1]	Yes	No	No	1–3 (3–5 for executive management)	Up to 10 years from date of grant	Executives and senior management	Service only. There are no outstanding performance conditions at date of grant.
Aberdeen Asset Management USA Deferred Share Award Plan	No	Yes	No	1–3 (3–5 for executive management)	Not applicable	US based executives and senior management	Service only. There are no outstanding performance conditions at date of grant.

1. Included in Annual bonus deferred share options Section (b)(i) below.

The Group also operated the following plans for which no awards were made during the year ended 31 December 2023 and for which all outstanding awards were exercised by 31 December 2022:

Plan	Options	Conditional awards	Restricted shares	Typical vesting period (years)	Contractual life for options	Recipients	Conditions which must be met prior to vesting
Standard Life Restricted stock plan (RSP)	Yes	No	No	1–3	Up to six months after vesting	Executives (other than executive Directors) and senior management	Service, or service and performance conditions. These are tailored to the individual award.

(a) Employee share-based payments and deferred fund awards expense

The amounts recognised as an expense for equity-settled share-based payment transactions and deferred fund awards with employees are as follows:

	2023 £m	2022 £m
Share options and share awards granted under deferred and discretionary share plans[1]	**22**	22
Share options granted under Sharesave	**1**	1
Matching shares granted under share incentive plans	**1**	1
Equity-settled share-based payments	**24**	24
Cash-settled deferred fund awards[2]	**7**	2
Total expense	**31**	26

1. Includes expense for annual bonus deferred share options and conditional awards.
2. The expense for cash-settled deferred fund awards includes £3m (2022: £2m) for awards related to funds which are consolidated.

Included in the expense above is £12m (2022: £6m) which is included in Restructuring and corporate transaction expenses in the consolidated income statement.

(b) Options and conditional awards granted

(b)(i) Deferred and discretionary share plans

The number and remaining contractual life for options outstanding and the share price at exercise of options exercised during the year are as follows:

	2023		2022	
	Deferred and discretionary share plans	Annual bonus deferred share options	Deferred and discretionary share plans	Annual bonus deferred share options
Outstanding at 1 January	**61,117,377**	**5,574,422**	37,133,812	6,604,504
Granted	**7,847,719**	**–**	45,752,914	–
Forfeited	**(15,690,306)**	**(58,611)**	(3,540,675)	–
Exercised	**(9,904,530)**	**(1,662,020)**	(18,228,674)	(1,030,082)
Outstanding at 31 December	**43,370,260**	**3,853,791**	61,117,377	5,574,422
Exercisable at 31 December	**6,840,715**	**3,853,791**	3,907,131	5,418,292
Remaining contractual life of options outstanding (years)[1]	**5.96**	**2.70**	6.45	3.56
Options exercised during the year	**–**	**–**	–	–
Share price at time of exercise[1]	**198p**	**204p**	194p	189p

1. Weighted average.

The options granted under the deferred and discretionary share plans were made throughout the year ended 31 December 2023 with a main grant date of 11 April 2023 and had a £nil exercise price. The weighted average option term was 2.52 years. The weighted average share price at grant date was 194p and the weighted average fair value at grant date was 172p. The options include an entitlement to the receipt of dividends in respect of awards that ultimately vest between the date of grant and the vesting date.

In addition to nil costs options, 357,888 nil cost conditional awards were also granted under the deferred and discretionary share plans (2022: 2,464,050) with a weighted average share price at grant date of 194p which was also the weighted average fair value at grant date.

(b)(ii) Standard Life RSP

As noted above the final RSP options were exercised in 2022.

	2022
	RSP
Outstanding at 1 January	3,372
Granted	–
Forfeited	–
Exercised	(3,372)
Outstanding at 31 December	–
Exercisable at 31 December	–
Options exercised during the year	
Share price at time of exercise[1]	241p

1. Weighted average.

(b)(iii) Sharesave

The number, exercise price and remaining contractual life for options outstanding and the share price at exercise of options exercised during the year are as follows:

	2023		2022	
	Sharesave	**Weighted average exercise price for Sharesave**	Sharesave	Weighted average exercise price for Sharesave
Outstanding at 1 January	**9,981,563**	**143p**	7,862,031	203p
Granted	**1,864,914**	**132p**	6,997,665	118p
Forfeited	**(501,929)**	**154p**	(165,551)	191p
Exercised	**(440,123)**	**186p**	(46,727)	200p
Expired	**(1,045,470)**	**205p**	(759,965)	235p
Cancelled	**(749,465)**	**154p**	(3,905,890)	197p
Outstanding at 31 December	**9,109,490**	**130p**	9,981,563	143p
Exercisable at 31 December	**774,894**	**173p**	1,390,636	206p
Remaining contractual life of options outstanding (years)[1]	**2.85**		3.12	
Options exercised during the year				
Share price at time of exercise[1]	**201p**		223p	

1. Weighted average.

The Sharesave options were granted on 10 October 2023 with an exercise price of 132p. The weighted average option term was 3.50 years. The weighted average share price at grant date was 161p and the weighted average fair value at grant date was 28p. Sharesave options have no dividend entitlement. In determining the fair value of options granted under the Sharesave scheme the historic volatility of the share price over a period of up to five years and a risk-free rate determined by reference to swap rates was also considered.

The following table shows the range of exercise prices of Sharesave options outstanding.

	2023 Number of options outstanding	2022 Number of options outstanding
117p-188p	**7,980,740**	6,930,983
189p-199p	**742,875**	2,390,606
200p-327p	**385,875**	587,801
328p-345p	**-**	72,173
Outstanding at 31 December	**9,109,490**	9,981,563

(c) Matching shares granted under share incentive plans

During the year ended 31 December 2023, 338,001 matching shares were granted under the share incentive plan (2022: 490,814). The weighted average share price at grant date was 192p which was also the weighted average fair value at grant date. The plans include the entitlement to the receipt of dividends in respect of awards that ultimately vest between the date of grant and the vesting date.

(d) Deferred fund awards and cash settled share based payments

(d)(i) Deferred fund awards

At 31 December 2023, the liability recognised for cash-settled deferred fund awards was £27m (2022: £44m). There is no liability (2022: £9m) for deferred fund awards relating to funds which are consolidated. The intrinsic value for vested deferred fund awards related to funds which were consolidated at 31 December 2022 was £6m.

(d)(ii) Cash settled share based payments

At 31 December 2023, the liability recognised for cash-settled share based payments was £nil (2022: £nil).

41. Related party transactions

(a) Transactions and balances with related parties

In the normal course of business, the Group enters into transactions with related parties that relate to investment management and insurance businesses. In the year ended 31 December 2023, there have been no changes in the nature of these transactions.

During the year, the Group recognised management fees of £2m (2022: £3m) from the Group's defined benefit pension plans. The Group's defined benefit pension plans have assets of £748m (2022: £847m) invested in investment vehicles managed by the Group.

During the year, there were no sales to associates accounted for using the equity method in relation to management fees (2022: £nil) and no purchases in relation to services received (2022: £nil).

During the year ended 31 December 2023, there were sales to joint ventures accounted for using the equity method of £4m (2022: £4m) and no purchases from joint ventures (2022: £nil). During the year ended 31 December 2023, the Group contributed no capital to a joint venture (2022: £2m). At 31 December 2023, there was no outstanding funding commitment to this joint venture (2022: £nil).

The Group had no balances due to or from associates accounted for using the equity method as at 31 December 2023 (2022: £nil). The Group had no balances due from joint ventures as at 31 December 2023 (2022: £1m). There were no balances due to joint ventures (2022: £nil). During the year ended 31 December 2023, the Group contributed capital of £2m to an associate (2022: £3m). At 31 December 2023, the Group had no commitments to make capital contributions to an associate (2022: £2m).

In addition to these transactions between the Group and the above related parties during the year, in the normal course of business the Group made a number of investments into/divestments from investment vehicles managed by the Group which may be considered to be related parties including investment vehicles which are classified as investments in associates measured at FVTPL. Group entities paid amounts for the issue of shares or units and received amounts for the cancellation of shares or units. Information in relation to unconsolidated structured entities can be found in Note 35.

(b) Compensation of key management personnel

Key management personnel includes Directors of abrdn plc (since appointment) and the members of the executive leadership team (since appointment).

The summary of compensation of key management personnel is as follows:

	2023 £m	2022 £m
Salaries and other short-term employee benefits	**10**	11
Post-employment benefits	**–**	–
Share-based payments and deferred fund awards	**7**	6
Termination benefits	**1**	2
Total compensation of key management personnel	**18**	19

(c) Transactions with key management personnel and their close family members

Certain members of key management personnel hold investments in investments products which are managed by the Group. None of the amounts concerned are material in the context of funds managed by the Group. All transactions between key management and their close family members and investments products which are managed by the Group during the year are on terms which are equivalent to those available to all employees of the Group.

42. Capital management

(a) Capital and risk management policies and objectives

Managing capital is the ongoing process of determining and maintaining the quantity and quality of capital appropriate for the Group and ensuring capital is deployed in a manner consistent with the expectations of our stakeholders. For these purposes, the Board considers our key stakeholders to be our clients, the providers of capital (our equity holders and holders of our subordinated liabilities) and the Financial Conduct Authority (FCA) as the lead prudential supervisor for the Group.

There are two primary objectives of capital management within the Group. The first objective is to ensure that capital is, and will continue to be, adequate to maintain the required level of financial stability of the Group and hence to provide an appropriate degree of security to our stakeholders. The second objective is to create equity holder value by driving profit attributable to equity holders.

The treasury and capital management policy, which is subject to review at least annually, forms one element of the Group's overall management framework. Most notably, it operates alongside and complements the strategic investment policy and the Group risk policies. Integrating policies in this way enables the Group to have a capital management framework that robustly links the process of capital allocation, value creation and risk management.

Capital requirements are forecast on a periodic basis and assessed against the forecast available capital resources. In addition, rates of return achieved on capital invested are assessed against hurdle rates, which are intended to represent the minimum acceptable return given the risks associated with each investment. Ongoing monitoring of investments is incorporated into the Group's established performance management process. The capital planning process is the responsibility of the Chief Financial Officer. Capital plans are ultimately subject to approval by the Board.

The formal procedures for identifying and assessing risks that could affect the capital position of the Group are described in the Risk management section of the Strategic report. Information on financial instruments risk is also provided in Note 34.

(b) Regulatory capital

(b)(i) Regulatory capital framework (unaudited)

The Group is supervised under the Investment Firms Prudential Regime (IFPR). The Group's regulatory capital position under IFPR is determined by consolidating the eligible capital and reserves of the Group (subject to a number of deductions) to derive regulatory capital resources, and comparing this to the Group's regulatory capital requirements.

Stress testing is completed to inform the appropriate level of regulatory capital and liquidity that the Group must hold, with results shared with the FCA at least annually. In addition, the Group monitors a range of capital and liquidity statistics on a daily, monthly or less frequent basis as required. Surplus capital levels are forecast, taking account of projected dividends and investment requirements, to ensure that appropriate levels of capital resources are maintained.

The Group is required to hold capital resources to cover both the Own Funds Requirement and the Own Funds Threshold Requirement described below in complying with the Overall Financial Adequacy Rule.

Own Funds Requirement

The Own Funds Requirement focuses on the Group's permanent minimum capital requirement, its fixed overhead requirement and its K-factor requirement with the own funds requirement being the highest of the three. At 31 December 2023, the Group's indicative Own Funds Requirement was £314m.

Own Funds Threshold Requirement

The Own Funds Threshold Requirement supplements the own funds requirement via the Internal Capital Adequacy and Risk Assessment (ICARA), which is the means by which the Group assesses the level of capital that adequately supports all of the relevant current and future risks in its business, taking into account potential periods of financial stress during the economic cycle as well as a potential wind-down scenario with the own funds threshold requirement being the highest of the two, as per the Overall Financial Adequacy Rule. The results of the Group's ICARA process is subject to periodic review by the FCA under the Supervisory Review and Evaluation Process (SREP). The first review was conducted in 2023.

Under IFPR the Group fully excludes the value of its holding in significant listed investments from its capital resources. IFPR also includes constraints on the proportion of the minimum capital requirement that can be met by each tier of capital. As a result, approximately £275m of Tier 2 capital, whilst continuing to be reported within the Group's capital resources, is not available to meet the minimum capital requirement.

(b)(ii) IFPR (unaudited)

	2023[1] £m	2022 £m
IFRS equity attributable to equity holders of abrdn plc	**4,878**	5,628
Deductions for intangibles and defined benefit pension assets, net of related deferred tax liabilities	**(2,168)**	(2,319)
Deductions for significant investments in financial sector entities	**(780)**	(1,366)
Deductions for non-significant investments in financial sector entities	**(12)**	(229)
Other deductions and adjustments, including provision for foreseeable dividend	**(452)**	(413)
Common Equity Tier 1 capital resources	**1,466**	1,301
Additional Tier 1 capital resources	**207**	207
Total Tier 1 capital resources	**1,673**	1,508
Tier 2 capital resources	**539**	621
Total regulatory capital resources	**2,212**	2,129
Total regulatory capital requirement	**(1,054)**	(1,054)
CET1 capital requirement[2]	**(590)**	(590)
Surplus CET1 regulatory capital	**876**	711
Own Funds Requirement	**314**	319
CET1 ratio (CET1 as % of Own Funds Requirement)	**467%**	408%

1. 2023 draft position on 26 February 2024 following finalisation of the Annual report and accounts.
2. 56% of total regulatory capital requirement.

The Group has complied with all externally imposed capital requirements during the year.

43. Events after the reporting date

On 24 January 2024, the Group announced a new transformation programme targeting an annualised cost reduction of at least £150m by the end of 2025. The bulk of the savings will be in non-staff costs. However, the programme is expected to result in the reduction of approximately 500 roles. To achieve the desired simplification and cost savings, total implementation costs are estimated to be around £150m.

On 14 February 2024, the agreed sale of the Group's interest in Virgin Money UTM to its joint venture partner, Clydesdale Bank, was announced. The interest in Virgin Money UTM does not form part of the Group's reportable segments. The sale is expected to complete in H1 2024. The Group's interest in Virgin Money UTM was classified as held for sale at 31 December 2023 (refer Note 21). The sale is expected to result in an IFRS profit on disposal of interests in joint ventures of approximately £11m.

44. Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings which is set out in this Note. Related undertakings are subsidiaries, joint ventures, associates and other significant holdings. In this context significant means either a shareholding greater than or equal to 20% of the nominal value of any class of shares, or a book value greater than 20% of the Group's assets.

The particulars of the Company's related undertakings at 31 December 2023 are listed below. For details of the Group's consolidation policy refer to (b) Basis of consolidation in the Presentation of consolidated financial statements section. Under that policy limited partnerships and limited liability companies in which the Group has no interest but whose general partner or manager is controlled by the Group are not consolidated. However, such limited partnerships are considered to be subsidiaries under Companies Act 2006 and therefore are listed below. Where the Group has no interest in a limited partnership or limited liability company that is considered a related entity, the interest held is disclosed as 0%.

The ability of subsidiaries to transfer cash or other assets within the Group for example through payment of cash dividends is generally restricted only by local laws and regulations, and solvency requirements. Included in equity attributable to equity holders of abrdn plc at 31 December 2023 is £94m (2022: £90m) related to the abrdn Financial Fairness Trust, a subsidiary undertaking of the Group. The assets of the abrdn Financial Fairness Trust are restricted to be used for charitable purposes.

The registered head office of all related undertakings is 1 George Street, Edinburgh, EH2 2LL unless otherwise stated.

(a) Direct subsidiaries

Name of related undertaking	Share class[1]	% interest held[2]
30 STMA 1 Limited[3]	Ordinary shares	100%
30 STMA 2 Limited[3]	Ordinary shares	100%
30 STMA 3 Limited[3]	Ordinary shares	100%
30 STMA 4 Limited[3]	Ordinary shares	100%
30 STMA 5 Limited[3]	Ordinary shares	100%
6 SAS 3 Limited[3]	Ordinary shares	100%
Aberdeen Corporate Services Limited	Ordinary shares	100%
abrdn Charitable Foundation[4]	N/A	100%
abrdn Client Management Limited	Ordinary shares	100%
abrdn Finance Limited	Ordinary shares	100%
abrdn Financial Fairness Trust	N/A	100%
abrdn Financial Planning Limited[3]	Ordinary shares	100%
abrdn Holdings Limited[4]	Ordinary shares	100%
abrdn Investments (Holdings) Limited	Ordinary shares	100%
abrdn (Mauritius Holdings) 2006 Limited[5]	Ordinary shares	100%
Antler Holdco Limited[6]	Ordinary shares	100%
Interactive Investor Limited[7]	Ordinary shares	100%
Focus Business Solutions Limited[8]	Ordinary shares	100%
Standard Life Aberdeen Trustee Company Limited	Ordinary shares	100%
Standard Life Savings Limited	Ordinary shares	100%
The abrdn Company 2006	N/A	100%
Threesixty Services LLP[9]	Limited Liability Partnership	100%
Threesixty Support LLP[9]	Limited Liability Partnership	100%

(b) Other subsidiaries

Name of related undertaking	Share class[1]	% interest held[2]
6 SAS 1 Limited	Ordinary shares	100%
6 SAS 2 Limited	Ordinary shares	100%
Aberdeen ACM Team LP[4]	Limited Partnership	0%
Aberdeen ACP LLP[4]	Limited Liability Partnership	100%
Aberdeen Asia III Property Fund Of Funds[10]	SIF fund with only Class A1 Units	2%
Aberdeen Asia IV (General Partner) S.a.r.l.[11]	Ordinary shares	100%
Aberdeen Asia Pacific Fund, LP[12]	Limited Partnership	0%
Aberdeen Asia Pacific Fund II, LP[12]	Limited Partnership	0%
Aberdeen Asia Pacific II (Offshore), LP[12]	Limited Partnership	0%
Aberdeen Asia Pacific III Ex-Co-Investment (Offshore), LP[12]	Limited Partnership	0%

