



Schroders

**MODERN SLAVERY
STATEMENT 2021**

June 2022

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INTRODUCTION

According to the International Labour Organisation (ILO), more than 40 million people worldwide are victims of modern slavery.¹ Anti-Slavery International estimates that one in four of them are children and almost three quarters are women and girls.²

Modern slavery encompasses the recruitment, movement, harbouring or receiving of people through the use of force, coercion, abuse of vulnerability, deception or other means for the purpose of exploitation. This includes slavery, servitude, child labour, forced labour, human trafficking, debt bondage, forced marriage, deceptive recruiting for labour or services, and slavery-like practices. An ILO report says that forced labour generates around US\$150 billion a year for traffickers.³

Schroders has a corporate responsibility to respect human rights, whether in our role as an employer, as a buyer of goods and services, when carrying out our fiduciary duties as a provider of financial services or as an investor in companies. Our biggest risk of exposure to modern slavery is through the companies in which we invest. As an investment manager, we have a critical role to play in combatting modern slavery and human trafficking through our investment decisions and the influence we can bring to investee companies.

Our culture of integrity and acting with purpose means that we are committed to continuously improving so that we can prevent any form of modern slavery from taking place in the investments we manage, as well as our own business operations and value chain.

This helps support the aims of [the United Nations' Sustainable Development Goals \(SDGs\)](#) in particular SDG 8 Decent Work and Economic Growth. Modern slavery is a complex and multi-dimensional issue and requires a considered and thorough approach. We are committed to developing and enhancing our analysis, policies, practices and procedures so that we achieve our desired standards and goals.

This statement has been prepared to comply with section 54 of the UK *Modern Slavery Act 2015* and section 14 of the *Australian Modern Slavery Act 2018* (Cth).

This statement sets out how Schroders plc and its in-scope subsidiaries⁴ ('the Group' or 'we') assess and report on the risks of modern slavery practices within the investments we manage, as well as our own business operations and value chain, and the measures we have taken to address these risks. It provides an update on the progress we have made during the period 1 January – 31 December 2021 and outlines our plans for 2022. Entities in scope of UK and/or Australian modern slavery reporting legislation can be found in **Appendix 1**. All data in this Statement is at 31 December 2021, unless stated otherwise.

We have a critical role to play in holding companies to account and ensuring that together, we all contribute to eliminating modern slavery and human trafficking. It is our responsibility not just to our clients, but to all of society.

Peter Harrison
Group Chief Executive

¹ <https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

² <https://www.antislavery.org/slavery-today/modern-slavery/>

³ https://www.ilo.org/global/topics/forced-labour/publications/WCMS_243391/lang--en/index.htm

⁴ Excluding Benchmark Capital Limited, who have produced a separate Modern Slavery Statement, available [here](#)

OUR ORGANISATION

As an active investment manager we make decisions every day on behalf of savers and investors around the world.

We make these choices carefully and deliberately - because they affect the financial future of our clients and they impact the wider world. We are responsible for £731.6 billion of assets for our clients who trust us to deliver sustainable returns.

Our clients include individuals who invest directly and those who invest through businesses or financial advisers. We also serve the investment needs of institutions including insurance companies, pension funds and charities.

They depend on our broad investment expertise across public and private markets to manage their wealth or investments and achieve long-term financial goals. The diversity of our business across important growth areas helps us stand apart from traditional asset managers.

We employ 5,750 people across 37 locations⁵ globally. Our success depends on the decisions our people make every day.



All data is as at 31 December 2021.

⁵ Our full list of worldwide locations can be found [here](#).

Our business structure is designed to help every client access our expertise

ASSET MANAGEMENT

Our investment teams manage investments for institutions and private investors throughout the client lifecycle. We manage private assets, institutional portfolios, mutual funds and client solutions.

Our distribution teams service clients including insurance companies, pension schemes, sovereign wealth funds, distributors, financial advisers and fund platforms.

WEALTH MANAGEMENT

We provide a wide range of wealth management services, which focus on preserving and growing our clients' wealth. Our strategic ambition is to provide wealth management services across the wealth spectrum in the UK and for high net worth clients in the Channel Islands, Switzerland and Asia.

INFRASTRUCTURE

Our infrastructure teams provide critical services that support the business and include capabilities across Technology, Operations, Finance, Risk, Human Resources, Compliance, Legal, Governance, Internal Audit and Tax.