Name of related undertaking	Share class[1]	% interest held[2]
Aberdeen Asia Pacific III Ex-Co-Investment, LP [12]	Limited Partnership	0%
Aberdeen Asia Pacific III, LP[12]	Limited Partnership	0%
Aberdeen Asia Partners III, LP[13]	Limited Partnership	0%
Aberdeen ASIF Carry LP[4]	Limited Partnership	25%
Aberdeen Asset Management (Thailand) Ltd[14]	Ordinary shares	100%
Aberdeen Asset Management Denmark A/S[15]	Ordinary shares	100%
Aberdeen Asset Management Finland Oy[16]	Ordinary shares	100%
Aberdeen Claims Administration, Inc.[17]	Ordinary shares	100%
Aberdeen Co-Investment Mandate LP[4]	Limited Partnership	0%
Aberdeen Direct Property (Holding) Limited[3]	Ordinary shares	100%
Aberdeen Emerging Asia Fund, LP [12]	Limited Partnership	0%
Aberdeen Emerging Asia Pacific II (Offshore), LP[12]	Limited Partnership	0%
Aberdeen Emerging Asia Pacific III Ex-Co-Investments, LP[12]	Limited Partnership	0%
Aberdeen Energy & Resource Company IV, LLC[13]	Limited Liability Company	73%
Aberdeen Energy & Resources Company V, LLC[13]	Limited Liability Company	93%
Aberdeen Energy & Resources Partners II, LP[13]	Limited Partnership	0%
Aberdeen Energy & Resources Partners III, LP[13]	Limited Partnership	0%
Aberdeen Energy & Resources Partners IV, LP[13]	Limited Partnership	1%
Aberdeen Energy & Resources Partners V, LP[13]	Limited Partnership	2%
Aberdeen European Infrastructure Carry GP Limited [4]	Ordinary shares	100%
Aberdeen European Infrastructure Carry Limited [4]	Ordinary shares	100%
Aberdeen European Infrastructure Co-Invest II LP[3]	Limited Partnership	0%
Aberdeen European Infrastructure GP II Limited[3]	Ordinary shares	100%
Aberdeen European Infrastructure GP III Limited[3]	Ordinary shares	100%
Aberdeen European Infrastructure GP Limited[3]	Ordinary shares	100%
Aberdeen European Infrastructure III A Limited[3]	Ordinary shares	100%
Aberdeen European Infrastructure III B Limited[3]	Ordinary shares	100%
Aberdeen European Infrastructure IV Ltd[3]	Ordinary shares	100%
Aberdeen European Infrastructure Partners Carry LP[4]	Limited Partnership	25%
Aberdeen European Infrastructure Partners Carry II LP[4]	Limited Partnership	25%
Aberdeen European Infrastructure Partners Carry III LP[4]	Limited Partnership	25%
Aberdeen European Infrastructure Partners LP[3]	Limited Partnership	3%
Aberdeen European Infrastructure Partners II LP[3]	Limited Partnership	2%
Aberdeen European Infrastructure Partners III LP[3]	Limited Partnership	5%
Aberdeen European Opportunities Property Fund of Funds LLC[18]	Limited Liability Company	3%
Aberdeen European Residential Opportunities Fund SCSp[10]	Limited Partnership	0%
Aberdeen Fund Distributors LLC[17]	Limited Liability Company	100%
Aberdeen Fund Management II Oy[16]	Ordinary shares	100%
Aberdeen General Partner 1 Limited[4]	Ordinary shares	100%
Aberdeen General Partner 2 Limited[4]	Ordinary shares	100%
Aberdeen General Partner CAPELP Limited[12]	Ordinary shares	100%
Aberdeen General Partner CGPLP Limited[12]	Ordinary shares	100%
Aberdeen General Partner CMENAPELP Limited[12]	Ordinary shares	100%
Aberdeen General Partner CPELP II Limited[12]	Ordinary shares	100%
Aberdeen General Partner CPELP Limited[12]	Ordinary shares	100%
Aberdeen Global ex-Japan Property Fund of Funds LP[12]	Limited Partnership	5%
Aberdeen Global ex-Japan GP Limited[12]	Ordinary shares	100%
Aberdeen Global Infrastructure Carry GP Limited[4]	Ordinary shares	100%
Aberdeen Global Infrastructure GP II Limited[19]	Ordinary shares	100%
Aberdeen Global Infrastructure GP Limited[19]	Ordinary shares	100%
Aberdeen Global Infrastructure Partners II Carry LP[4]	Limited Partnership	25%
Aberdeen Global Infrastructure Partners II LP[20]	Limited Partnership	0%
Aberdeen Global Infrastructure Partners III Carry LP	Limited Partnership	25%
Aberdeen Global Infrastructure Partners LP[20]	Limited Partnership	0%

Name of related undertaking	Share class[1]	% interest held[2]
Aberdeen GP 1 LLP[4]	Limited Liability Partnership	100%
Aberdeen GP 2 LLP[4]	Limited Liability Partnership	100%
Aberdeen GP 3 LLP[4]	Limited Liability Partnership	100%
Aberdeen Indirect Property Partners II FCP-FIS[10]	Class A1, A2 and A3 units	1%
Aberdeen Infrastructure Feeder GP Limited[4]	Ordinary shares	100%
Aberdeen Infrastructure Finance GP Limited[19]	Ordinary shares	100%
Aberdeen Infrastructure GP II Limited[3]	Ordinary shares	100%
Aberdeen Infrastructure Partners II Carry LP [4]	Limited Partnership	25%
Aberdeen Infrastructure Partners II LP[3]	Limited Partnership	0%
Aberdeen Infrastructure Partners LP Inc[20]	Limited Partnership	0%
Aberdeen Investment Company Limited[4]	Ordinary shares	100%
Aberdeen Keva Asia IV Property Partners SCSp[11]	Limited Partnership	1%
Aberdeen Pension Trustees Limited[4]	Ordinary shares	100%
Aberdeen Pooling II GP AB [21]	Ordinary shares	100%
Aberdeen Property Fund Management Estonia Ou[22]	Ordinary shares	100%
Aberdeen Property Investors (General Partner) S.a.r.l.[23]	Ordinary shares	100%
Aberdeen Property Investors Estonia Ou[22]	Ordinary shares	100%
Aberdeen Property Investors Limited Partner Oy[16]	Ordinary shares	100%
Aberdeen Property Investors The Netherlands BV[24]	Ordinary shares	100%
Aberdeen Property Secondaries Partners II[10]	Limited Partnership	23%
Aberdeen Real Asset Partners, LP[13]	Limited Partnership	0%
Aberdeen Real Estate Fund Finland II LP [25]	Limited Partnership	100%
Aberdeen Real Estate Partners II, LP[13]	Limited Partnership	0%
Aberdeen Real Estate Partners III, LP[13]	Limited Partnership	0%
Aberdeen Secondaries II GP S.a.r.l.[10]	Ordinary shares	100%
Aberdeen Sidecar LP Inc[20]	Limited Partnership	0%
Aberdeen Standard 2019 European PE A Carry LP	Limited Partnership	40%
Aberdeen Standard 2019 European PE B Carry LP	Limited Partnership	40%
Aberdeen Standard Carlsbad Carry LP[4]	Limited Partnership	25%
Aberdeen Standard Carlsbad GP Limited[19]	Ordinary shares	100%
Aberdeen Standard Carlsbad LP[20]	Limited Partnership	0%
Aberdeen Standard Global Infrastructure Partners III LP[20]	Limited Partnership	5%
Aberdeen Standard Core Infrastructure III LTP LP	Limited Partnership	25%
Aberdeen Standard Core Infrastructure III SCSp[10]	Limited Partnership	1%
Aberdeen Standard ECF II GP LP	Limited Partnership	40%
Aberdeen Standard European Infrastructure GP IV Limited [3]	Ordinary shares	100%
Aberdeen Standard European Infrastructure Partners Carry IV LP	Limited Partnership	25%
Aberdeen Standard European Infrastructure Partners Co-invest IV LP[3]	Limited Partnership	0%
Aberdeen Standard European Infrastructure Partners IV LP [3]	Limited Partnership	5%
Aberdeen Standard European Long Income Real Estate Fund SCSp[10]	Limited Partnership	0%
Aberdeen Standard Global Infrastructure GP III Ltd[19]	Ordinary shares	100%
Aberdeen Standard Global Infrastructure Partners I (2021) Carry LP	Limited Partnership	25%
Aberdeen Standard Gulf Carry GP Limited[4]	Ordinary shares	100%
Aberdeen Standard Gulf Carry LP[4]	Limited Partnership	12%
Aberdeen Standard Investments Sweden AB[26]	Ordinary shares	100%
Aberdeen Standard Private Real Assets Co-Investment Fund I GP, LLC[13]	Limited liability company	80%
Aberdeen Standard Private Real Assets Co-Investment Fund I, LLC[13]	Limited Liability Company	79%
Aberdeen Standard Private Real Assets Co-Investment Fund I, LP[13]	Limited Partnership	1%
Aberdeen Standard SOF IV Feeder LP	Limited Partnership	0%
Aberdeen Standard SOF IV GP LP	Limited Partnership	25%
Aberdeen Standard SOF IV LP	Limited Partnership	0%
Aberdeen Standard SOF Evergreen GP LP	Limited Partnership	40%
Aberdeen Standard SOF Evergreen LP	Limited Partnership	0%
Aberdeen Trust Limited[4]	Ordinary shares	100%
Aberdeen UK Infrastructure Carry GP Limited[4]	Ordinary shares	100%

Name of related undertaking	Share class[1]	% interest held[2]
Aberdeen UK Infrastructure Carry Limited[4]	Ordinary shares	100%
Aberdeen Unit Trust Managers Limited[4]	Ordinary shares	100%
abrdn – Emerging Markets Equity ADR Fund[13]	Corporate Fund	100%
abrdn - US SMID Cap Equity Fund[13]	Corporate Fund	100%
abrdn III ICAV - abrdn Global Real Estate Active Thematics UCITS ETF[27]	ICAV	91%
abrdn Alternative Funds Limited	Ordinary shares	100%
abrdn Alternative Holdings Limited[4]	Ordinary shares	100%
abrdn Alternative Investments Limited[3]	Ordinary shares	100%
abrdn APAC PE 4 Executive Co-investment LP	Limited Partnership	0%
abrdn APAC Private Equity 4 LP[12]	Limited Partnership	0%
abrdn Asia Limited[28]	Ordinary shares	100%
abrdn Bloomberg Industrial Metals Strategy K-1 Free ETF[29]	ETF	72%
abrdn Brasil Investimentos Ltda[30]	Limited Liability Company	100%
abrdn Canada Funds - Global Smaller Companies Equity Fund[31]	Private Commingled Fund	100%
abrdn Canada Limited[32]	Ordinary shares	100%
abrdn Capital Partners LLP	Limited Liability Partnership	100%
abrdn Colombia SAS[33]	Ordinary shares	100%
abrdn Commercial Real Estate Debt LP[3]	Limited Partnership	0%
abrdn Commercial Real Estate Debt II LP	Limited Partnership	0%
abrdn Corporate Secretary Limited	Ordinary shares	100%
abrdn CP (Holdings) Limited	Ordinary shares	100%
abrdn (CRED II) GP Limited	Ordinary shares	100%
abrdn Eclipse HFRI 500 SP[12]	Private Commingled Fund	36%
abrdn ETFs Advisors LLC[13]	Limited liability company	100%
abrdn ETFs Sponsor LLC[13]	Limited liability company	100%
abrdn European Property Growth Fund LP[3]	Limited Partnership	0%
abrdn Financial Planning & Advice Limited[3]	Ordinary A shares Ordinary B shares	100%
abrdn Founder Co Limited	Ordinary shares	100%
abrdn Fund Managers Limited[3]	Ordinary shares	100%
abrdn (General Partner CRED) Limited[3]	Ordinary shares	100%
abrdn (General Partner ELIREF) S.a.r.l.[10]	Ordinary shares	100%
abrdn (General Partner EPGF) Limited	Ordinary shares	100%
abrdn (General Partner PFF 2018) S.a.r.l.[10]	Ordinary shares	100%
abrdn (General Partner SCF 1) Limited	Ordinary shares	100%
abrdn Global Absolute Return Strategies Offshore Feeder Fund Limited[12]	Ordinary shares	100%
abrdn Global Absolute Return Strategies Onshore Feeder Fund, LP[13]	Limited Partnership	0%
abrdn Global Risk Mitigation Fund[34]	Unit Trust	38%
abrdn Hong Kong Limited[35]	Ordinary shares	100%
abrdn (IL Infrastructure Debt) GP Limited[3]	Ordinary shares	100%
abrdn Inc.[13]	Ordinary shares	100%
abrdn Inflation-Linked Infrastructure Debt LP[3]	Limited Partnership	0%
abrdn Infrastructure Fibre Co-Investment SCSp[10]	Limited Partnership	100%
abrdn Investment Management Limited	Ordinary shares	100%
abrdn Investments Beteiligungs GmbH[36]	Limited Liability Company	90%
abrdn Investments Deutschland AG[36]	Ordinary shares	90%
abrdn Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited[3]	Ordinary shares	100%
abrdn Investments Group Limited[3]	Ordinary shares	100%
abrdn Investments Holdings Europe Limited[3]	Ordinary shares	100%
abrdn Investments Ireland Limited[37]	Ordinary shares	100%
abrdn Investments Jersey Limited[38]	Ordinary shares	100%
abrdn Investments Limited[4]	Ordinary shares	100%
abrdn Investments Luxembourg Corporate Manager S.a.r.l.[10]	Ordinary shares	100%
abrdn Investments Luxembourg S.A.[10]	Ordinary shares	100%
abrdn Investments Middle East Limited[39]	Ordinary shares	100%

Name of related undertaking	Share class[1]	% interest held[2]
abrdn Investments Switzerland AG[40]	Ordinary shares	100%
abrdn Islamic Malaysia Sdn. Bhd[41]	Ordinary shares	100%
abrdn Japan Limited[42]	Ordinary shares	100%
abrdn Jersey Limited[43]	Ordinary shares	100%
abrdn Korea Co. Limited.[44]	Ordinary shares	100%
abrdn Korea GP 2 Pte. Ltd[45]	Ordinary shares	100%
abrdn Korea Separate Account 2 LP[45]	Limited Partnership	1%
abrdn Life and Pensions Limited[3]	Ordinary shares	100%
abrdn Liquidity Fund (Lux) – Seabury Sterling Liquidity 1 Fund[10]	SICAV	100%
abrdn Malaysia Sdn. Bhd.[41]	Ordinary shares Irredeemable non-convertible preference shares	100%
abrdn MSPC General Partner S.a.r.l.[10]	Ordinary shares	100%
abrdn Multi-Sector Private Credit Fund SCSp[10]	Limited Partnership	3%
abrdn Nominees Services HK Limited[35]	Ordinary shares	100%
abrdn OEIC I – abrdn China A Share Equity Fund[3]	OEIC	47%
abrdn OEIC III – abrdn MyFolio Sustainable I Fund[3]	OEIC	46%
abrdn OEIC III – abrdn MyFolio Sustainable Index I Fund[3]	OEIC	72%
abrdn OEIC III – abrdn MyFolio Sustainable Index V Fund[3]	OEIC	32%
abrdn OEIC III – abrdn Multi-Sector Credit Fund[3]	OEIC	100%
abrdn OEIC V – abrdn Multi-Asset Climate Solutions Fund[3]	OEIC	84%
abrdn Oceania Pty Ltd[46]	Ordinary shares	100%
Abrdn Pan European Residential Property Feeder S.C.A. SICAV RAIF[10]	Limited Partnership	0%
abrdn Phoenix Fund Financing SCSp[10]	Limited Partnership	0%
abrdn Poinsettia GP Ltd[12]	Ordinary shares	100%
abrdn Portfolio Investments abrdn Asia-China Bond[47]	Corporate Fund	100%
abrdn Portfolio Investments Limited	Ordinary shares	100%
abrdn Portfolio Investments US Inc.[13]	Ordinary shares	100%
abrdn Portfolio Solutions Limited[3]	Ordinary shares	100%
abrdn Premises Services Limited	Ordinary shares	100%
abrdn Private Equity (Europe) Limited	Ordinary shares	100%
abrdn Private Fund Management (Shanghai) Company Limited[48]	Ordinary shares	100%
abrdn Property Investors France SAS[49]	Ordinary shares	100%
abrdn Real Estate Operations Limited[4]	Ordinary shares	100%
abrdn Secure Credit LP	Limited Partnership	0%
abrdn SICAV I – Asian Credit Sustainable Bond Fund[10]	SICAV	67%
abrdn SICAV I – Asian Sustainable Development Equity Fund[10]	SICAV	93%
abrdn SICAV I – CCBI Belt & Road Bond Fund[10]	SICAV	33%
abrdn SICAV I – China Next Generation Fund[10]	SICAV	62%
abrdn SICAV I – Asian High Yield Sustainable Bond Fund[10]	SICAV	99%
abrdn SICAV I – Climate Transition Bond Fund[10]	SICAV	51%
abrdn SICAV I – Global Climate & Environment Equity Fund[10]	SICAV	89%
abrdn SICAV I – Global Mid-Cap Equity Fund[10]	SICAV	42%
abrdn SICAV II – Multi Asset Climate Opportunities[50]	SICAV	97%
abrdn Si Yuan Private Fund Management (Shanghai) Company Limited[48]	Ordinary shares	100%
abrdn (SLSPS) Pension Trustee Company Ltd	Ordinary shares	100%
abrdn SPT Management Pte. Ltd.[51]	Ordinary shares	100%
abrdn Pan European Residential Property Fund SICAV-RAIF[10]	Limited Partnership	0%
abrdn UK Shopping Centre Feeder Fund Company Limited[52]	Ordinary shares	100%
abrdn UK Shopping Centre Feeder Fund Limited Partnership[3]	Limited Partnership	100%
ACM Carry LP[4]	Limited Partnership	40%
AEROF (Luxembourg) GP S.a.r.l.[10]	Ordinary shares	100%
AERP V-A Master, LP[13]	Limited Partnership	0%
AIA Series T Holdings LLC[18]	Limited liability company	0%
AIPP Folksam Europe [10]	Limited Partnership	0%
AIPP Folksam Europe II Kommanditbolag[21]	Limited Partnership	0%
AIPP Pooling I SA[10]	Ordinary shares	100%

Name of related undertaking	Share class[1]	% interest held[2]
Airport Industrial GP Limited[53]	Ordinary shares	60%
Airport Industrial Limited Partnership[54]	Limited Partnership	0%
Airport Industrial Nominees B Limited[53]	Ordinary shares	60%
Airport Industrial Nominees Limited[53]	Ordinary shares	60%
Aldwych Capital Partners, LP	Limited Partnership	0%
Alliance Trust Savings Limited	Ordinary shares	100%
Andean Social Infrastructure (No. 1) Limited[3]	Ordinary shares	100%
Andean Social Infrastructure Fund I LP[12]	Limited Partnership	5%
Andean Social Infrastructure GP Limited[12]	Ordinary shares	100%
aPE NewCo 1 Limited	Ordinary shares	100%
aPE NewCo 2 Limited	Ordinary shares	100%
Arden Garden State NJ Fund, LP[18]	Limited Partnership	0%
Arden Institutional Advisers, LP[18]	Limited Partnership	0%
Arthur House (No.6) Limited[3]	Ordinary shares	100%
Artio Global Investors Inc.[17]	Ordinary shares	100%
ASI Direct RE GP LLP	Limited Liability Partnership	100%
ASI European Private Equity 2019 B LP[13]	Limited Partnership	0%
ASI (General Partner 2019 European PE A Carry) Limited	Ordinary shares	100%
ASI (General Partner 2019 European PE A) S.a.r.l.[10]	Ordinary shares	100%
ASI (General Partner 2019 European PE B) Limited	Ordinary shares	100%
ASI (General Partner 2019 European PE B) LLC[13]	Ordinary shares	0%
ASI (General Partner ECF II) Limited	Ordinary shares	100%
ASI (General Partner PE2) Limited	Ordinary shares	100%
ASI (General Partner SOF IV) Limited	Ordinary shares	100%
ASI Han Co-Investment LP	Limited Partnership	93%
ASI (KFAS) RE GP LLP	Limited Liability Partnership	100%
ASI Little Mill Carry LP[4]	Limited Partnership	0%
ASI Little Mill Co-Invest LP[4]	Limited Partnership	0%
ASI Little Mill LP[4]	Limited Partnership	0%
ASI Mid-Market 1 LP[4]	Limited Partnership	0%
ASI MM Executive Co Investment LP[4]	Limited Partnership	0%
ASI (NWPE 2021) Carry LP	Limited Partnership	0%
ASI PE 1 Carry LP[4]	Limited Partnership	40%
ASI (PGPE III) GP LP	Limited Partnership	40%
ASI Phoenix Global Private Equity III LP	Limited Partnership	0%
ASI Private Equity 1 LP[4]	Limited Partnership	0%
ASI Private Equity 2 GP LP	Limited Partnership	40%
ASI Private Equity 2 LP	Limited Partnership	0%
ASI REMM GP LLP[4]	Limited Liability Partnership	100%
ASI Shin Co-Investment LP[4]	Limited Partnership	100%
ASI Shin Global Investment GP Limited[12]	Ordinary shares	100%
ASI (SOF E GP) Limited	Ordinary shares	100%
ASIF Sidecar Carry LP[4]	Limited Partnership	25%
ASPER (Luxembourg) GP S.a.r.l. [10]	Ordinary shares	100%
BOSEMP Feeder LP[4]	Limited Partnership	0%
Brain Co-Invest General Partner LLP	Limited Liability Partnership	100%
Brain Co-Invest LP	Limited Partnership	0%
Coutts Asian Private Equity Limited Partnership[12]	Limited Partnership	0%
Coutts Global Property Limited Partnership[12]	Limited Partnership	0%
Coutts Middle East and North Africa Private Equity Limited Partnership[12]	Limited Partnership	0%
Coutts Private Equity Limited Partnership[12]	Limited Partnership	0%
Coutts Private Equity Limited Partnership II[12]	Limited Partnership	0%
CPP General Partner Limited Partnership	Limited Partnership	20%
Edinburgh Fund Managers Group Limited[4]	Ordinary shares	100%
Edinburgh Fund Managers Plc	Ordinary shares	100%
Edinburgh Unit Trust Managers Limited[4]	Ordinary shares Deferred shares	100%

Name of related undertaking	Share class[1]	% interest held[2]
Elevate Portfolio Services Limited[3]	Ordinary shares	100%
Emerging Markets ex-China Equity Fund, a series of the aICF, LLC[13]	Private Commingled Fund	91%
Emerging Markets Income Equity Fund, a series of the aICF, LLC[13]	Private Commingled Fund	99%
ESF I Executive Co Investment Limited Partnership	Limited Partnership	0%
ESP 2004 Co Investment Limited Partnership	Limited Partnership	0%
ESP 2004 Conduit LP	Limited Partnership	0%
ESP 2004 General Partner Limited Partnership	Limited Partnership	0%
ESP 2006 Co Investment Limited Partnership	Limited Partnership	0%
ESP 2006 Conduit LP	Limited Partnership	0%
ESP 2006 General Partner Limited Partnership	Limited Partnership	5%
ESP 2008 Conduit LP	Limited Partnership	0%
ESP 2008 Executive Co Investment Limited Partnership	Limited Partnership	0%
ESP 2008 General Partner Limited Partnership	Limited Partnership	0%
ESP CPPIB European Mid Market Fund	Limited Partnership	1%
ESP General Partner Limited Partnership	Limited Partnership	0%
ESP Golden Bear Europe Fund	Limited Partnership	3%
ESP Golden Bear General Partner Limited Partnership	Limited Partnership	0%
ESP II Co Investment Limited Partnership	Limited Partnership	0%
ESP II Conduit LP	Limited Partnership	0%
ESP II General Partner Limited Partnership	Limited Partnership	0%
ESP Tidal Reach General Partner Limited Partnership	Limited Partnership	20%
ESP Tidal Reach LP	Limited Partnership	1%
European Strategic Partners	Limited Partnership	0%
European Strategic Partners – I LP[55]	Limited Partnership	0%
European Strategic Partners 2004 'A'	Limited Partnership	0%
European Strategic Partners 2004 'B'	Limited Partnership	0%
European Strategic Partners 2006 'A'	Limited Partnership	0%
European Strategic Partners 2006 'B'	Limited Partnership	0%
European Strategic Partners 2008 'A'	Limited Partnership	0%
European Strategic Partners 2008 'B'	Limited Partnership	0%
European Strategic Partners II 'A'	Limited Partnership	0%
European Strategic Partners II 'B'	Limited Partnership	0%
European Strategic Partners II 'C'	Limited Partnership	0%
European Strategic Partners II 'D'	Limited Partnership	0%
European Strategic Partners II 'E'	Limited Partnership	0%
European Strategic Partners Scottish 'B'	Limited Partnership	0%
European Strategic Partners Scottish 'C'	Limited Partnership	0%
Finimize Limited[3]	Ordinary shares	100%
Flag Asia Company III, LLC[13]	Limited liability company	100%
Flag Asia Company III, LP[13]	Limited Partnership	0%
Flag Energy & Resource Company II, LLC[13]	Limited liability company	0%
Flag Energy & Resource Company III, LLC[13]	Limited liability company	0%
Flag Real Assets Company LLC[13]	Limited liability company	0%
Flag Real Asset Company, LP[13]	Limited Partnership	0%
Flag Real Estate Company II, LLC[13]	Limited liability company	0%
Flag Real Estate Company III, LLC[13]	Limited liability company	0%
Flag Squadron Asia Pacific III GP LP[12]	Limited Partnership	100%
Fraser Heath Financial Management Limited[56]	Ordinary shares	100%
FSA III EA SPV, LP[12]	Limited Partnership	0%
FSA III Pacific SPV, LP[12]	Limited Partnership	0%
Griffin Nominees Limited[3]	Ordinary shares	100%
Ignis Asset Management Limited	Ordinary shares	100%
Ignis Cayman GP2 Limited[12]	Ordinary shares	100%
Ignis Cayman GP3 Limited[12]	Ordinary shares	100%
Ignis Investment Services Limited	Ordinary shares	100%
Ignis Private Equity Fund LP[12]	Limited Partnership	0%
Ignis Strategic Credit Fund LP[12]	Limited Partnership	0%

Name of related undertaking	Share class[1]	% interest held[2]
Interactive Investor Services Limited[7]	Ordinary shares	100%
Interactive Investor Services Nominees Limited[7]	Ordinary shares	100%
Investor Nominees (Dundee) Limited	Ordinary shares	100%
Investor Nominees Limited[7]	Ordinary shares	100%
Investor SIPP Trustees Ltd[7]	Ordinary shares	100%
KFAS Real Estate Limited Partnership	Limited Partnership	0%
Local2Local Limited[53]	Ordinary shares	60%
Murray Johnstone Limited[4]	Ordinary shares	100%
MYS Living Limited	Ordinary shares	75%
NASP 2006 General Partner Limited Partnership	Limited Partnership	62%
NASP 2006 Special Limited Partnership	Limited Partnership	0%
NASP 2008 General Partner Limited Partnership	Limited Partnership	0%
NASP 2008 Special Limited Partnership	Limited Partnership	0%
North American Strategic Partners 2006 LP[17]	Limited Partnership	0%
North American Strategic Partners 2008 LP[17]	Limited Partnership	0%
North American Strategic Partners (Feeder) 2006	Limited Partnership	0%
North American Strategic Partners (Feeder) 2008 Limited Partnership	Limited Partnership	0%
North East Trustees Limited[3]	Ordinary A shares Ordinary B shares	100%
Orion Partners CLP Inc.[57]	Ordinary shares	100%
Orion Partners Services Inc.[57]	Ordinary shares	100%
Ostara China Real Estate Fund LP[57]	Limited Partnership	0%
Ostara Japan Fund 3 LP[57]	Limited Partnership	1%
Ostara Korea GP 2 Pte. Ltd[45]	Ordinary shares	100%
Ostara Korea Separate Account LP[45]	Limited Partnership	0%
Ostara Partners Inc. China[57]	Ordinary shares	100%
Ostara Partners Inc. Japan 3[57]	Ordinary shares	100%
PE1 LP[4]	Limited Partnership	0%
PE1A LP[4]	Limited Partnership	0%
PE2 Carry LP[4]	Limited Partnership	40%
PE2 LP[4]	Limited Partnership	0%
Pearl Private Equity LP	Limited Partnership	0%
Pearl Strategic Credit LP	Limited Partnership	0%
Pearson Jones & Company (Trustees) Limited[3]	Ordinary shares	100%
Pearson Jones Nominees Limited[3]	Ordinary shares	100%
PGB European Buy-out Fund I SCSp[10]	Limited Partnership	1%
PGB European Co-Investment Fund I SCSp[10]	Limited Partnership	1%
Poinsettia Holdco LP[12]	Limited Partnership	0%
PT Aberdeen Standard Investments Indonesia[58]	Limited Liability Company	99%
Regent Property Partners (Retail Parks) Limited[56]	Ordinary shares	100%
SG Commercial LLP[53]	Limited Liability Partnership	60%
Share Limited[7]	Ordinary shares	100%
Share Nominees Limited[7]	Ordinary shares	100%
Shin Global Investment Partners LP[12]	Limited Partnership	0%
SL Capital 2016 Co-Investment GP LP	Limited Partnership	5%
SL Capital 2016 Co-Investment LP	Limited Partnership	0%
SL Capital ECF GP LP	Limited Partnership	4%
SL Capital ESF I GP LP	Limited Partnership	0%
SL Capital ESF I LP	Limited Partnership	1%
SL Capital European Co-Investment B LP	Limited Partnership	0%
SL Capital European Co-Investment LP	Limited Partnership	0%
SL Capital Ignis Private Equity Founder LP	Limited Partnership	65%
SL Capital Ignis Strategic Credit Founder LP	Limited Partnership	0%
SL Capital Infrastructure Fund II Top-Up Co-Investment Fund SCSp[10]	Limited Partnership	0%
SL Capital Infrastructure I GP LP	Limited Partnership	100%
SL Capital Infrastructure I LP	Limited Partnership	0%
SL Capital Infrastructure II LTP LP	Limited Partnership	25%

Name of related undertaking	Share class[1]	% interest held[2]
SL Capital Infrastructure II SCSp[10]	Limited Partnership	1%
SL Capital Infrastructure Secondary I GP LP	Limited Partnership	25%
SL Capital Infrastructure Secondary I LP	Limited Partnership	0%
SL Capital Infrastructure Secondary II LP	Limited Partnership	0%
SL Capital NASF I A LP	Limited Partnership	2%
SL Capital NASF I Carry LP	Limited Partnership	0%
SL Capital NASF I GP LP	Limited Partnership	0%
SL Capital NASF I LP[13]	Limited Partnership	0%
SL Capital Pearl Private Equity GP LP	Limited Partnership	0%
SL Capital Pearl Strategic Credit GP LP	Limited Partnership	1%
SL Capital SOF I Feeder LP	Limited Partnership	0%
SL Capital SOF II Feeder LP	Limited Partnership	1%
SL Capital SOF III Feeder LP	Limited Partnership	0%
SL Capital SOF I GP LP	Limited Partnership	0%
SL Capital SOF II GP LP	Limited Partnership	0%
SL Capital SOF III GP LP	Limited Partnership	0%
SL Capital SOF I LP	Limited Partnership	0%
SL Capital SOF II LP	Limited Partnership	0%
SL Capital SOF III LP	Limited Partnership	0%
SLC EC I Executive Co Investment Limited Partnership	Limited Partnership	0%
SLCI I Executive Co Investment Limited Partnership	Limited Partnership	0%
SLCI II Executive Co-Investment LP	Limited Partnership	0%
SLCI Rail Co-Invest LP	Limited Partnership	0%
SLCP (Founder Partner Ignis Private Equity) Limited	Ordinary shares	100%
SLCP (Founder Partner Ignis Strategic Credit) Limited	Ordinary shares	100%
SLCP (General Partner) Limited	Ordinary shares	100%
SLCP (General Partner II) Limited	Ordinary shares	100%
SLCP (General Partner 2016 Co-investment) Limited	Ordinary shares	100%
SLCP (General Partner CPP) Limited	Ordinary shares	100%
SLCP (General Partner EC) Limited	Ordinary shares	100%
SLCP (General Partner ESF I) Limited	Ordinary shares	100%
SLCP (General Partner ESP 2004) Limited	Ordinary shares	100%
SLCP (General Partner ESP 2006) Limited	Ordinary shares	100%
SLCP (General Partner ESP 2008) Limited	Ordinary shares	100%
SLCP (General Partner ESP CAL) Limited	Ordinary shares	100%
SLCP (General Partner Infrastructure I) Limited	Ordinary shares	100%
SLCP (General Partner Infrastructure Secondary I) Limited	Ordinary shares	100%
SLCP (General Partner NASF I) Limited	Ordinary shares	100%
SLCP (General Partner NASP 2006) Limited	Ordinary shares	100%
SLCP (General Partner NASP 2008) Limited	Ordinary shares	100%
SLCP (General Partner Pearl Private Equity) Limited	Ordinary shares	100%
SLCP (General Partner Pearl Strategic Credit) Limited	Ordinary shares	100%
SLCP (General Partner SOF I) Limited	Ordinary shares	100%
SLCP (General Partner SOF II) Limited	Ordinary shares	100%
SLCP (General Partner SOF III) Limited	Ordinary shares	100%
SLCP (General Partner Tidal Reach) Limited	Ordinary shares	100%
SLCP (General Partner USA) Limited	Ordinary shares	100%
SLIPC (General Partner Infrastructure II LTP 2017) Limited	Ordinary shares	100%
SLIPC (General Partner Infrastructure II) S.a.r.l.[10]	Ordinary shares	100%
SLIPC (General Partner Infrastructure III) S.a.r.l.[10]	Ordinary shares	100%
SLTM Limited	Ordinary shares	100%
SOF I Executive Co Investment Limited Partnership	Limited Partnership	0%
SOF II Executive Co Investment Limited Partnership	Limited Partnership	0%
SOF III Executive Co Investment Limited Partnership	Limited Partnership	0%
SOF IV Carry LP	Limited Partnership	25%
SOF IV Executive Co Investment Limited Partnership	Limited Partnership	0%
Squadron Asia Pacific Fund, LP[12]	Limited Partnership	0%

Name of related undertaking	Share class[1]	% interest held[2]
Squadron Asia Pacific Fund II, LP[12]	Limited Partnership	0%
Squadron Capital Asia Pacific GP, LP[12]	Limited Partnership	100%
Squadron Capital Asia Pacific II GP LP[12]	Limited Partnership	100%
Squadron Capital Partners Limited[12]	Ordinary shares	100%
Squadron GP Participation, LP[12]	Limited Partnership	0%
Squadron GP Participation II, LP[12]	Limited Partnership	0%
Standard Life Investments Brent Cross General Partner Limited	Ordinary shares	100%
Standard Life investments Brent Cross LP	Limited Partnership	0%
Standard Life Investments European Real Estate Club II LP[3]	Limited Partnership	1%
Standard Life Investments European Real Estate Club III LP[3]	Limited Partnership	2%
Standard Life Investments (General Partner European Real Estate Club) Limited[3]	Ordinary shares	100%
Standard Life Investments (General Partner European Real Estate Club II) Limited[3]	Ordinary shares	100%
Standard Life Investments (General Partner European Real Estate Club III) Limited[3]	Ordinary shares	100%
Standard Life Investments (General Partner GARS) Limited	Ordinary shares	100%
Standard Life Investments (General Partner GFS) Limited	Ordinary shares	100%
Standard Life Investments (General Partner Global Tactical Asset Allocation) Limited	Ordinary shares	100%
Standard Life Investments (General Partner MAC) Limited	Ordinary shares	100%
Tenon Nominees Limited[4]	Ordinary shares	100%
The Share Centre (Administration Services) Ltd[7]	Ordinary shares	100%
The Share Centre Limited[7]	Ordinary shares	100%
Touchstone Insurance Company Limited[59]	Ordinary shares	100%
TPIF (No. 1) GP LLP[60]	Limited Liability Partnership	60%
TPIF (No. 1) LP[60]	Limited Partnership	0%
TPIF (Portfolio No. 1) GP LLP[53]	Limited Liability Partnership	60%
TPIF (Portfolio No. 1) LP[54]	Limited Partnership	0%
TPIF (Portfolio No. 1) Nominee Limited[53]	Ordinary shares	60%
Tritax abrdn Supply Chain Carry GP LLP[53]	Limited Liability Partnership	60%
Tritax abrdn Supply Chain Carry LP[60]	Limited Partnership	0%
Tritax abrdn Supply Chain GP LLP[53]	Limited Liability Partnership	60%
Tritax abrdn Supply Chain LP[54]	Limited Partnership	0%
Tritax Assets LLP[53]	Limited Liability Partnership	60%
Tritax LMR Carry GP LLP[60]	Limited Liability Partnership	60%
Tritax LMR Carry Limited Partnership[60]	Limited Partnership	7%
Tritax Management LLP[3]	Limited Liability Partnership	60%
Tritax PowerBox Limited[53]	Ordinary shares	60%
Tritax Securities LLP[53]	Limited Liability Partnership	60%
UK PRS Opportunities General Partner Limited[3]	Ordinary shares	100%
UK PRS Opportunities LP[3]	Limited Partnership	0%
VZWL Bestandsimmobilien GmbH & Co geschlossene Investment KG[36]	Limited Partnership	0%
VZWL Private Equity GmbH & Co geschlossene Investment KG[36]	Limited Partnership	0%

(c) Associates and joint ventures

Name of related undertaking	Share class[1]	% interest held[2]
abrdn Investcorp Infrastructure Investments Manager Limited[61]	Ordinary shares	50%
abrdn SICAV I - Short Dated Enhanced Income Fund[10]	SICAV	25%
Archax Holdings Limited[62]	Ordinary shares	11%
Criterion Tec Holdings Ltd[63]	Ordinary shares	21%
Heng An Standard Life Insurance Company Limited[64]	Ordinary shares	50%
PURetail Luxembourg Management Company S.a.r.l.[65]	Class A shares	50%
Tenet Group Limited[66]	Ordinary B shares	25%
Virgin Money Unit Trust Managers Limited[67]	Ordinary shares	50%

1. OEIC = Open-ended investment company
   SICAV = Société d'investissement à capital variable
   ETF = Exchange traded fund
   ICAV = Irish collective asset-management vehicle
2. Limited Partnerships or limited liability companies in which the Group has no interest but whose general partner or manager is controlled by the Group are considered subsidiaries under Companies Act 2006. Where the Group has no interest in a limited partnership or limited liability company that is considered a subsidiary, the interest held is disclosed as 0%.