GROUP

The overall governance and corporate management of the Group is driven by the Chair, Group Chief Executive and Chief Financial Officer, as well as employees involved in treasury, corporate development, governance and strategy.

ACCELERATING POSITIVE CHANGE

Our purpose is to provide excellent investment performance to clients through active management.

By serving clients, we serve wider society. Channelling capital into sustainable and durable businesses accelerates positive change in the world.

Funding the future is a privilege; we use it wisely and responsibly.

Our global business footprint

Market	% of employees	% of suppliers (by number)	% assets under management
Americas	7	8	14
Asia Pacific	19	24	30
Europe, Middle East and Africa	17	34	16
UK	57	34	40

OUR APPROACH

We are committed to respecting human rights and avoiding human rights infringements including modern slavery, and are guided by the United Nations (UN) Universal Declaration of Human Rights, the ILO's Fundamental Conventions and the UN Guiding Principles on Business and Human Rights (UNGPs or the 'Ruggie Principles'). We are a signatory of the UN Global Compact (UNGC) and take a principles-based approach to doing business.

We incorporate [the UNGC's ten principles](#) under four key areas of human rights, labour, environment and anti-corruption into our strategy and operations. By acting on these issues, we advance broader societal goals, including those set out in the SDGs. For example, our focus on inclusion within the workplace and wider society (SDG 10 Reduced Inequalities) and our role in tackling climate change (SDG 13 Climate Action).



OUR GOVERNANCE

We have clear and effective governance structures in place for decision-making and oversight of our strategy. The Board of Schroders plc (the Board) has collective responsibility for the management, direction and performance of the Group, and is accountable for our business strategy. The Group has a well-defined governance framework based on delegated authority. The Board has reserved certain matters to itself and has also delegated specific responsibilities to Board Committees, notably the Nominations Committee, the Audit and Risk Committee and the Remuneration Committee and also to the Group Chief Executive. The Group Chief Executive is responsible for proposing the strategy for the Group and for its execution. More information on corporate governance and our Board of Directors is available [here](#).

Our Corporate Responsibility (CR) Committee advises and assists the Group Chief Executive, who chairs the Committee, in discharging his responsibilities regarding corporate responsibility which includes human rights-related issues such as modern slavery. The Committee considers, reviews and recommends the overall global CR strategy, including key initiatives, new commitments and policies to the Group Chief Executive for approval. The CR Committee met six times in 2021. The Head of Corporate Sustainability, a member of the Committee, reports annually to the Group Management Committee and the Board.

In 2020 we set up a cross-functional Human Rights Working Group including representatives from our CR, Human Resources (HR), Compliance, Legal, Procurement, Workplace Services

and Sustainable Investment teams. These teams develop, recommend and implement the Group's human rights-related commitments, policies, tools, controls and reporting requirements.

In October 2021, a new Human Rights Working Group was established by the Sustainable Investment team, acknowledging that our biggest exposure to human rights risk is through our investee companies. This group has representatives from sustainable research, active ownership, Environmental, Social and Governance (ESG) integration, investment desks and CR and focuses on evolving and improving approaches to identify and mitigate human rights risks in our clients' investment portfolios. This second Working Group meets weekly and frequently invites external guest speakers to expand our knowledge of best practice in the field.



OUR POLICIES AND STANDARDS

We believe that clear policies, frameworks, governance and processes are key to tackling human rights and modern slavery issues.

Relevant documents are outlined below. The contents of these are guided by international principles and applicable laws and regulation.

We regularly assess these documents and all Group policies are reviewed by the policy owner annually.