Registered offices

3. 280 Bishopsgate, London, EC2M 4AG
4. 10 Queens Terrace, Aberdeen, AB10 1XL
5. c/o IQ EQ Fund Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius
6. PO Box 19, Martello Court, Admiral Park, St Peter Port, GY1 3HB, Guernsey
7. 201 Deansgate, Manchester, M3 3NW
8. Cranford House, Kenilworth Road, Blackdown, Leamington Spa, CV32 6RQ
9. 2nd Floor, The Royals, Altrincham Road, Sharston, Manchester M22 4BJ
10. 35a Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg
11. 287-289, route d'Arlon, L-1150 Luxembourg, Luxembourg
12. c/o Maples Corporate Services Limited, Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands
13. c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, USA
14. Bangkok City Tower, 28th Floor, 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120, Thailand
15. Strandvejen 171,3, 2900 Hellerup, Denmark
16. c/o Aatsto DLA Piper Finland Oy, Fabianinkatu 23, FI-00130 Helsinki, Finland
17. c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE, 19808, USA
18. 1900 Market Street, Suite 200, Philadelphia, PA 19103, USA
19. Western Suite, Ground Floor Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ
20. Top Floor, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ
21. Box 162 85, 103 25 Stockholm, Sweden
22. Parnu mnt 22, Tallinn, Harju maakond, 10141, Estonia
23. 2 Boulevard de la Foire, L-1528 Luxembourg, Luxembourg
24. WTC, H-Tower, 20th Floor, Zuidplein 166, 1077 XV Amsterdam, Netherlands
25. One London Wall, London, EC2Y 5AB
26. Johan Fjellstrom, Deloitte AB 113 79, Stockholm, Sweden
27. 70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland
28. 7 Straits View, #23-04 Marina One East Tower, 018936, Singapore
29. 712 5th Ave, New York, NY 10019, USA
30. Rua Joaquim Floriano, 913 – 7th floor – Cj. 71, Itaim Bibi, São Paulo, 04534-013, Brasil
31. 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada
32. 4 Chipman Hill, Suite 100, Saint John, New Brunswick, E2L 2A9, Canada
33. AC 82 NO. 10 60 P 5 Bogota DC, Columbia
34. Level 2, 395 Collins Street, Melbourne, Victoria 3000, Australia
35. 6th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
36. Bockenheimer Landstrasse 25, 60325 Frankfurt am Main, Germany
37. 2-4 Merrion Row, Dublin 2, D02 WP23, Ireland
38. 1st Floor, Sir Walter Raleigh House, Esplanade, St Helier, JE2 3QB, Jersey
39. Office Unit 8, 6th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Marya Island, PO Box 764605, Abu Dhabi, United Arab Emirates
40. Schweizergasse 14, Zurich, 8001, Switzerland
41. Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing No.1, Leboh Ampang 50100 Kuala Lumpur, Malaysia
42. Otemachi Financial City Grand Cube 9F, 1-9-2 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan
43. 44 Esplanade, St Helier, Jersey, JE4 9WG
44. 13th Fl., B Tower (Seocho-dong, Kyobo Tower Building), 465, Gangnam-daero, Seocho-gu, Seoul, Korea
45. 9 Raffles Place, #26-01 Republic Plaza, 048619, Singapore
46. Governor Macquarie Tower, Level 40, 1 Farrer Place, Sydney, NSW, 2000, Australia
47. 21 Church Street, #01-01, Capital Square Two, 049480, Singapore
48. West Area, 2F, No.707 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone
49. 29 Rue De Berri, Paris, 75008, France
50. 2-4, Rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg
51. 1 Marina Boulevard, #28-00, 018989, Singapore
52. Ogier House, Esplanade, St Helier, JE4 9WG, Jersey
53. 72 Broadwick Street, London, W1F 9QZ
54. 3rd Floor, 6 Duke Street St James's, London, SW1Y 6BN
55. c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
56. 30 Finsbury Square, London, EC2A 1AG
57. Campbells Corporate Services Limited, 4th Floor, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands
58. 16th Floor, Menara DEA Tower 2, 16th Floor, Kawasan Mega Kuningan, Jl Mega Kuningan Barat Kav. E4.3 No. 1-2, 12950 Jakarta, Indonesia
59. c/o Aon, PO Box 33, Maison Trinity, Trinity Square, St Peter Port, Guernsey GY1 4AT
60. 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
61. c/o Paget-Brown Trust Company Ltd, Boundary Hall, Cricket Square, P.O. Box 1111, Grand Cayman, KY1-1102, Cayman Islands
62. 4th Floor, 1 Old Jewry, London, EC2R 8DN
63. 9 - 10 St Andrew Square, Edinburgh, EH2 2AF
64. 18F, Tower II, The Exchange, 189 Nanjing Road, Heping District, Tianjin, People's Republic of China, 300051
65. 11, rue Jean Piret, L-2350 Luxembourg, Luxembourg
66. 5 Lister Hill, Horsforth, Leeds LS18 5AZ
67. Jubilee House, Gosforth, Newcastle-Upon-Tyne, NE3 4PL

Company financial statements

Company statement of financial position

As at 31 December 2023

	Notes	2023 £m	2022 £m
Assets			
Investments in subsidiaries	A	**4,402**	4,482
Investments in associates and joint ventures	B	**196**	196
Deferred tax assets	N	**150**	143
Loans to subsidiaries	C	**–**	110
Derivative financial assets	C	**41**	85
Equity securities and interests in pooled investment funds	C	**574**	709
Debt securities	C	**126**	211
Receivables and other financial assets	C	**46**	48
Other assets	F	**47**	48
Cash and cash equivalents	C	**21**	27
Total assets		**5,603**	6,059
Liabilities			
Subordinated liabilities	L	**599**	621
Current tax liabilities	N	**1**	–
Derivative financial liabilities	D	**–**	1
Other financial liabilities	L	**166**	272
Provisions	P	**–**	33
Total liabilities		**766**	927
Equity			
Share capital	G	**257**	280
Shares held by trusts	H	**(137)**	(145)
Share premium reserve	G	**640**	640
Retained earnings	I		
Brought forward retained earnings		**3,665**	3,301
Profit/(loss) for the year attributable to equity shareholders of abrdn plc[1]		**300**	(402)
Other movements in retained earnings		**(418)**	766
Total retained earnings		**3,547**	3,665
Other reserves	J	**323**	485
Equity attributable to equity shareholders of abrdn plc		**4,630**	4,925
Other equity	K	**207**	207
Total equity		**4,837**	5,132
Total equity and liabilities		**5,603**	6,059

1. The Company's total profit for the year was £311m (2022: loss of £391m) of which a profit of £11m was attributable to other equity holders (2022: profit of £11m).

The financial statements on pages 271 to 285 were approved by the Board and signed on its behalf by the following Directors:

Sir Douglas Flint
Chairman

26 February 2024

Jason Windsor
Chief Financial Officer

26 February 2024

Company registered number: SC286832

The Notes on pages 274 to 285 are an integral part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2023

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc £m	Other equity £m	Total equity £m
1 January 2023		**280**	**(145)**	**640**	**3,665**	**485**	**4,925**	**207**	**5,132**
Profit for the year		-	-	-	300	-	300	11	311
Other comprehensive income for the year		-	-	-	-	(9)	(9)	-	(9)
Total comprehensive income for the year		-	-	-	300	(9)	291	11	302
Interest paid on other equity	K	-	-	-	-	-	-	(11)	(11)
Dividends paid on ordinary shares	I	-	-	-	(279)	-	(279)	-	(279)
Share buyback	G	(23)	-	-	(302)	23	(302)	-	(302)
Reserves credit for employee share-based payment	J	-	-	-	-	24	24	-	24
Transfer to retained earnings for vested employee share-based payment	J	-	-	-	31	(31)	-	-	-
Transfer between reserves on impairment of subsidiaries	J	-	-	-	169	(169)	-	-	-
Shares acquired by employee trusts	H	-	(27)	-	-	-	(27)	-	(27)
Shares distributed by employee and other trusts and related dividend equivalents	H	-	35	-	(37)	-	(2)	-	(2)
31 December 2023		**257**	**(137)**	**640**	**3,547**	**323**	**4,630**	**207**	**4,837**

The Notes on pages 274 to 285 are an integral part of these financial statements.

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc £m	Other equity £m	Total equity £m
1 January 2022		305	(167)	640	3,301	1,856	5,935	207	6,142
Loss for the year		–	–	–	(402)	–	(402)	11	(391)
Other comprehensive income for the year		–	–	–	–	5	5	–	5
Total comprehensive income for the year		–	–	–	(402)	5	(397)	11	(386)
Interest paid on other equity	K	–	–	–	–	–	–	(11)	(11)
Dividends paid on ordinary shares	I	–	–	–	(307)	–	(307)	–	(307)
Share buyback	G	(25)	–	–	(302)	25	(302)	–	(302)
Cancellation of the capital redemption reserve	J	–	–	–	1,059	(1,059)	–	–	–
Reserves credit for employee share-based payment	J	–	–	–	–	24	24	–	24
Transfer to retained earnings for vested employee share-based payment	J	–	–	–	63	(63)	–	–	–
Transfer between reserves on disposal of subsidiaries	J	–	–	–	1	(1)	–	–	–
Transfer between reserves on impairment of subsidiaries	J	–	–	–	302	(302)	–	–	–
Shares acquired by employee trusts	H	–	(46)	–	–	–	(46)	–	(46)
Shares distributed by employee and other trusts and related dividend equivalents	H	–	68	–	(69)	–	(1)	–	(1)
Other movements	I	–	–	–	19	–	19	–	19
31 December 2022		280	(145)	640	3,665	485	4,925	207	5,132

The Notes on pages 274 to 285 are an integral part of these financial statements.

Company accounting policies

(a) Basis of preparation

These separate financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2023 have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) as issued by the Financial Reporting Council.

The financial statements have been prepared on a going concern basis (see the Basis of preparation section of the Group financial statements for further details) and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (FVTPL). Climate risks have been taken into consideration in the preparation of the financial statements, primarily in relation to fair value calculations and impairment assessments.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard:
- A cash flow statement and related notes.
- Capital management.
- Effect of IFRSs issued but not effective.
- Related party transactions with wholly owned subsidiaries.

As equivalent disclosures are given in the consolidated financial statements, we have also applied the disclosure exemptions for share based payments, financial instruments and OECD Pillar Two legislation enacted or substantively enacted but not yet effective.

The principal accounting policies adopted are the same as those given in the consolidated financial statements, together with the Company specific policies set out below. These accounting policies have been consistently applied to all financial reporting periods presented in these financial statements.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of comprehensive income in these financial statements. The auditors' remuneration for audit and other services is disclosed in Note 7 to the consolidated financial statements. The Company has no employees.

(i) Investment in subsidiaries, associates and joint ventures

The Company has certain subsidiaries which are investment vehicles such as open-ended investment companies, unit trusts and limited partnerships whose primary function is to generate capital or income growth through holding investments. This category of subsidiary is held at FVTPL since they are managed on a fair value basis.

Investments in subsidiaries (other than those measured at FVTPL), associates (other than those measured at FVTPL) and joint ventures are initially recognised at cost and subsequently held at cost less any impairment charge. An impairment charge is recognised when the carrying amount of the investment exceeds its recoverable amount. Any gain or loss on disposal of a subsidiary, associate or joint venture is recognised in profit for the year.

Distributions received of non-cash assets, including investments in subsidiaries, are recognised at fair value in the balance sheet and as dividends in specie in income or other comprehensive income as appropriate in the statement of comprehensive income.

(ii) Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements requires management to make estimates and assumptions and exercise judgements in applying the accounting policies that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses arising during the year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where judgements have the most significant effect on the amounts recognised in the Company financial statements are as follows:

Financial statement area	Critical judgements in applying accounting policies	Related notes
Investments in subsidiaries held at cost	Given that the net assets attributable to shareholders of abrdn plc at 31 December 2023 were higher than the market capitalisation of the Company judgement was required to determine for which subsidiaries this was considered an indicator of impairment	Note A

The areas where assumptions and other sources of estimation uncertainty at the end of the reporting period have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Financial statement area	Critical accounting estimates and assumptions	Related notes
Investments in subsidiaries held at cost	Determination of the recoverable amount	Note A

Notes to the Company financial statements

A. Investments in subsidiaries

	Investments in subsidiaries measured at cost £m	Investments in subsidiaries measured at FVTPL £m	Total £m
Cost			
At 1 January 2022	8,523	1,328	9,851
Acquisition of subsidiaries[1]	1,519	2	1,521
Disposal of subsidiaries	(1,450)	(1,159)	(2,609)
Gains/(losses) on subsidiaries at FVTPL	–	(1)	(1)
At 31 December 2022	8,592	170	8,762
Acquisition of subsidiaries[1]	**40**	**180**	**220**
Disposal of subsidiaries	**-**	**(9)**	**(9)**
Gains/(losses) on subsidiaries at FVTPL	**-**	**-**	**-**
At 31 December 2023	**8,632**	**341**	**8,973**
Impairment			
At 1 January 2022	(4,786)	–	(4,786)
Impairment of subsidiaries measured at cost	(927)	–	(927)
Disposal of subsidiaries measured at cost	1,433	–	1,433
At 31 December 2022	(4,280)	–	(4,280)
Impairment of subsidiaries measured at cost	**(304)**	**-**	**(304)**
Reversal of impairment of subsidiaries measured at cost	**13**	**-**	**13**
At 31 December 2023	**(4,571)**	**-**	**(4,571)**
Carrying amount			
At 1 January 2022	3,737	1,328	5,065
At 31 December 2022	4,312	170	4,482
At 31 December 2023	**4,061**	**341**	**4,402**

1. Includes investment into existing subsidiaries measured at cost of £40m (2022: £139m).

Details of the Company's subsidiaries are given in Note 44 of the Group financial statements.

(a) Acquisitions

During 2023, the Company made the following acquisitions of subsidiaries measured at cost:

- The Company increased its investment in Aberdeen Corporate Services Limited (ACSL) through the purchase of 26,278 ordinary shares for a cash consideration of £26.3m.
- The Company increased its investment in abrdn Financial Planning Limited (aFPL) through the purchase of 12,150,000 ordinary shares for a cash consideration of £12.2m.
- The Company increased its investment in abrdn Client Management Limited (aCM) through the purchase of 1,500,000 ordinary shares for a cash consideration of £1.5m.

During 2022, the Company made the following acquisitions of subsidiaries measured at cost:

- The Company acquired 100% of the issued share capital of Antler Holdco Limited (Antler), the parent company for the interactive investor (ii) group of companies for a cash consideration of £1,380.2m. Further details are provided in Note 1(b)(ii) of the Group financial statements. The Company's consideration was lower than the £1,485m cash consideration recognised in the Group financial statements as it did not include funding of £118.8m provided to Antler to facilitate the acquisition of minority interests in Interactive Investor Limited (IIL) prior to the acquisition of Antler. The Company's consideration included transaction costs of £14m which were included in Restructuring and corporate transaction expenses in the Group Consolidated income statement.
- The Company subsequently increased its investment in Antler by £139.2m through the purchase of 139,163,986 ordinary shares.
- The Company then acquired IIL via a dividend in specie from Antler and recognised IIL at an amount of £1,512m, with the carrying value of Antler reduced correspondingly to £7m and therefore no impact on investment in subsidiaries in the Company Statement of financial position. The dividend in specie was recognised at £nil in the Company's total comprehensive income for the year due to the reduction in the Antler carrying value.

See Section (d) below for details on investments in subsidiaries at FVTPL.

(b) Disposals

During 2022, the Company made the following disposals of subsidiaries measured at cost:

- Standard Life Oversea Holding (SLOH) was liquidated. Prior to liquidation, the carrying value of the Company's interest in SLOH was £18m and the Company received final liquidation proceeds of £20m in the form of a distribution in specie of its intercompany balance due to SLOH. Refer Note J for details of the transfer from the merger reserve to retained earnings in relation to the disposal of SLOH.

(c) Impairment

The Company's net assets attributable to shareholders of abrdn plc at 31 December 2023 of £4.6bn are higher than the Company's market capitalisation of £3.3bn. Taking this into account along with the continued headwinds facing active asset managers, it was assessed that there were indicators of impairments in relation to the Company's asset management holding companies, abrdn Investment Holdings Limited (aIHL) and abrdn Holdings Limited (aHL). aIHL had also paid up significant dividends in 2023 following the sale of abrdn Capital Limited and the sale of its subsidiary's holding in HDFC Asset Management. Following the performance of valuation exercises, impairments of aIHL and aHL of £169m and £40m respectively have been recognised.

Indicators of impairment were also identified in relation to abrdn Financial Planning Limited (aFPL). The goodwill relating to aFPL had been impaired at the consolidated level at 30 June 2023. Following the performance of the valuation which also supported the assessment of goodwill above, an impairment of the Company carrying value of £52m has been recognised.