Relevant document	Purpose
<u>Group Human Rights Statement</u>	Sets out our Group position in relation to the respect of human rights. The Statement includes the policies, processes and measures we have in place to assess and manage modern slavery risks across our business.
<u>Environmental, Social and Governance Policy for Listed Assets</u>	Outlines our principles and practices regarding sustainable investing in Schroders' Asset Management processes and strategies.
<u>ESG and Stewardship Policy</u>	Outlines our principles and practices regarding sustainable investing in Schroders' Wealth Management processes and strategies.
<u>Group Financial Crime Policy (summary available on request)</u>	Establishes the framework that sets procedures for the prevention of financial crime following a risk-based approach. We only provide financial services to clients who meet our Group standards including those who meet our Group Financial Crime Risk Appetite.
<u>Group Personal Data Policy</u>	Summarises the obligations imposed upon all Schroders Group companies and employees by data protection laws and covers the rights of individuals with respect to their personal data.
<u>Employee Handbooks</u>	These set out the terms and conditions of employment with Schroders. They also clarify employees' responsibilities to Schroders, immediate colleagues and other employees. Employee Handbooks are tailored to individual countries and their policies.
<u>Group Health and Safety Policy (summary available on request)</u>	Highlights our commitment in ensuring employees and other stakeholders are provided with a safe and healthy working environment.
<u>Equal Opportunities, Bullying, Harassment, Respect and Dignity at Work</u>	Outlines our approach relating to equal opportunities, bullying, harassment, respect and dignity in the workplace.
<u>Inclusion and Diversity Policy</u>	Supports and is aligned with our Equal Opportunities Policy and a range of other policies we have implemented to create an inclusive environment for everyone at Schroders. Suppliers are also required to provide information on their effort to promote a diverse workforce and create an inclusive environment for their employees as part of due diligence.
<u>Supplier Code of Conduct</u>	Outlines the standards and behaviours we expect from suppliers. Suppliers must be able to demonstrate compliance with this Code.
<u>Grievance Policy</u>	Designed to provide a framework for the quick and effective resolution of difficulties that may arise in the workplace through open and honest communication and discussion between colleagues.
<u>Group Whistleblowing Policy (available on request)</u>	Sets out the internal procedure for reporting and investigating concerns without fear of reprisals or detrimental treatment. We have also extended access to our independently-operated Whistleblowing hotline to any external party.

UNDERSTANDING AND ACTING ON MODERN SLAVERY: OUR APPROACH IN PRACTICE

There is an increasing recognition of the role that businesses can and should play with respect to preserving human rights.

Businesses involved in human rights controversies could face higher operational and financial risks, and could suffer damage to their reputation, which in turn could impact their business performance. Respect for human rights is an important foundation in building resilient supply chains and forging business stability. The UNGPs state that companies should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. The UNGPs are increasingly reflected in national legislation, with financial penalties for non-compliance, forcing companies to establish and disclose processes to eliminate modern slavery from their businesses and value chains.

We recognise that modern slavery could occur across our business, with our biggest potential exposure linked to our investee companies. As an active investment manager, this is also our area of greatest influence. Through constructive and committed engagement with management teams at the companies we invest in, active ownership is a key element of the value we bring to our clients. Social and environmental forces are reshaping societies,

economies, industries and financial markets. Encouraging our investee companies to adapt to these changes and holding them accountable for doing so, can strengthen the long term competitiveness and value of those assets and can accelerate positive change towards a fairer and more sustainable global economy.

The risk of modern slavery within our direct business operations is deemed to be low because all our employees and contracted staff work in roles that are office-based. We continue to take a risk-based approach with our supply chain and as we apply similar analysis and engagement principles to our suppliers as we do our investee companies, we're seeing the value of working collaboratively with them towards our goals.

In the following section, we've outlined our risk management and due diligence process, including updates and case studies from 2021, highlighting the four key areas of our business where we have interaction and influence on respecting human rights – the investments we manage, our clients, our employees and our supply chain.



Understanding modern slavery risks

We are guided by the UNGPs when we consider our risk of involvement in modern slavery.

- **Cause:** A business can directly cause modern slavery through its own activities.
- **Contribute:** A business can contribute to or increase the risk of modern slavery through its own activities.
- **Linked:** A business's operations, products or services may be directly linked to the risk of modern slavery through its business relationships.

Our exposure to modern slavery risks across our business and value chain can be identified through our roles as an investment manager, financial services provider, employer and purchaser of goods and services.



Our role	The risk	Our ability to influence the risk
Investment manager	A risk that we could invest in companies involved in modern slavery	We integrate modern slavery risks into our fundamental analysis of companies and actively engage with them to promote, protect and respect human rights in order to reduce any direct link to modern slavery. See The investments we manage section for more detail.
Financial services provider	A risk that our clients may use our products and services for activities related to modern slavery	We only provide financial services to clients who meet our Group standards. Our due diligence processes reduce the likelihood of being directly linked to modern slavery. See Our clients section for more information.
Employer	A risk that our employees could be being exploited	We provide strong protections for our people to make sure we do not cause modern slavery. See Our people section for more information.
Purchaser of goods and services	A risk that we could purchase goods and services from companies involved in modern slavery	We have a risk assessment and due diligence processes in place for our suppliers to reduce the risk of contributing to or being directly linked with modern slavery. See Our supply chain section for more information.

Acting on modern slavery: the investments we manage

Research, analysis and integration

As an active investment manager, we recognise that we are linked to potential adverse human rights impacts through our clients' investment portfolios. It is imperative that we have robust measures in place to identify and assess human rights and modern slavery risks.

Integrating ESG analysis into our fundamental investment processes is a core part of how we generate long-term sustainable value for our clients. In 2020, we achieved ESG integration across all our managed assets, fulfilling the target we announced in November 2019.⁶ Modern slavery and companies' management of their workers, customers, suppliers and local communities are a part of this ESG analysis.

Our investment analysts look for evidence that companies are implementing policies and developing practices that make sure environmental impacts, labour standards, human rights and anti-corruption risks are managed effectively. We consider human rights and modern slavery to be important elements in our analysis of companies, particularly in industries or regions most exposed to weak standards or practices and regions with greater risk of systematic human rights abuses, such as oppressive regimes or conflict-affected areas. Recognising that different types of companies face different exposures, we assess companies' exposures and management of those exposures on a tailored basis, focusing on the highest risk companies.

To assist with undertaking ESG analysis within specific sectors, regions and companies, the Sustainable Investment team has developed CONTEXT, a tool which is accessible to investment teams across Schroders. The tool provides a systematic framework for analysing a company's relationship with its stakeholders and the sustainability of its business model. It is designed to support our investors' understanding of

the sustainability of a company's business model and profitability, and provides structured, logical and wide-ranging data to support our analysts' views. This consistent structure makes information sharing easier and allows us to identify market wide trends and insights. CONTEXT now includes several performance measures and questions related specifically to human rights and modern slavery topics, including: UNGC signatory status, human rights policies, human rights-related law suits and corruption exposure, amongst others. In addition, the two proprietary metrics for modern slavery exposure and supply chain management, which we created in 2020, were integrated into CONTEXT in 2021. This means they are now more easily accessible for investment analysis. Find out more about CONTEXT [here](#).

Complementing the data available in CONTEXT, investors can also reference modern slavery data outputs from our proprietary impact risk measurement tools, SustainEx and Sovereign SustainEx. Specifically, investors are able to assess the estimated prevalence of modern slavery by capita or GDP at a country level, and its associated social costs. Find out more about our proprietary tools [here](#).

In 2021, the Sustainable Investment team that supports our investment desks was restructured to reflect our priority sustainability themes. As a result, there are now individuals within sustainable research and active ownership that are explicitly dedicated to the themes of human rights and human capital management. This has led to increased resource for identifying and mitigating the risks of modern slavery associated with our investments.

Our approach in action: integrating systematic social risk analysis into portfolios

Social considerations, including modern slavery, human capital management and labour issues are integrated into the Quantitative Equity Products (QEP) team's fundamental analysis of companies through a proprietary ESG Rank, which is a global view and ranking of underlying ESG metrics for all 10,000+ companies in the investment universe.

As part of this research process, the QEP team draws information from a wide variety of data sources, combining their analysis of this data into an investment process proprietary to their team only. The team use our sustainability tools CONTEXT and SustainEx as part of this process, to report on and verify their analysis, as well as to help analysts find companies who are considered best-in-class.

When assessing modern slavery across their portfolios, the team incorporate supply chain labour measures within the assessment of social risks, which feeds directly into their proprietary ESG rankings across potential investments. If a company has heightened social risks, the QEP team would risk manage any exposures to the company, which may include scaling the position size down – potentially to zero – in order to reduce or avoid exposure to these negative practices or risks.

Alongside this, within the QEP process, the team also addresses the risks posed by modern slavery via company engagements, leveraging the resources of the Sustainable Investment team.

⁶ ESG integration refers to the explicit and systematic incorporation of a range of risks and opportunities related to environmental, social and governance (ESG) factors into investment decision-making. In principle, this leads to a broader assessment of the environment in which companies operate and their performance in managing different stakeholders, giving a fuller understanding of potential future opportunities and risks than traditional financial analysis alone. For certain businesses acquired recently we have not yet integrated ESG factors into investment decision-making. A small portion of our business for which ESG integration is not practicable or possible, for example our legacy businesses or investments in the process of being liquidated, and certain joint venture businesses are excluded.

Engaging with our investee companies

Our engagement strategy aims to work with investee companies to implement the UNGPs. This means that businesses should formally commit to respect human rights, carry out effective human rights due diligence, and provide access to effective remedy for any victims of human rights abuses.