No other indicators of impairment were identified on any material investment in subsidiaries including IIL for which illustrative sensitivities have been provided below.

Indicators of reversal of impairment have also been considered and a reversal of impairment of £13m has been recognised in relation to Aberdeen Corporate Services Limited.

<u>aIHL</u>

The Company's investment in its subsidiary aIHL was impaired during 2023 by £169m (2022: £51m). The impairment primarily resulted from the payment of dividends from aIHL to the Company following the sale of its interest in HDFC Asset Management held by its subsidiary, abrdn Investment Management Limited and abrdn Capital Limited (aCL) (refer Note 21 of the Group financial statements) during the year.

The recoverable amount of aIHL which is its FVLCD at 31 December 2023 was £819m. The FVLCD considered a number of valuation approaches, with the primary approach based on the net assets of aIHL and its subsidiaries excluding those held for sale as part of the proposed sale of the European-headquartered Private Equity business. The recoverable amount also included the valuation of European-headquartered Private Equity business which was based on an estimated price from the current sale process (refer Note 21 of the Group financial statements). This is a level 3 measurement as they are measured using inputs which are not based on observable market data.

As the year end carrying values are the recoverable amount, any downside sensitivity will lead to a further future impairment loss. As the primary approach was net assets as set out above, the valuation is not considered sensitive to significant change. However, a 20% reduction in the net assets of aIHL and its subsidiaries excluding those held for sale as part of the proposed sale of the European-headquartered Private Equity business would result in a further impairment of £147m.

The Company's investment in aIHL was also impaired during 2022 by £51m. The impairment primarily resulted from lower future revenue projections and further work being required to reduce Investments costs given this level of revenue along with the impact of dividends paid to the Company during 2022 and fair value movements relating to the interest in HDFC Asset Management.

The recoverable amount of aIHL which was its FVLCD at 31 December 2022 was £988m. The FVLCD considered a number of valuation approaches, with the primary approach being a discounted cash flow approach. The recoverable amount for aIHL also included the value of its subsidiaries not included in the discounted cash flow valuation. These primarily included aCL. The valuation of aCL was based on FVLCD and was based on an estimated sale price at 31 December 2022. The recoverable amount also included the fair value of the interest in HDFC Asset Management at this date.

<u>aHL</u>

The Company's investment in its subsidiary aHL was impaired during 2023 by £40m (2022: £847m). The impairment primarily resulted from lower future cash flow projections reflecting the continued headwinds facing active asset managers noted above.

The recoverable amount of aHL which is its FVLCD at 31 December 2023 was £1,218m. The recoverable amount was based on FVLCD. The FVLCD considered a number of valuation approaches, applied to the elements of aHL's business as appropriate. The primary approach was discounted cash flow with cash flows which were based on the three year financial budgets approved by management split by region. Revenue in the management forecasts reflects past experience and modelling based on assets under management and fee revenue yields by asset class. Assets under management is modelled from future net flow assumptions and market movements. Expenses in the management forecasts were based on past experience adjusted for planned expense savings and inflation impacts.

Cash flow projections were extrapolated using a 5% revenue growth and 2% increase in expenses in years 4 and 5, and then a 1.9% terminal rate profit growth based on long-term inflation forecasts. Post tax discount rates of between 13.35% and 14.60% were used based on the peer companies cost of equity adjusted for forecasting risk and relative size. However, where the net assets of a significant element of aHL's business were higher, the valuation included the net asset value rather than the discounted cash flow value. The recoverable amount for aHL also included the value of its subsidiaries, associates and joint ventures not included in the discounted cash flow valuation. These primarily include Finimize Limited, Archax Holdings Limited and Virgin Money UTM. This is a level 3 measurement as they are measured using inputs which are not based on observable market data.

As the year end carrying values are the recoverable amount, any downside sensitivity will lead to a further future impairment loss. As noted above, net assets are not considered sensitive to significant change. However, earnings and the discount rate are more subject to change and the table below gives sensitivities for the carrying amount of aHL at 31 December 2023 in relation to these assumptions.

Impact on carrying amount at 31 December 2023	£m
25% reduction in forecast post tax adjusted earnings	**(170)**
2% increase in the post-tax discount rate	**(109)**

The Company's investment in its subsidiary aHL was impaired during 2022 by £847m. The impairment in 2022 resulted from lower future revenue projections and further work being required to reduce Investments cost savings given this level of revenue.

The recoverable amount of aHL which was its FVLCD at 31 December 2022 was £1,258m. As with aIHL above, the FVLCD considered a number of valuation approaches, with the primary approach being a discounted cash flow approach. As above, the recoverable amount for aHL also included the value of its subsidiaries, associates and joint ventures not included in the discounted cash flow valuation.

aFPL

The Company's investment in its subsidiary aFPL was impaired during 2023 by £52m (2022: £25m). The impairment resulted from lower projected revenues as a result of lower markets and macroeconomic conditions and the impact of business restructuring.

The recoverable amount of aFPL which is its FVLCD at 31 December 2023 was £45m (2022: £85m). The recoverable amount was determined at 31 December 2023. The FVLCD considered a number of valuation approaches, with the primary approach being a multiples approach based on price to revenue and price to assets under advice (AUAdv). Multiples were based on trading multiples for aFPL's peer companies, adjusted to take into account profitability where appropriate, and were benchmarked against recent transactions. Revenue was based on actual 2023 and forecast 2024 revenue and AUAdv were based on forecast 2024 AUAdv. The expected cost of disposal was based on past experience of previous transactions. This is a level 3 measurement as they are measured using inputs which are not based on observable market data.

As the year end carrying value is the recoverable amount, any downside sensitivity will lead to a further future impairment loss. A 20% reduction in recurring revenue and AUAdv would result in a further impairment of £11m. A 20% reduction in multiples would result in a further impairment of £11m.

The recoverable amount of aFPL at 31 December 2022 of £85m was also based on FVLCD which similarly considered a number of valuation approaches, with the primary approach also being a multiples approach based on price to revenue and price to AUAdv.

aCM

The carrying amount of the Company's investment in aCM is £1.5m (2022: £nil). No impairment of aCM has been recognised in 2023. The Company's investment in its subsidiary aCM was impaired during 2022 by £4m. The impairment resulted from the payment of a dividend from aCM to the Company.

abrdn (Mauritius Holdings) 2006 Limited (aMH06)
The Company's investment in its subsidiary aMH06 was impaired during 2023 by £43m (2022: £nil). The impairment resulted from the payment of dividends from aMH06 to the Company in 2023. These dividends primarily related to the sale of aMH06's final investment in HDFC Life (refer Note 11 of the Group financial statements for further details). Following the payment of the dividends, the recoverable amount of aMH06 was less than £1m.

IIL
The carrying amount of the Company's investment in IIL is £1,512m (2022: £1,512m). No impairment was recognised on the Company's investment in IIL in 2023 and there were no indicators of impairment at 31 December 2023.

The recoverable amount of IIL was determined at 31 December 2023 based on FVLCD and used the same approach and key assumptions as used in the impairment review for interactive investor goodwill set out in Note 13 of the Group financial statements. The basis for sensitivities of key assumptions is also set out in Note 13 of the Group financial statements. The impact of these illustrative sensitivities on the carrying amount of IIL at 31 December 2023 is as follows:

Impact on carrying amount at 31 December 2023	£m
20% reduction in forecast post tax adjusted earnings	**(106)**
25% reduction in market multiple	**(192)**

ACSL
At 31 December 2023, the Company has recognised a reversal of impairment in its investments in subsidiaries of £13m (2022: £nil). The Company's investment in ACSL had previously been impaired by £13m in the year ended 31 December 2017. Following the reversal of the impairment, the carrying value of ACSL is £102m (2022: £62m). Refer Section (a) for details of the capital injections during the year.

On 1 August 2023, the Court of Session confirmed that any residual surplus assets that remain after all plan-related obligations of the Group's main defined benefit plan, the abrdn UK Group (SLSPS) plan, are settled or otherwise provided for would be available to ACSL as sponsoring employer (see Note 31 of the Group financial statements for further details). Following this confirmation, the Directors of the Company have assessed that it is now appropriate to consider ACSL's pension scheme asset in determining the recoverable amount of ACSL. The recoverable amount for ACSL has been assessed based on the net assets of ACSL at 31 December 2023 which were £733m including a defined benefit asset of £734m. This value of £734m was determined on an IAS 19 basis net of an authorised surplus payments charge of 35%. The residual surplus assets that ACSL would realise would be significantly lower than this surplus as would be expected following a buy-out transaction. However, even allowing for a prudent haircut to the net assets for this, the net assets of ACSL would still be significantly in excess of ACSL's carrying value before any reversal of impairment of £13m and the reversal of impairment has been recognised. This is a level 3 assessment as it is measured using inputs which are not based on observable market data.

(d) Investments in subsidiaries at FVTPL
Investments in subsidiaries at FVTPL, valued at £341m (2022: £170m), relate to holdings in funds over which the Company has control.

B. Investments in associates and joint ventures

	2023 £m	2022 £m
Investment in associates measured at cost	–	–
Investment in joint venture measured at cost	**196**	196
Investments in associates and joint ventures	**196**	196

(a) Investment in associates
The Company has an interest of 25.3% (2022: 25.3%) in Tenet Group Limited (Tenet), a company incorporated in England and Wales which is measured at cost less impairment. The carrying amount of the Company's investment in Tenet is £nil. (2022: £nil).

There were no capital contributions or impairments in relation to Tenet during the year ended 31 December 2023. During the year ended 31 December 2022, the Company increased its interest in Tenet by £3.8m. The Company also recognised an impairment of £14m in its interest during 2022.

(b) Investment in joint ventures
The Company has a 50% (2022: 50%) interest in Heng An Standard Life Insurance Company Limited (HASL), a company incorporated in China. Further details on this joint venture are provided in Note 14 of the Group financial statements.

C. Financial investments

		Fair value through profit or loss		Derivative financial instruments used for hedging		Amortised cost		Total	
	Notes	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Investments in subsidiaries measured at FVTPL	A	**341**	170	–	–	–	–	**341**	170
Loan to subsidiaries		–	–	–	–	–	110	–	110
Derivative financial assets	D	–	–	**41**	85	–	–	**41**	85
Equity securities and interests in pooled investment funds		**574**	709	–	–	–	–	**574**	709
Debt securities		**1**	1	–	–	**125**	210	**126**	211
Receivables and other financial assets	E	–	–	–	–	**46**	48	**46**	48
Cash and cash equivalents		–	–	–	–	**21**	27	**21**	27
Total		**916**	880	**41**	85	**192**	395	**1,149**	1,360

The amount of debt securities expected to be recovered or settled after more than 12 months is £1m (2022: £1m). The amount of loans to subsidiaries expected to be recovered or settled after more than 12 months is £nil (2022: £110m). The amount of equity securities and interests in pooled investment funds expected to be recovered or settled after more than 12 months is £574m (2022: £25m).

Under IFRS 9 the Company calculates expected credit losses (ECL) on financial assets which are measured at amortised cost (refer to Note 34 (c) of the Group financial statements), including loans to subsidiaries (which are unrated). At 31 December 2023 the Company does not hold financial assets at amortised cost that it regards as credit-impaired or for which it considers the probability of default would result in material expected credit losses. The expected credit losses recognised were less than £1m (2022: less than £1m). In making this assessment the Company has considered if any evidence is available to indicate the occurrence of an event which would result in a detrimental impact on the estimated future cash flows of these assets.

D. Derivative financial instruments

The Company uses derivative financial instruments in order to reduce the risk from potential movements in foreign exchange rates.

	2023			2022		
	Contract amount £m	**Fair value assets £m**	**Fair value liabilities £m**	Contract amount £m	Fair value assets £m	Fair value liabilities £m
Cash flow hedges	**588**	**41**	**–**	623	85	–
Foreign exchange forwards	**40**	**–**	**–**	48	–	1
Derivative financial instruments	**628**	**41**	**–**	671	85	1

The derivative asset of £41m (2022: derivative asset of £85m) is expected to be settled after more than 12 months.

On 18 October 2017, the Company issued subordinated notes with a principal amount of US $750m. In order to manage the foreign exchange risk relating to the principal and coupons payable on these notes the Company entered into a cross-currency swap which is designated as a hedge of future cash flows.

The maturity profile of the contractual undiscounted cash flows in relation to derivative financial instruments is as follows:

	Within 1 year		2-5 years		6-10 years		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Cash inflows								
Cash flow hedges	**25**	26	**676**	106	**–**	637	**701**	769
Foreign exchange forwards	**40**	47	**–**	–	**–**	–	**40**	47
Total	**65**	73	**676**	106	**–**	637	**741**	816
Cash outflows								
Cash flow hedges	**(18)**	(18)	**(632)**	(91)	**–**	(578)	**(650)**	(687)
Foreign exchange forwards	**(40)**	(48)	**–**	–	**–**	–	**(40)**	(48)
Total	**(58)**	(66)	**(632)**	(91)	**–**	(578)	**(690)**	(735)
Net derivative financial instruments cash flows	**7**	7	**44**	15	**–**	59	**51**	81

E. Receivables and other financial assets

	2023 £m	2022 £m
Amounts due from related parties	**43**	45
Other financial assets	**3**	3
Total receivables and other financial assets	**46**	48

The carrying amounts disclosed above reasonably approximate the fair values at the year end.

Receivables and other financial assets of £nil (2022: £nil) are expected to be recovered after more than 12 months.

F. Other assets

	2023 £m	2022 £m
Prepayments	**23**	43
Other	**24**	5
Other assets	**47**	48

The amount of Other assets which are expected to be recovered after more than 12 months is £21m (2022: £20m).

Prepayments of £23m (2022: £43m) relate to the Group's future purchase of certain products in the Phoenix Group's savings business offered through abrdn's Wrap platform together with the Phoenix Group's trustee investment plan business for UK pension scheme clients (refer Note 39(b) of the Group financial statements). Other includes £24m (2022: £5m) in respect of amounts due from related parties.

G. Share capital and share premium

Details of the Company's share capital and share premium are given in Note 24 of the Group financial statements including details of the share buyback.

H. Shares held by trusts

Shares held by trusts relates to shares in abrdn plc that are held by the abrdn Employee Benefit Trust and the abrdn Employee Trust (formerly named the Standard Life Employee Trust). Further details of these trusts are provided in Note 25 of the Group financial statements.

I. Retained earnings

Details of the dividends paid on the ordinary shares by the Company are provided in Note 12 of the Group financial statements. Note 12 also includes information regarding the final dividend proposed by the Directors for the year ended 31 December 2023.

Refer Note J for details of the transfers from the merger reserve to retained earnings during the year ended 31 December 2023 and from the capital redemption reserve and the merger reserve to retained earnings during the year ended 31 December 2022.

Other movements in retained earnings during 2022 include a movement of £19m relating to the interactive investor employee benefit trust becoming part of the abrdn employee benefit trust sponsored by the Company.

J. Movements in other reserves

The following tables show the movements in other reserves during the year:

	Merger reserve £m	Equity compensation reserve £m	Special reserve £m	Capital redemption reserve £m	Cash flow hedges £m	Total £m
At 1 January 2023	**275**	**47**	**115**	**25**	**23**	**485**
Fair value losses on cash flow hedges	**–**	**–**	**–**	**–**	**(40)**	**(40)**
Realised losses on cash flow hedges transferred to income statement	**–**	**–**	**–**	**–**	**28**	**28**
Share buyback	**–**	**–**	**–**	**23**	**–**	**23**
Reserves credit for employee share-based payments	**–**	**24**	**–**	**–**	**–**	**24**
Transfer to retained earnings for vested employee share-based payments	**–**	**(31)**	**–**	**–**	**–**	**(31)**
Transfer between reserves on impairment of subsidiaries	**(169)**	**–**	**–**	**–**	**–**	**(169)**
Tax effect of items that may be reclassified subsequently to profit or loss	**–**	**–**	**–**	**–**	**3**	**3**
At 31 December 2023	**106**	**40**	**115**	**48**	**14**	**323**

	Merger reserve £m	Equity compensation reserve £m	Special reserve £m	Capital redemption reserve £m	Cash flow hedges £m	Total £m
At 1 January 2022	578	86	115	1,059	18	1,856
Fair value gains on cash flow hedges	–	–	–	–	85	85
Realised gains on cash flow hedges transferred to income statement	–	–	–	–	(78)	(78)
Share buyback	–	–	–	25	–	25
Cancellation of the capital redemption reserve	–	–	–	(1,059)	–	(1,059)
Reserves credit for employee share-based payments	–	24	–	–	–	24
Transfer to retained earnings for vested employee share-based payments	–	(63)	–	–	–	(63)
Transfer between reserves on disposal of subsidiaries	(1)	–	–	–	–	(1)
Transfer between reserves on impairment of subsidiaries	(302)	–	–	–	–	(302)
Tax effect of items that may be reclassified subsequently to profit or loss	–	–	–	–	(2)	(2)
At 31 December 2022	275	47	115	25	23	485

Following the impairment loss recognised in 2023 on the Company's investment in alHL, £169m was transferred from the merger reserve to retained earnings. Following the impairment loss recognised in 2022 on the Company's investments in aHL and alHL, £302m was transferred from the merger reserve to retained earnings. Refer Note A for details of these impairments.

During 2023, £23m (2022: £25m) was recognised in the capital redemption reserve for the share buyback (refer Note 24 of the Group financial statements).

On 1 July 2022, the Company's capital redemption reserve at this date was cancelled in accordance with section 649 of the Companies Act 2006 resulting in a transfer of £1,059m to retained earnings.

K. Other equity

5.25 % Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes

In 2021, the Company issued £210m of 5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the Notes). The Notes are classified as other equity and were initially recognised at £207m (the proceeds received less issuance costs of £3m). Refer Note 28 (a) of the Group financial statements for further details.

The profit for the year attributable to other equity was £11m (2022: £11m).

L. Financial liabilities

		Designated as at fair value through profit or loss		Amortised cost		Total	
	Notes	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Subordinated liabilities	M	**–**	–	**599**	621	**599**	621
Derivative financial liabilities	D	**–**	1	**–**	–	**–**	1
Other financial liabilities	O	**8**	14	**158**	258	**166**	272
Total		**8**	15	**757**	879	**765**	894

M. Subordinated liabilities

	2023		2022	
	Principal amount	**Carrying value**	Principal amount	Carrying value
Subordinated notes:				
4.25% US Dollar fixed rate due 30 June 2028	**$750m**	**£599m**	$750m	£621m
Total subordinated liabilities		**£599m**		£621m

The principal amount of the subordinated liabilities is expected to be settled after more than 12 months. The accrued interest on the subordinated liabilities of £13m (2022: £nil) is expected to be settled within 12 months.

During the year ended 31 December 2022 the Company redeemed its 5.5% Sterling fixed rate notes.

Further information on the subordinated liabilities including the terms and conditions and the redemption is given in Note 30 of the Group financial statements.

N. Taxation

(a) Current tax

Current tax liabilities at 31 December 2023 were £1m (2022: £nil) and are expected to be payable in less than 12 months.

(b) Deferred tax

	2023 £m	2022 £m
Deferred tax assets	**150**	143

The amount of deferred tax assets expected to be recovered or settled after more than 12 months are £150m (2022: £143m).

Recognised deferred tax

	2023 £m	2022 £m
Deferred tax assets comprise:		
Losses carried forward	**155**	151
Unrealised losses on cash flow hedges	**–**	–
Gross deferred tax assets	**155**	151
Less: Offset against deferred tax liabilities	**(5)**	(8)
Deferred tax assets	**150**	143
Deferred tax liabilities comprise:		
Unrealised gains on investments	**–**	–
Unrealised gains on cash flow hedges	**5**	8
Gross deferred tax liabilities	**5**	8
Less: Offset against deferred tax assets	**(5)**	(8)
Deferred tax liabilities	**–**	–
Net deferred tax asset at 31 December	**150**	143
Movements in net deferred tax assets comprise:		
At 1 January	**143**	113
Amounts credited to profit or loss	**4**	32
Amounts charged to other comprehensive income	**3**	(2)
At 31 December	**150**	143

The deferred tax assets and liabilities recognised are in respect of unused tax losses and unrealised gains on cash flow hedges respectively. The deferred tax assets are recognised to the extent that it is probable that the losses will be capable of being offset against future taxable profits (refer Note 9(c)(i) of the Group financial statements).

There is no unrecognised deferred tax relating to temporary timing differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements (2022: none).

Due to uncertainty regarding recoverability, deferred tax assets have not been recognised in respect of capital losses carried forward of £8m (2022: £nil). UK capital losses can be carried forward indefinitely.

Movements in deferred tax assets and liabilities

	Losses carried forward £m	Unrealised gains on investments £m	Unrealised gains or losses on cash flow hedges £m	Net deferred tax asset £m
At 1 January 2023	**151**	**–**	**(8)**	**143**
Amounts credited to the income statement	**4**	**–**	**–**	**4**
Tax on cash flow hedge	**–**	**–**	**3**	**3**
At 31 December 2023	**155**	**–**	**(5)**	**150**

	Losses carried forward £m	Unrealised gains on investments £m	Unrealised gains or losses on cash flow hedges £m	Net deferred tax asset £m
At 1 January 2022	120	(1)	(6)	113
Amounts credited to the income statement	31	1	–	32
Tax on cash flow hedge	–	–	(2)	(2)
At 31 December 2022	151	–	(8)	143

O. Other financial liabilities

	2023 £m	2022 £m
Outstanding purchase of investment securities	**1**	–
Amounts due to related parties	**109**	161
Collateral held in respect of derivative contracts	**39**	89
Contingent consideration liability	**8**	14
Other	**9**	8
Other financial liabilities	**166**	272

Other financial liabilities of £5m (2022: £nil) are expected to be settled after more than 12 months.

P. Provisions

The provision of £33m at 31 December 2022 related to separation costs. The remaining provision for separation costs was released in 2023. Refer Note 33 of the Group financial statements for further information.

Q. Contingent liabilities, contingent assets, indemnities and guarantees

(a) Legal proceedings and regulations

The Company, like other financial organisations, is subject to legal proceedings and complaints in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. At 31 December 2023, there are no identified contingent liabilities expected to lead to a material exposure.

(b) Indemnities and guarantees

Under the trust deed in respect of the abrdn UK Group (SLSPS) plan, ACSL, the principal employer, must pay contributions to the pension plan as the trustees' actuary may certify necessary. The Company has guaranteed the obligations of ACSL in relation to this plan. In addition, the Company has guaranteed similar obligations in respect of certain other subsidiaries' UK and Ireland defined benefit pension plans.

None of the guarantees issued by the Company give rise to any significant liabilities at 31 December 2023 (2022: none).

R. Related party transactions

(a) Key management personnel

The Directors and key management personnel of the Company are considered to be the same as for the Group. See Note 41 of the Group financial statements for further information.

Supplementary information[1]

1. Alternative performance measures

We assess our performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures (APMs). The APMs that we use may not be directly comparable with similarly named measures used by other companies. We have presented below reconciliations from these APMs to the most appropriate measure prepared in accordance with IFRS. All APMs should be read together with the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows, which are presented in the Group financial statements section of this report, and related metrics. Adjusted operating profit excludes certain items which are likely to be recurring such as restructuring costs, amortisation of certain intangibles, dividends from significant listed investments and the share of profit or loss from associates and joint ventures.

Metric used for executive remuneration in 2024. See page 120 for more information.

Definition	Purpose
Adjusted operating profit	
Adjusted operating profit before tax is the Group's key APM. Adjusted operating profit includes the results of the Group's three businesses: Investments, Adviser and ii[2] along with Other business and corporate costs. It excludes the Group's adjusted net financing costs and investment return. Adjusted operating profit also excludes the impact of the following items: – Restructuring and corporate transaction expenses. Restructuring includes the impact of major regulatory change. – Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts. – Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate. – Change in fair value of/dividends from significant listed investments. – Share of profit or loss from associates and joint ventures. – Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method. – Fair value movements in contingent consideration. – Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group. Further details are included in Note 11 of the Group financial statements.	Adjusted operating profit reporting provides further analysis of the results reported under IFRS and the Directors believe it helps to give shareholders a fuller understanding of the performance of the business by identifying and analysing adjusting items. Segment reporting used in management information is reported to the level of adjusted operating profit.
Net operating revenue	
Net operating revenue includes revenue we generate from asset management charges (AMCs), platform charges, treasury income and other transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the client, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Net operating revenue is shown net of cost of sales, such as commissions and similar charges.	Net operating revenue is a component of adjusted operating profit and provides the basis for reporting of the revenue yield financial ratio. Net operating revenue is also used to calculate the cost/income ratio.
Adjusted operating expenses	
Adjusted operating expenses is a component of adjusted operating profit and relates to the day-to-day expenses of managing our business. Adjusted operating expenses excludes restructuring and corporate transaction expenses. Adjusted operating expenses also excludes amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.	Adjusted operating expenses is a component of adjusted operating profit and is used to calculate the cost/income ratio.
Adjusted profit before tax	
In addition to the results included in adjusted operating profit above, adjusted profit before tax includes adjusted net financing costs and investment return.	Adjusted profit before tax is a key input to the adjusted earnings per share measure.
Adjusted net financing costs and investment return	
Adjusted net financing costs and investment return relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.	Adjusted net financing costs and investment return is a component of adjusted profit before tax.

1. Supplementary information is unaudited in line with previous years.
2. Personal has been renamed ii and includes Personal Wealth unless otherwise stated.

Definition	Purpose
Cost/income ratio This is an efficiency measure that is calculated as adjusted operating expenses divided by net operating revenue in the period.	This ratio is used by management to assess efficiency and reported to the Board and executive leadership team.
Net operating revenue yield (bps) The net operating revenue yield is calculated as annualised net operating revenue (excluding performance fees, ii[1] and revenue for which there are no attributable assets) divided by monthly average fee based assets. ii[1] is excluded from the calculation of net operating revenue yield as fees charged for this business are primarily from subscriptions and trading transactions.	The net operating revenue yield is a measure that illustrates the average margin being earned on the assets that we manage, administer or advise our clients on, excluding ii[1].
Adjusted diluted earnings per share Adjusted diluted earnings per share is calculated on adjusted profit after tax. The weighted average number of ordinary shares in issue is adjusted during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees. Details on the calculation of adjusted diluted earnings per share are set out in Note 10 of the Group financial statements.	Earnings per share is a commonly used financial metric which can be used to measure the profitability and capital efficiency of a company over time. We also calculate adjusted diluted earnings per share to illustrate the impact of adjusting items on the metric. This ratio is used by management to assess performance and reported to the Board and executive leadership team.
Adjusted capital generation Adjusted capital generation is part of the analysis of movements in IFPR regulatory capital. Adjusted capital generation is calculated as adjusted profit after tax less returns relating to pension schemes in surplus and interest paid on other equity which do not benefit regulatory capital. It also includes dividends from associates, joint ventures and significant listed investments. At 31 December 2023, Phoenix is the only significant listed investment.	These measures aim to show how adjusted profit contributes to regulatory capital, and therefore provides insight into our ability to generate capital that is deployed to support value for shareholders.
Net capital generation Net capital generation is calculated as adjusted capital generation less restructuring and corporate transaction expenses (net of tax).	
Adjusted diluted capital generation per share Adjusted diluted capital generation per share is calculated as adjusted capital generation divided by the weighted average number of diluted ordinary shares outstanding.	These ratios are measures used to assess performance for dividend paying capability.
Net diluted capital generation per share Net diluted capital generation per share is calculated as net capital generation divided by the weighted average number of diluted ordinary shares outstanding.	
Cash and liquid resources Cash and liquid resources are IFRS cash and cash equivalents (netted down for overdrafts), money market instruments and holdings in money market funds. It also includes surplus cash that has been invested in liquid assets such as high-quality corporate bonds, gilts and pooled investment funds. Seed capital and co-investments are excluded. Cash collateral, cash held for charitable funds and cash held in employee benefit trusts are excluded from cash and liquid resources.	The purpose of this measure is to demonstrate how much cash and invested assets we hold and can be readily accessed.

1. Relates to ii (excluding Personal Wealth).

1.1 Adjusted operating profit and adjusted profit

Reconciliation of adjusted operating profit and adjusted profit to IFRS profit by component

The components of adjusted operating profit are net operating revenue and adjusted operating expenses. These components provide a meaningful analysis of our adjusted results. The table below provides a reconciliation of movements between adjusted operating profit component measures and relevant IFRS terms.

A reconciliation of Adjusted operating expenses to the IFRS item Total administrative and other expenses, and a reconciliation of Adjusted net financing costs and investment return to the IFRS item Net gains on financial instruments and other income are provided in Note 2b(ii) of the Group financial statements. A reconciliation of Net operating revenue to the IFRS item Revenue from contracts with customers is provided in Note 3 of the Group financial statements.

IFRS term 2023	IFRS £m	Presentation differences £m	Adjusting items £m	Adjusted profit £m	Adjusted profit term
Net operating revenue	1,398	-	-	1,398	Net operating revenue
Total administrative and other expenses	(1,463)	(29)	343	(1,149)	Adjusted operating expenses[1]
	(65)	(29)	343	249	**Adjusted operating profit**
Net gains or losses on financial instruments and other income	2	6	73	81	Adjusted net financing costs and investment return
Finance costs	(25)	23	2	-	N/A
Profit on disposal of subsidiaries and other operations	79	-	(79)	-	N/A
Share of profit or loss from associates and joint ventures	1	-	(1)	-	N/A
Reversal of impairment of interests in joint ventures	2	-	(2)	-	N/A
Loss before tax	(6)	-	336	330	**Adjusted profit before tax**
Total tax credit	18	-	(68)	(50)	Tax on adjusted profit
Profit for the year	12	-	268	280	**Adjusted profit after tax**

1. Adjusted operating expenses includes staff and other related costs of £586m compared with IFRS staff costs and other employee-related costs of £529m. The difference primarily relates to the inclusion of contractor, temporary agency staff and recruitment and training costs of £20m (IFRS basis: Reported within other administrative expenses) and gains on funds to hedge deferred bonus awards of £2m (IFRS basis: Reported within other net gains on financial instruments and other income) within staff and other related costs. IFRS staff costs and other employee-related costs includes the benefit from the net interest credit relating to the staff pension schemes of £34m and past service costs of £5m (Adjusted profit basis: Reported within adjusted net financing costs and investment return and other adjusting items respectively).

IFRS term 2022	IFRS[2] £m	Presentation differences £m	Adjusting items[2] £m	Adjusted profit £m	Adjusted profit term
Net operating revenue	1,456	-	-	1,456	Net operating revenue
Total administrative and other expenses	(1,919)	(35)	761	(1,193)	Adjusted operating expenses
	(463)	(35)	761	263	**Adjusted operating profit**
Net gains or losses on financial instruments and other income	(122)	8	104	(10)	Adjusted net financing costs and investment return
Finance costs	(29)	27	2	-	N/A
Profit on disposal of interests in associates	6	-	(6)	-	N/A
Share of profit or loss from associates and joint ventures	5	-	(5)	-	N/A
Impairment of interests in associates	(9)	-	9	-	N/A
Loss before tax	(612)	-	865	253	**Adjusted profit before tax**
Total tax credit	66	-	(88)	(22)	Tax on adjusted profit
Loss for the year	(546)	-	777	231	**Adjusted profit after tax**

2. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

Presentation differences primarily relate to amounts presented in a different line item of the consolidated income statement.

Analysis of adjusting items

The table below provides detail of the adjusting items made in the calculation of adjusted profit before tax:

	2023 £m	2022[1] £m
Restructuring and corporate transaction expenses	**(152)**	(214)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(189)**	(494)
Profit on disposal of subsidiaries and other operations	**79**	–
Profit on disposal of interests in associates	**–**	6
Change in fair value of significant listed investments	**(178)**	(187)
Dividends from significant listed investments	**64**	68
Share of profit or loss from associates and joint ventures	**1**	5
Reversal of impairment/(impairment) of interests in associates and joint ventures	**2**	(9)
Other	**37**	(40)
Total adjusting items including results of associates and joint ventures	**(336)**	(865)

1. Comparatives for 2022 have been restated for the implementation of IFRS 17. Refer Basis of preparation in the Group financial statements section.

An explanation for why individual items are excluded from adjusted profit is set out below:

- Restructuring and corporate transaction expenses are excluded from adjusted profit. Restructuring includes the impact of major regulatory change. By highlighting and excluding these costs we aim to give shareholders a fuller understanding of the performance of the business. Restructuring and corporate transaction expenses include costs relating to acquisitions and our transformation programmes. Other restructuring costs excluded from adjusted profit relate to projects which have a significant impact on the way the Group operates. Costs are only excluded from adjusted profit where they are out-with business as usual activities and the costs would not have been incurred had the restructuring project not taken place. The 2023 expenses mainly comprised of £97m (2022: £66m) headcount reduction related costs and property restructuring expenses, £37m (2022: £51m) of other transformation costs such as finance and platform transformation and £17m (2022: £43m) in respect of specific costs to effect savings in Investments, partially offset by a credit of £30m (2022: expense £7m) in respect of Phoenix separation costs following the £32m release of a related provision. Corporate transaction costs of £31m (2022: £45m) included the sale of our European-headquartered private equity business and the acquisition of the healthcare fund management capabilities of Tekla. Total restructuring expenses (excluding corporate transaction costs) are expected to be c.£150m in 2024, primarily relating to our transformation programme that was announced in January 2024. Restructuring expenses in 2024 are expected to include costs of c.£30m relating to the multi-year Platform transformation which is now expected to complete in 2025.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts is included as an adjusting item. This is consistent with peers and therefore excluding these items aids comparability. Highlighting this as an adjusting item aims to give a fuller understanding of these accounting impacts which arise where businesses have been acquired but do not arise where businesses have grown organically. Further details are provided in Note 13 of the Group financial statements.
- Profit on disposal of subsidiaries and other operations in 2023 mainly relates to the sales of our discretionary fund management business of £58m and our US private equity and venture capital business of £22m. These items are excluded from adjusted profit as they are non-recurring in nature.
- Profit on disposal of interests in associates of £6m in 2022 related to the sale of our stake in Origo Services Limited in May 2022. These items are excluded from adjusted profit as they are volatile, and the accounting gains are non-recurring in nature.
- The change in fair value of significant listed investments was negative £178m (2022: negative £187m) and represents the impact of market movements on our holdings in HDFC Asset Management (£96m reduction in value including impact of final stake sale in June 2023), Phoenix (£77m reduction in value), and HDFC Life (£5m reduction in value including impact of final stake sale in May 2023). Excluding fair value movements on significant listed investments for the purposes of adjusted profit is aligned with our treatment of gains on disposal for these holdings when they were classified as an associate, and reflects that the fair value movements are not indicative of the long-term operating performance of the Group.
- Dividends from significant listed investments relates to our shareholdings in HDFC Life, Phoenix and HDFC Asset Management. The £64m in 2023 relates to dividends received from Phoenix (£54m) and HDFC Asset Management (£10m). Dividends from significant listed investments are included in adjusting items, as such dividends result in fair value movements.
- Share of profit or loss from associates and joint ventures was a profit of £1m (2022: profit £5m[1]). In 2023, this mainly comprises of the share of profit or loss from our holdings in HASL, Virgin Money UTM and Archax. Associate and joint venture results are excluded from adjusted profit to help in understanding the performance of our core business separately from these holdings.

- The reversal of impairment of interests in associates and joint ventures in 2023 of £2m relates to our joint venture Virgin Money UTM. See Note 14 of the Group financial statements. The impairment of interests in associates and joint ventures in 2022 of £9m related to our associate holding in Tenet.
- Details on items classified as 'Other' in the table above are provided in Note 11 of the Group financial statements. Other adjusting items in 2023 primarily relates to a £36m insurance liability recovery in relation to the single process execution event in 2022. 2023 also included a £23m gain for net fair value movements in contingent consideration and a £21m provision expense for a potential tax liability.