There are also specific groups on whom we focus particular attention for our engagement:

1. Workers: The ILO estimates that on any given day 25 million people are in forced labour, including 16 million in the private sector.⁷ We engage to encourage companies to adhere to relevant global laws, and conduct the necessary supply chain human rights risk assessments and effective due diligence to protect and uphold the rights of workers in supply chains. This also includes reporting on workforce metrics across supply chains.

2. Communities: The UN estimates that there are over 476 million indigenous peoples living around the world,⁸ and in 2020 an average of four people a week were killed worldwide protecting their land from business exploitation.⁹ We engage to encourage companies to uphold and respect internationally recognised human rights, including land and resource rights, and use the mechanism of free, prior and informed consent (FPIC) to protect the rights of those in the communities in which companies operate.

3. Customers and consumers: Companies have an important role to play in driving human rights and sustainable development through access to basic products and services, while also ensuring that these do not cause harm and adversely affect human rights. We expect that companies respect and uphold the rights of consumers and users of their products and services.



⁷ <https://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>

⁸ <https://www.un.org/en/fight-racism/vulnerable-groups/indigenous-peoples>

⁹ <https://www.globalwitness.org/en/campaigns/environmental-activists/last-line-defence/>

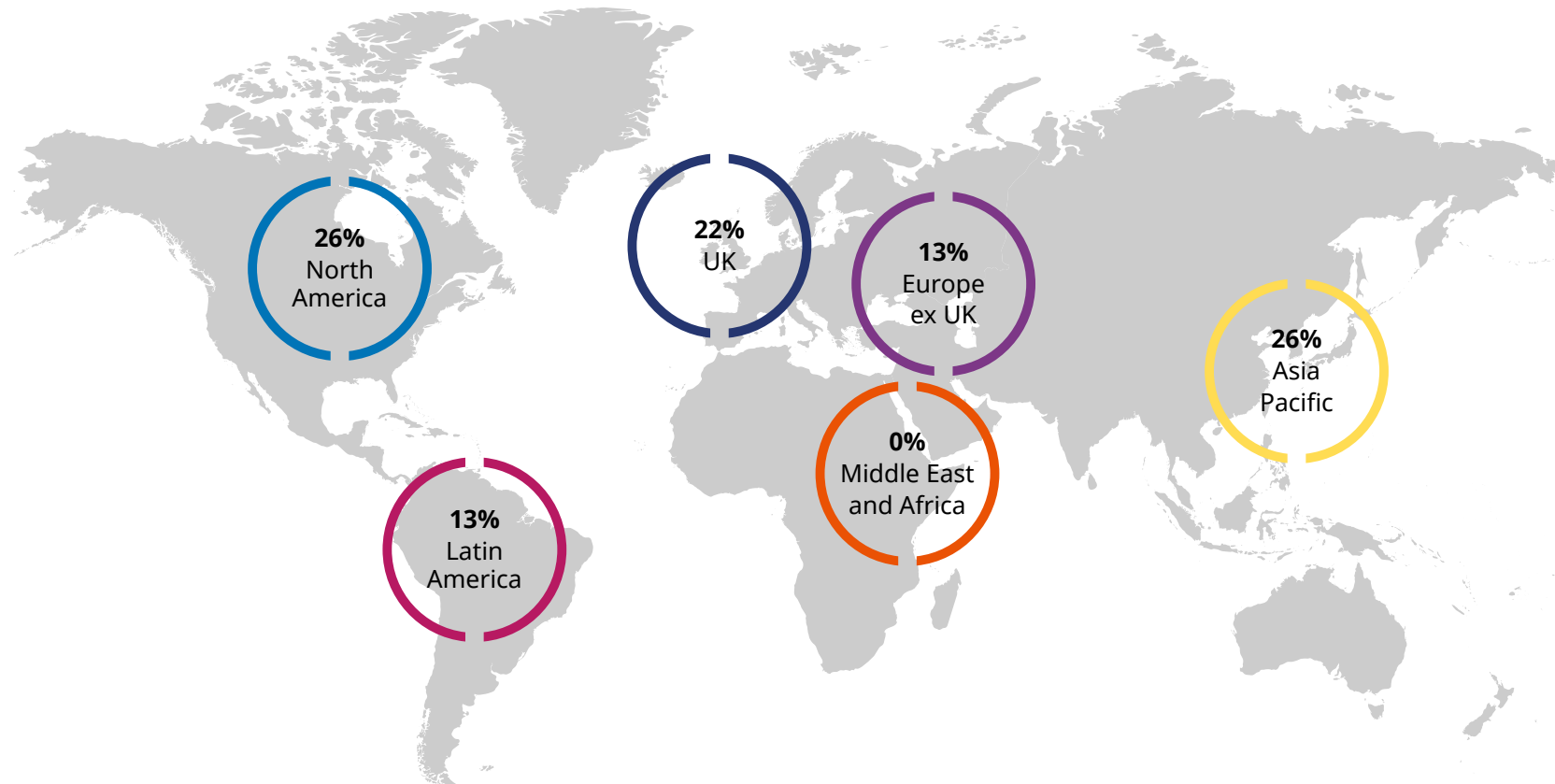
In February 2022, we published our [Engagement Blueprint](#) which sets out our approach to engagement including setting out the long-term outcomes and short to mid-term actions we are seeking our investee companies to take for our six priority engagement themes, one of which is human rights. Differences in expectations of our investee companies arise from country and regional contexts, which can sometimes provide additional complexities; for example, differing socio-cultural factors, regulatory maturity and resource constraints.