1.2 Cost/income ratio

	2023	2022
Adjusted operating expenses (£m)	**(1,149)**	(1,193)
Net operating revenue (£m)	**1,398**	1,456
Cost/income ratio (%)	**82**	82

1.3 Net operating revenue yield (bps)

	Average AUMA (£bn)		Net operating revenue (£m)[2]		Net operating revenue yield (bps)	
	2023	2022	2023	2022	2023	2022
Institutional and Retail Wealth[1]	**220.0**	236.2	**716**	851	**32.6**	36.1
Insurance Partners[1]	**147.7**	169.5	**148**	179	**10.0**	10.5
Investments	**367.7**	405.7	**864**	1,030	**23.5**	25.4
Adviser[3]	**70.8**	70.8	**224**	185	**30.6**	26.1
Personal Wealth[3]	**9.7**	13.5	**57**	87	**58.8**	59.2
Eliminations	**(11.4)**	(11.8)	**N/A**	N/A	**N/A**	N/A
Net operating revenue yield	**436.8**	478.2	**1,145**	1,302	**26.0**	27.1
ii (excluding Personal Wealth)[4]			**230**	114		
Performance fees			**14**	30		
Other[2]			**9**	10		
Net operating revenue			**1,398**	1,456		

Analysis of Institutional and Retail Wealth by asset class[1]

	Average AUM (£bn)		Net operating revenue (£m)[2]		Net operating revenue yield (bps)	
	2023	2022	2023	2022	2023	2022
Equities	**49.1**	57.3	**298**	357	**60.7**	62.5
Fixed income[5]	**35.2**	38.6	**89**	109	**25.1**	28.3
Multi-asset	**26.5**	31.5	**61**	93	**23.1**	29.4
Private equity	**10.7**	12.4	**48**	52	**44.7**	42.2
Real assets	**39.5**	42.0	**171**	187	**43.4**	44.4
Alternative investment solutions including private credit[5]	**23.8**	24.7	**31**	35	**13.1**	14.0
Quantitative	**15.9**	9.7	**5**	5	**3.1**	5.0
Liquidity	**19.3**	20.0	**13**	13	**6.9**	6.7
Institutional and Retail Wealth	**220.0**	236.2	**716**	851	**32.6**	36.1

1. Wholesale has been renamed Retail Wealth, Insurance has been renamed Insurance Partners.
2. Net operating revenue for Finimize and our digital innovation group moved from Investments to Other from January 2023. Comparatives have been restated. Refer Note 2 of the Group financial statements for further details.
3. Adviser net operating revenue yield excludes revenue of £7m (2022: £nil) and Personal Wealth net operating revenue yield excludes revenue of £nil (2022: £7m) for which there are no attributable assets.
4. ii (excluding Personal Wealth) is excluded from the calculation of net operating revenue yield as fees charged for this business are primarily from subscriptions and trading transactions.
5. Alternative investment solutions includes £1.9bn (2022: £2.6bn) average AUMA and £4m (2022: £6m) net operating revenue relating to private credit assets previously classified as fixed income.

1.4 Additional ii[1] information

The results for ii[1] are included in the Group's results following the completion of the acquisition on 27 May 2022. The adjusted operating profit for ii[1] for the 12 months to 31 December 2023 of £127m is included in our overall 2023 adjusted operating profit of £249m.

The tables below provide detail of the performance of ii[1] for the 12 months ended 31 December 2023 and 31 December 2022 to provide a fuller understanding of the performance of this business.

Analysis of ii[1] profit	2023 12 months £m	2022 12 months £m	2022 7 months £m
Net operating revenue	230	176	114
Adjusted operating expenses	(103)	(82)	(47)
Adjusted operating profit	**127**	94	67

Analysis of ii[1] net operating revenue	2023 12 months £m	2022 12 months £m	2022 7 months £m
Trading transactions	48	55	27
Subscription/account fees	54	56	32
Treasury income	134	71	58
Less: Cost of sales	(6)	(6)	(3)
Net operating revenue	**230**	176	114

1. Relates to ii (excluding Personal Wealth).

1.5 Net capital generation

The table below provides a reconciliation of movements between adjusted profit after tax and net capital generation. A reconciliation of adjusted profit after tax to IFRS profit for the year is included earlier in this section.

	2023 £m	2022 £m
Adjusted profit after tax	280	231
Less net interest credit relating to the staff pension schemes	(34)	(29)
Less interest paid on other equity	(11)	(11)
Add dividends received from associates, joint ventures and significant listed investments	64	68
Adjusted capital generation	**299**	259
Less restructuring and corporate transaction expenses (net of tax)	(121)	(178)
Net capital generation	**178**	81

Net interest credit relating to the staff pension schemes

The net interest credit relating to the staff pension schemes is the contribution to adjusted profit before tax from defined benefit pension schemes which are in surplus.

Dividends received from associates, joint ventures and significant listed investments

An analysis is provided below:

	2023 £m	2022 £m
Phoenix	54	52
HDFC Life	-	1
HDFC Asset Management	10	15
Dividends received from associates, joint ventures and significant listed investments	**64**	68

The table below provides detail of dividend coverage on an adjusted capital generation basis.

	2023	2022
Adjusted capital generation (£m)	299	259
Full year dividend (£m)	267	295
Dividend cover on an adjusted capital generation basis (times)	**1.12**	0.88

1.6 Net diluted capital generation per share

A reconciliation of net capital generation to adjusted profit after tax is included in 1.5 above.

	2023	2022
Adjusted capital generation (£m)	**299**	259
Net capital generation (£m)	**178**	81
Weighted average number of diluted ordinary shares outstanding (millions)[1]	**1,930**	2,094
Adjusted diluted capital generation per share (pence)	**15.5**	12.4
Net diluted capital generation per share (pence)	**9.2**	3.9

1. In accordance with IAS 33, no share options and awards have been treated as dilutive for the 12 months ended 31 December 2022 due to the loss attributable to equity holders of abrdn plc in the period. Refer Note 10 of the Group financial statements for further details.

1.7 Cash and liquid resources

The table below provides a reconciliation between IFRS cash and cash equivalents and cash and liquid resources. Seed capital and co-investments are excluded.

	2023 £bn	2022 £bn
Cash and cash equivalents per the consolidated statement of financial position	**1.2**	1.1
Debt securities excluding third party interests[2] – Note 34 (c)(i) of the Group financial statements	**0.7**	0.7
Corporate funds held in absolute return funds – Note 34 (b)(i)(i) of the Group financial statements	**-**	0.1
Other[3]	**(0.1)**	(0.2)
Cash and liquid resources	**1.8**	1.7

2. Excludes £86m (2022: £76m) relating to seeding.
3. Cash collateral, cash held for charitable funds and cash held in employee benefit trusts are excluded from cash and liquid resources.

2. Investment performance

Definition	Purpose
Investment performance Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. The calculation of investment performance uses a closing AUM weighting basis. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. Benchmarks differ by fund and are defined in the relevant investment management agreement or prospectus, as appropriate. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private markets and execution only mandates, as well as replication tracker funds which aim to perform in line with a given index.	As an asset managing business this measure demonstrates our ability to generate investment returns for our clients.

	1 year		3 years		5 years	
% of AUM ahead of benchmark	**2023**	2022	**2023**	2022	**2023**	2022
Equities	**27**	30	**17**	63	**48**	65
Fixed income	**81**	65	**75**	72	**84**	79
Multi-asset	**12**	13	**15**	50	**22**	22
Real assets	**30**	57	**56**	63	**45**	52
Alternatives	**100**	88	**100**	100	**100**	100
Quantitative	**100**	17	**100**	27	**37**	29
Liquidity	**100**	84	**95**	97	**97**	97
Total	**44**	41	**42**	65	**52**	58

3. Assets under management and administration and flows

Definition	Purpose
AUMA AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUM is a measure of the total assets that we manage on behalf of individual and institutional clients. AUM also includes fee generating assets managed for corporate purposes. AUA is a measure of the total assets we administer for clients through platform products such as ISAs, SIPPs and general trading accounts. AUAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.	The amount of funds that we manage, administer or advise directly impacts the level of net operating revenue that we receive.
Net flows Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients. Redemptions is the money withdrawn by clients during the period. Cash dividends which are retained on the ii platform are included in net flows for the ii business only. Cash dividends are included in market movements for other parts of the Group including the Investments and Adviser platform businesses. We consider that this different approach is appropriate for the ii business as cash dividend payments which are retained result in additional income for ii but are largely revenue neutral for the rest of the Group.	The level of net flows that we generate directly impacts the level of net operating revenue that we receive.

3.1 Analysis of AUMA

12 months ended 31 December 2023	Opening AUMA at 1 Jan 2023 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[4] £bn	Closing AUMA at 31 Dec 2023 £bn
Institutional	**161.9**	**15.8**	**(27.7)**	**(11.9)**	**(2.0)**	**(4.1)**	**143.9**
Retail Wealth[1]	**69.3**	**12.3**	**(18.3)**	**(6.0)**	**1.0**	**3.0**	**67.3**
Insurance Partners[1,2]	**144.9**	**22.2**	**(23.3)**	**(1.1)**	**11.7**	**-**	**155.5**
Investments	**376.1**	**50.3**	**(69.3)**	**(19.0)**	**10.7**	**(1.1)**	**366.7**
Adviser[3]	**68.5**	**5.8**	**(7.9)**	**(2.1)**	**4.6**	**2.5**	**73.5**
ii (excluding Personal Wealth)	**54.0**	**9.5**	**(6.2)**	**3.3**	**3.9**	**0.5**	**61.7**
Personal Wealth	**13.1**	**0.7**	**(1.1)**	**(0.4)**	**0.2**	**(8.6)**	**4.3**
ii[1]	**67.1**	**10.2**	**(7.3)**	**2.9**	**4.1**	**(8.1)**	**66.0**
Eliminations[5]	**(11.7)**	**(2.2)**	**2.8**	**0.6**	**-**	**(0.2)**	**(11.3)**
Total AUMA	**500.0**	**64.1**	**(81.7)**	**(17.6)**	**19.4**	**(6.9)**	**494.9**

12 months ended 31 December 2022	Opening AUMA at 1 Jan 2022 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[6] £bn	Closing AUMA at 31 Dec 2022 £bn
Institutional	174.0	20.1	(27.3)	(7.2)	(12.4)	7.5	161.9
Retail Wealth[1]	79.1	16.4	(20.8)	(4.4)	(5.4)	–	69.3
Insurance Partners[1,2]	210.5	22.8	(52.2)	(29.4)	(28.7)	(7.5)	144.9
Investments	463.6	59.3	(100.3)	(41.0)	(46.5)	–	376.1
Adviser[3]	76.2	6.6	(5.0)	1.6	(9.3)	–	68.5
ii (excluding Personal Wealth)	–	4.1	(2.5)	1.6	(3.0)	55.4	54.0
Personal Wealth	14.4	1.5	(1.2)	0.3	(1.6)	–	13.1
ii[1]	14.4	5.6	(3.7)	1.9	(4.6)	55.4	67.1
Eliminations[5]	(12.1)	(2.5)	2.1	(0.4)	1.7	(0.9)	(11.7)
Total AUMA	542.1	69.0	(106.9)	(37.9)	(58.7)	54.5	500.0

1. Wholesale has been renamed Retail Wealth, Insurance has been renamed Insurance Partners and Personal has been renamed ii and includes Personal Wealth unless otherwise stated.
2. Insurance Partners AUM at 31 December 2023 includes £154.4bn (2022: £143.7bn) relating to Phoenix and £1.1bn (2022: £1.2bn) of other AUM.
3. Includes Platform AUA at 31 December 2023 of £70.9bn (2022: £68.5bn).
4. Corporate actions in 2023 relate to the acquisition of Macquarie closed-end funds in March and July 2023 (£0.5bn and £0.2bn) and Tekla healthcare fund management capabilities (£2.3bn) in October 2023, and the disposals of our discretionary fund management business (£6.1bn) in September 2023 and US private equity business (£4.1bn) in October 2023. Corporate actions also include the transfer of the MPS business from Personal Wealth to Adviser in May 2023 of £2.5bn, and investment share plan and ISA customers who moved on to the ii platform in December 2023 (£0.5bn), and resulting impact on eliminations.
5. Eliminations remove the double count reflected in Investments, Adviser and ii.
6. Corporate actions in 2022 relate to the acquisition of ii on 27 May 2022 and also reflect the transfer of retained LBG AUM of c£7.5bn from Insurance Partners into Institutional (quantitatives), to better reflect how the relationship is being managed. The eliminations are to remove the double count for the assets that are reflected in both ii and Investments.

3.2 Quarterly net flows

15 months ended 31 December 2023	3 months to 31 Dec 23 £bn	3 months to 30 Sep 23 £bn	3 months to 30 Jun 23 £bn	3 months to 31 Mar 23 £bn	3 months to 31 Dec 22 £bn
Institutional	**(3.4)**	(3.6)	(0.7)	(4.2)	2.2
Retail Wealth	**(2.4)**	(1.8)	(0.8)	(1.0)	(2.0)
Insurance Partners	**0.3**	(1.6)	1.7	(1.5)	(6.3)
Investments	**(5.5)**	(7.0)	0.2	(6.7)	(6.1)
Adviser	**(1.0)**	(0.5)	(0.5)	(0.1)	–
ii (excluding Personal Wealth)	**0.6**	0.8	1.0	0.9	0.6
Personal Wealth	**(0.1)**	(0.2)	0.1	(0.2)	0.2
ii[1]	**0.5**	0.6	1.1	0.7	0.8
Eliminations	**0.3**	0.2	0.2	(0.1)	(0.1)
Total net flows	**(5.7)**	(6.7)	1.0	(6.2)	(5.4)

1. Personal has been renamed ii and includes Personal Wealth unless otherwise stated.

4. Public markets and Alternatives investment capability

We have simplified and focused our investment capabilities on areas where we have both the skill and the scale to capitalise on the key themes shaping the market, through either public markets or alternative asset classes. This analysis includes Institutional, Retail Wealth and Insurance Partners.

Analysis of AUM and net operating revenue

	AUM (£bn)		Net operating revenue (£m)[3]	
	2023	2022	**2023**	2022
Equities	**67.8**	78.1	**341**	415
Fixed income (including Liquidity)[1,2]	**122.4**	129.8	**156**	186
Multi-asset[2]	**32.3**	27.5	**81**	117
Quantitative	**67.8**	53.6	**18**	18
Public markets	**290.3**	289.0	**596**	736
Real assets	**42.8**	47.7	**188**	223
Private credit	**8.8**	7.9	**15**	14
Alternative investment solutions	**17.1**	18.6	**28**	33
Private equity	**7.7**	12.9	**51**	54
Alternatives	**76.4**	87.1	**282**	324
Total Investments	**366.7**	376.1	**878**	1,060

1. Total liquidity AUM at 31 December 2023 was £35.3bn (2022: £38.3bn). Total liquidity net operating revenue was £23m (2022: £24m).
2. Fixed income at 31 December 2023 includes £9.6bn of Liability aware funds AUM previously managed as a multi-asset capability (2022: £9.7bn).
3. Net operating revenue for Finimize and our digital Innovation group moved from Investments to Other from January 2023. Comparatives have been restated. Refer Note 2 of the Group financial statements for further details.

5. Institutional and Retail Wealth[1] AUM

Detailed asset class split

12 months ended 31 December 2023	Opening AUM at 1 Jan 2023 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[3] £bn	Closing AUM at 31 Dec 2023 £bn
Developed markets equities	11.1	1.1	(3.5)	(2.4)	0.8	2.3	11.8
Emerging markets equities	12.5	0.7	(2.2)	(1.5)	0.1	-	11.1
Asia Pacific equities	20.5	2.1	(4.7)	(2.6)	(1.6)	-	16.3
Global equities	8.2	1.3	(2.0)	(0.7)	0.6	0.4	8.5
Total equities	52.3	5.2	(12.4)	(7.2)	(0.1)	2.7	47.7
Developed markets credit	22.5	3.1	(5.7)	(2.6)	1.4	0.1	21.4
Developed markets rates	2.0	1.1	(0.8)	0.3	0.8	0.2	3.3
Emerging markets fixed income	11.3	1.4	(3.1)	(1.7)	0.2	-	9.8
Total fixed income[2]	35.8	5.6	(9.6)	(4.0)	2.4	0.3	34.5
Absolute return	5.7	0.1	(1.6)	(1.5)	(0.8)	-	3.4
Diversified growth/income	0.3	0.1	(0.3)	(0.2)	0.1	-	0.2
MyFolio	15.6	1.8	(2.7)	(0.9)	1.5	-	16.2
Other multi-asset	6.7	0.8	(1.4)	(0.6)	(0.8)	-	5.3
Total multi-asset	28.3	2.8	(6.0)	(3.2)	-	-	25.1
Total private equity	12.3	0.1	(0.5)	(0.4)	(0.6)	(4.1)	7.2
UK real estate	19.3	0.2	(1.0)	(0.8)	(2.6)	-	15.9
European real estate	14.3	0.3	-	0.3	(1.0)	-	13.6
Global real estate	1.6	0.3	(0.6)	(0.3)	(0.1)	-	1.2
Real estate multi-manager	1.4	0.2	-	0.2	(0.1)	-	1.5
Infrastructure equity	6.1	0.4	(0.1)	0.3	(0.3)	-	6.1
Total real assets	42.7	1.4	(1.7)	(0.3)	(4.1)	-	38.3
Total alternative investment solutions (including private credit)[2]	24.0	1.3	(1.5)	(0.2)	0.2	-	24.0
Total quantitative	15.0	3.1	(2.0)	1.1	1.0	-	17.1
Total liquidity	20.8	8.6	(12.3)	(3.7)	0.2	-	17.3
Total	231.2	28.1	(46.0)	(17.9)	(1.0)	(1.1)	211.2

1. Wholesale has been renamed Retail Wealth.
2. Alternative investment solutions include opening AUM of £1.8bn, net inflows of £0.2bn and closing AUM of £1.9bn relating to private credit assets previously classified as fixed income.
3. Corporate actions in 2023 relate to the acquisition of Macquarie closed-end funds in March and July 2023 (£0.5bn and £0.2bn) and Tekla healthcare fund management capabilities (£2.3bn) in October 2023 and the disposal of US private equity and venture capital business (£4.1bn) in October 2023.

Supplementary information continued

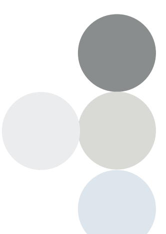
12 months ended 31 December 2022	Opening AUM at 1 Jan 2022 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[2] £bn	Closing AUM at 31 Dec 2022 £bn
Developed markets equities	17.0	2.1	(3.4)	(1.3)	(4.6)	–	11.1
Emerging markets equities	16.4	1.9	(2.9)	(1.0)	(2.9)	–	12.5
Asia Pacific equities	25.3	2.5	(4.8)	(2.3)	(2.5)	–	20.5
Global equities	10.3	1.2	(1.6)	(0.4)	(1.7)	–	8.2
Total equities	69.0	7.7	(12.7)	(5.0)	(11.7)	–	52.3
Developed markets credit	28.3	3.8	(5.8)	(2.0)	(3.8)	–	22.5
Developed markets rates	2.9	0.3	(0.6)	(0.3)	(0.6)	–	2.0
Emerging markets fixed income	12.2	2.4	(2.4)	–	(0.9)	–	11.3
Total fixed income[1]	43.4	6.5	(8.8)	(2.3)	(5.3)	–	35.8
Absolute return	10.0	0.4	(1.9)	(1.5)	(2.8)	–	5.7
Diversified growth/income	0.5	0.1	(0.2)	(0.1)	(0.1)	–	0.3
MyFolio	17.7	1.7	(2.0)	(0.3)	(1.8)	–	15.6
Other multi-asset	7.8	1.7	(1.1)	0.6	(1.7)	–	6.7
Total multi-asset	36.0	3.9	(5.2)	(1.3)	(6.4)	–	28.3
Total private equity	12.3	0.5	(1.1)	(0.6)	0.6	–	12.3
UK real estate	19.9	0.4	(1.7)	(1.3)	0.7	–	19.3
European real estate	10.3	0.8	(0.4)	0.4	3.6	–	14.3
Global real estate	1.8	0.3	(0.3)	–	(0.2)	–	1.6
Real estate multi-manager	1.2	0.2	(0.2)	–	0.2	–	1.4
Infrastructure equity	6.2	0.4	(0.9)	(0.5)	0.4	–	6.1
Total real assets	39.4	2.1	(3.5)	(1.4)	4.7	–	42.7
Total alternative investment solutions (including private credit)[1]	23.2	2.4	(1.7)	0.7	0.1	–	24.0
Total quantitative	5.5	3.2	(1.7)	1.5	0.5	7.5	15.0
Total liquidity	24.3	10.2	(13.4)	(3.2)	(0.3)	–	20.8
Total	253.1	36.5	(48.1)	(11.6)	(17.8)	7.5	231.2

1. Alternative investment solutions include opening AUM of £2.4bn, net inflows of £0.1bn and closing AUM of £1.8bn relating to private credit assets previously classified as fixed income.
2. Corporate actions include the transfer of retained LBG AUM of c£7.5bn from Insurance Partners into Institutional (quantitatives), to better reflect how the relationship is being managed.

6. Investments AUM by geography

	31 Dec 2023			31 Dec 2022		
	Institutional and Retail Wealth £bn	**Insurance Partners £bn**	**Total £bn**	Institutional and Retail Wealth £bn	Insurance Partners £bn	Total £bn
UK	**102.0**	**155.5**	**257.5**	111.2	144.9	256.1
Europe, Middle East and Africa (EMEA)	**51.9**	**-**	**51.9**	57.5	–	57.5
Asia Pacific (APAC)	**15.7**	**-**	**15.7**	16.4	–	16.4
Americas	**41.6**	**-**	**41.6**	46.1	–	46.1
Total AUM	**211.2**	**155.5**	**366.7**	231.2	144.9	376.1

Other information



Contents

Glossary	300
Shareholder information	303
Forward-looking statements	304
Contact us	IBC

Glossary

Adjusted capital generation
Adjusted capital generation is part of the analysis of movements in IFPR regulatory capital. Adjusted capital generation is calculated as adjusted profit after tax less returns relating to pension schemes in surplus and interest paid on other equity which do not benefit regulatory capital. It also includes dividends from associates, joint ventures and significant listed investments.

Adjusted net financing costs and investment return
Adjusted net financing costs and investment return is a component of adjusted profit and relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.

Adjusted operating expenses
Adjusted operating expenses is a component of adjusted operating profit and relates to the day-to-day expenses of managing our business.

Adjusted operating profit
Adjusted operating profit before tax is the Group's key APM. Adjusted operating profit includes the results of the Group's three businesses: Investments, Adviser and ii[1], along with Other business and corporate costs.

It excludes the Group's adjusted net financing costs and investment return.

Adjusted operating profit also excludes the impact of the following items:

- Restructuring and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate.
- Change in fair value of/dividends from significant listed investments.
- Share of profit or loss from associates and joint ventures.
- Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method.
- Fair value movements in contingent consideration.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

Adjusted profit before tax
In addition to the results included in adjusted operating profit above, adjusted profit before tax includes adjusted net financing costs and investment return.

Assets under management and administration (AUMA)
AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUMA does not include assets for associates and joint ventures.

AUM is a measure of the total assets that we manage on behalf of individual and institutional clients. AUM also includes assets managed for corporate purposes.

AUA is a measure of the total assets we administer for clients through our Platforms.

AUAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.

Board
The Board of Directors of the Company.

Carbon intensity
Weighted-Average Carbon Intensity (WACI) is calculated by summing the product of each company's weight in the portfolio or loan book with that company's carbon-to-revenue intensity. Carbon-to-revenue intensity is calculated by dividing the sum of all apportioned emissions, with the sum of all apportioned revenues across an investment portfolio or loan book. This metric gives an indication of how efficient companies in a portfolio or loan book are at generating revenues per tonne of carbon emitted.

Carbon offsetting
Carbon offsetting is an internationally recognised way to take responsibility for carbon emissions. The aim of carbon offsetting is that for every one tonne of offsets purchased there will be one less tonne of carbon dioxide in the atmosphere than there would otherwise have been. To offset emissions we purchase the equivalent volume of carbon credits (independently verified emissions reductions) to compensate for our operational carbon emissions. We have been reviewing our use of offsetting, and although we continue to use offsets as a means of addressing our residual emissions, our prime objective is always to reduce our environmental impact before compensating for it.

Chief Operating Decision Maker
The executive leadership team.

Company
abrdn plc.

Cost/income ratio
This is an efficiency measure that is calculated as adjusted operating expenses divided by net operating revenue.

Director
A director of the Company.

1. Personal has been renamed ii and includes Personal Wealth unless otherwise stated.

Earnings per share (EPS)
EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as share options awarded to employees.

Effective tax rate
Tax expense/(credit) attributable to equity holders' profit divided by profit before tax attributable to equity holders' profits expressed as a percentage.

Executive leadership team (ELT)
Our ELT leads across our businesses and supporting functions globally and is responsible for executing and monitoring progress on the delivery of our business plans. The ELT also ensures we meet our obligations to our clients, people, shareholders, regulators and partners.

Fair value through profit or loss (FVTPL)
FVTPL is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains or losses on assets or liabilities measured at FVTPL are recognised directly in the income statement.

FCA
Financial Conduct Authority of the United Kingdom.

Greenhouse gases
Greenhouse gases are the atmospheric gases responsible for causing global warming (i.e. the greenhouse effect) and climate change. These gases, both natural and anthropogenic in origin include carbon dioxide, methane and nitrous oxide. Other greenhouse gases which are less prevalent but with a greater Global Warming Potential include hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).

Group or abrdn
Relates to the Company and its subsidiaries.

Internal Capital Adequacy and Risk Assessment (ICARA)
The ICARA is the means by which the Group assesses the levels of capital and liquidity that adequately support all of the relevant current and future risks in its business.

International Financial Reporting Standards (IFRS)
International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB).

Investment Firms Prudential Regime (IFPR)
The Investment Firms Prudential Regime is the FCA's new prudential regime for MiFID investment firms. The regime came into force on 1 January 2022.

Investment performance
Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. The calculation of investment performance uses a closing AUM weighting basis. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. Benchmarks differ by fund and are defined in the relevant investment management agreement or prospectus, as appropriate. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private markets and execution only mandates, as well as replication tracker funds which aim to perform in line with a given index.

LBG tranche withdrawals
On 24 July 2019, the Group announced that it had agreed a final settlement in relation to the arbitration proceedings between the parties concerning LBG's attempt to terminate investment management arrangements under which assets were managed by members of the Group for LBG entities. In its decision of March 2019, the arbitral tribunal found that LBG was not entitled to terminate these investment management contracts. The Group had continued to manage approximately £104bn (as at 30 June 2019) of assets under management (AUM) for LBG entities during the period of the dispute. Approximately two thirds of the total AUM (the transferring AUM) will be transferred to third party managers appointed by LBG through a series of planned tranches from 24 July 2019. The Group continued to be remunerated for its services in relation to the transferring AUM until the final tranche withdrawal was completed in H1 2022.

Market Disclosure
This IFPR disclosure complements the Own funds requirement and Own funds threshold requirement with the aim of improving market discipline by requiring companies to publish certain details of their risks, capital and risk management. Relevant disclosures are made in the abrdn plc consolidated annual report and accounts and in the accounts of the Group's individual IFPR-regulated entities, all of which can be found on the abrdn plc Group's website.

Net capital generation
Net capital generation is calculated as adjusted capital generation less restructuring and corporate transaction expenses (net of tax).

Net flows
Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients. Redemptions is the money withdrawn by clients during the period. Cash dividends which are retained on the ii platform are included in net flows for the ii business only. Cash dividends are included in market movements for other parts of the group including the Investments and Adviser platform businesses. We consider that this different approach is appropriate for the ii business as cash dividend payments which are retained result in additional income for ii, but are largely revenue neutral for the rest of the group.

Net operating revenue
Net operating revenue is a component of adjusted operating profit and includes revenue we generate from asset management charges (AMCs), platform charges, treasury income and other transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the client, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Treasury income is the interest earned on cash balances less the interest paid to customers. Net operating revenue is shown net of fees, cost of sales, commissions and similar charges. Cost of sales include revenue from fund platforms which is passed to the product provider.

Net operating revenue yield (bps)
The net operating revenue yield is a measure that illustrates the average margin being earned on the assets that we manage, administer or advise our clients on excluding interactive investor. It is calculated as annualised net operating revenue (excluding performance fees, ii[1] and revenue for which there are no attributable assets) divided by monthly average fee based assets. ii[1] is excluded from the calculation of net operating revenue yield as fees charged for this business are primarily from subscriptions and trading transactions.

Net zero
It is generally accepted that net zero is the target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions to the lowest possible amount and offsetting (see carbon offsetting) only the remainder as a last resort.

Net Zero Directed Investing
Net Zero Directed Investing means moving towards the goal of net zero in the real world - not just in specific investment portfolios. At abrdn we seek to achieve this goal through a holistic set of actions, including rigorous research into net-zero trajectories, developing net-zero-directed investment solutions and active ownership to influence corporates and policy makers.

Operational emissions
Operational emissions are the greenhouse gas emissions related to the operations of our business. They are categorised into three groups or 'scopes' in alignment with the Greenhouse Gas Protocol. Corporate Accounting and Reporting Standard. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain. At abrdn we report on Scope 1 and Scope 2 emissions, and a selection of Scope 3 categories, where deemed material, which includes our working from home emissions.

Own Funds Requirement
Under IFPR, the Own Funds Requirement is the higher of the permanent minimum capital requirement, the fixed overhead requirements, and the K-factor requirement. The K-factor requirement is the sum of: Risk-to-Client, Risk-to-Market, and Risk-to-Firm K-factors.

Own Funds Threshold Requirement
Under IFPR, the Own Funds Threshold Requirement is the higher of Own funds required on an ongoing basis and Own funds required on a wind-down basis. The firm identifies and measures risks of harm and determines the degree to which systems and controls alone mitigate those risks of harm (or risks of disorderly wind-down). Any additional own funds needed, over and above the Own funds requirement, to cover this identified residual risk is held under the Own Funds Threshold Requirement.

Paris alignment
'Paris alignment' refers to the alignment of public and private financial flows with the objectives of the Paris Agreement on climate change. Article 2.1c of the Paris Agreement defines this alignment as making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. Alignment in this way will help to scale up the financial flows needed to strengthen the global response to the threat of climate change.

Phoenix or Phoenix Group
Phoenix Group Holdings plc or Phoenix Group Holdings plc and its subsidiaries.

Significant listed investments
Relates to our investments in HDFC Asset Management, HDFC Life and Phoenix. Fair value movements and dividend income relating to these investments are treated as adjusting items for the purpose of determining the Group's adjusted profit. Our remaining stakes in HDFC Asset Management and HDFC Life were sold during H1 2023. At 31 December 2023, Phoenix is the only significant listed investment.

Subordinated liabilities
Subordinated liabilities are debts of a company which, in the event of liquidation, rank below its other debts but above share capital. The 5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes issued by the Company in December 2021 are classified as other equity as no contractual obligation to deliver cash exists.

1. Relates to ii (excluding Personal Wealth).

Shareholder information

Registered office

1 George Street
Edinburgh
EH2 2LL
Scotland

Company registration number: SC286832

Secretary: Julian Baddeley

Registrar: Equiniti

Auditors: KPMG LLP

Solicitors: Slaughter and May

Brokers: JP Morgan Cazenove, Goldman Sachs

Shareholder services

We offer a wide range of shareholder services. For more information, please:

– Contact our registrar, Equiniti, who manage this service for us. Their full details can be found on the inside back cover.
– **For shareholder services call:** +44 (0)371 384 2464*
– Visit our share portal at **www.abrdnshares.com**

* Calls are monitored/recorded to meet regulatory obligations and for training and quality purposes. Call charges will vary.

A Dividend Reinvestment Plan (DRIP) is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at **www.abrdnshares.com**

Sign up for Ecommunications

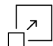
Signing up means:

– You'll receive an email when documents like the annual report and accounts, Half year results and AGM guide are available on our website.
– Voting instructions for the Annual General Meeting will be sent to you electronically.

Set up a share portal account

Having a share portal account means you can:

– Manage your account at a time that suits you.
– Download your documents when you need them.



To find out how to sign up, visit www.abrdnshares.com

Preventing unsolicited mail

By law, the Company has to make certain details from its share register publicly available. As a result it is possible that some registered shareholders could receive unsolicited mail, emails or phone calls. You could also be targeted by fraudulent 'investment specialists', clone firms or scammers posing as government bodies e.g. HMRC, FCA. Frauds are becoming much more sophisticated and may use real company branding, the names of real employees or email addresses that appear to come from the company. If you get a social or email message and you're unsure if it is from us, you can send it to **emailscams@abrdn.com** and we'll let you know.

You can also check the FCA warning list and warning from overseas regulators, however, please note that this is not an exhaustive list and do not assume that a firm is legitimate just because it does not appear on the list as fraudsters frequently change their name and it may not have been reported yet.

www.fca.org.uk/consumers/unauthorised-firms-individuals

www.iosco.org/investor_protection/?subsection=investor_alerts_portal

You can find more information about share scams at the Financial Conduct Authority website **www.fca.org.uk/consumers/scams**

If you are a certificated shareholder, your name and address may appear on a public register. Using a nominee company to hold your shares can help protect your privacy. You can transfer your shares into the Company-sponsored nominee – the abrdn Share Account – by contacting Equiniti, or you could get in touch with your broker to find out about their nominee services. If you want to limit the amount of unsolicited mail you receive generally, please visit **www.mpsonline.org.uk**

Financial calendar

Full year results 2023	27 February
Ex-dividend date for 2023 final dividend	14 March
Record date for 2023 final dividend	15 March
Last date for DRIP elections for 2023 final dividend	10 April
Annual General Meeting – Edinburgh	24 April
Dividend payment date for 2023 final dividend	30 April
Half year results 2024	6 August
Ex-dividend date for 2024 interim dividend	15 August
Record date for 2024 interim dividend	16 August
Last date for DRIP elections for 2024 interim dividend	4 September
Dividend payment date for 2024 interim dividend	24 September

Analysis of registered shareholdings at 31 December 2023

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	56,092	65.85	22,351,080	1.22
1,001-5,000	24,547	28.82	51,574,473	2.80
5,001-10,000	2,692	3.16	18,227,034	0.99
10,001-100,000	1,484	1.74	34,854,883	1.89
#100,001+	369	0.43	1,713,732,894	93.10
Total	**85,184**	**100.00**	**1,840,740,364**	**100.00**

\# These figures include the Company-sponsored nominee – the abrdn Share Account – which had 872,299 participants holding 629,199,041 shares.

OTHER INFORMATION

Forward-looking statements

This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, results, strategies, targets (including ESG targets), objectives, plans, goals and expectations of the Company and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements are prospective in nature and are not based on historical or current facts, but rather on current expectations, assumptions and projections of management of the abrdn Group about future events, and are therefore subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

For example but without limitation, statements containing words such as 'may', 'will', 'should', 'could', 'continues', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'hopes', 'plans', 'pursues', 'ensure', 'seeks', 'targets' and 'anticipates', and words of similar meaning (including the negative of these terms), may be forward-looking. These statements are based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the Group's control, including, among other things: UK domestic and global political, economic and business conditions (such as the UK's exit from the EU, the ongoing conflict between Russia and Ukraine and the ongoing conflicts in the Middle East); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by the Company or its affiliates and/or within relevant industries; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the value of and earnings from the Group's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the Group being subject to cyberattacks); operational information technology risks, including the Group's operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events; the impact of pandemics; climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its relevant ESG targets); exposure to third-party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities and the impact of changes in capital, solvency or accounting standards, ESG disclosure and reporting requirements, and tax and other legislation and regulations (including changes to the regulatory capital requirements) that the Group is subject to in the jurisdictions in which the Company and its affiliates operate. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

Neither the Company, nor any of its associates, directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Persons receiving this document should not place reliance on forward-looking statements. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Each forward-looking statement speaks only as at the date of the particular statement. Neither the Company nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of the Company and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, the Company's or its affiliates' future results.

Contact us

Got a shareholder question? Contact our shareholder services team.

UK and overseas (excluding Germany and Austria)

phone +44 (0)371 384 2464*
email questions@abrdnshares.com
visit www.abrdnshares.com
mail abrdn Shareholder Services
Aspect House
Spencer Road
Lancing, West Sussex
BN99 6DA, United Kingdom

Germany and Austria

phone +44 (0)371 384 2493*
email fragen@abrdnshares.com
visit www.abrdnshares.com
mail abrdn Shareholder Services
Aspect House
Spencer Road
Lancing, West Sussex
BN99 6DA, United Kingdom

* Calls are monitored/recorded to meet regulatory obligations and for training and quality purposes. Call charges will vary.

Extensive information, including many answers to frequently asked questions, can also be found online at **www.abrdnshares.com**

Designed by Black Sun Plc (Strategic report) and abrdn plc
(rest of Annual report and accounts)

Published by Adare SEC (Nottingham) Limited

Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 31 December 2023 (unless otherwise indicated).

This document has been published by abrdn plc for information only. It is based on our understanding as at February 2024 and does not provide financial or legal advice.

abrdn plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh EH2 2LL.

www.abrdn.com © 2024 abrdn, images reproduced under licence.
All rights reserved.

UKARA23 0224