We continue to actively engage with individual companies on human rights practices, the details of which are disclosed in our quarterly [Sustainable Investment reports](#). In 2021 we undertook 2,116 engagements across 58 countries on ESG issues, 23 of these engagements were related to human rights issues. 2021 saw a sharp drop in human rights engagements compared to the 151 total human rights-related engagements in 2020. At the outset of the pandemic in 2020 we participated in several collaborative engagements setting out our expectations for companies related to protecting workers, which were not repeated in 2021.

The volume of our human rights-related engagements in 2021 was similar to the average of the years prior to 2020 (23 annually during 2015-19). Our commitment to direct engagement with investee companies is unchanged and we plan to continue to deepen and broaden our human rights engagement strategy going forward.

The chart below shows the percentage of total human rights engagements performed in each region in 2021. Companies that operate across regions are allocated to the region the company's headquarters is based in.

Human rights engagements by region



The engagement numbers are allocated to the region the company's headquarters is based in.

Our approach in action: assessing the social cost of technology

We wrote to a global technology company as we wanted to learn more about its policies surrounding the sourcing of conflict minerals. We requested that 100% of their suppliers complete a self assessment questionnaire and that 100% of its suppliers should be audited. Additionally, we provided the company with a best-in-class example surrounding these topics to further encourage the company to implement our requests. We continue to engage with this company on this important topic and will monitor progress.

We are members of two collaborative engagement efforts:

- **Find It, Fix It, Prevent It:** We are a member of the engagement working group and have been involved in ongoing discussions on how best to engage on modern slavery and incorporate these risks into our investment process. Under this initiative, we look to engage with companies in high-risk sectors, or with supply chain risks, in order to better understand how they are seeking to prevent and remedy forced labour issues in their operations.
- **Investors Against Slavery and Trafficking (IAST):** In 2020, IAST convened to engage with companies in the Asia-Pacific region with the aim of finding, fixing and preventing modern slavery, labour exploitation and human trafficking. In 2022, as part of this initiative, along with our industry peers, we will be participating in collaborative engagements with companies in the region on how they can more effectively take action and prevent modern slavery risks within their operations and supply chains.

For more detail on the other initiatives we are involved with, please see **Appendix 2**.

Our approach in action: encouraging transparency on a human rights impact assessment

In September 2021, as part of a collaborative investor initiative, we were a signatory of a letter to Wells Fargo which expressed expectations regarding the Human Rights Impact Assessment (HRIA) being undertaken by the company. We believed an HRIA would be a valuable tool for understanding the risks of human rights infringements posed by Wells Fargo's operations and value chain and for supporting respect for the human rights of all individuals and groups impacted by the bank's activities. The letter asked the company to make public the full findings and conclusions of the HRIA and the measures the company will take to address identified human rights risks. We expected Wells Fargo to have consulted with a representative sample of internal and external stakeholders, focussed on human rights challenges that contribute to structural racial inequality, and taken appropriate measures to protect the confidentiality of responders to ensure non-retaliation.

In 2022 the company published the results of its HRIA. While this is a good initial step, as it includes the conclusions and recommendations, we are disappointed that it does not fully meet our request to publish the full findings from the assessment. We will continue to engage the company on this topic.

Our voting activity

In 2021, we voted on all (nine) human rights-related shareholder resolutions for which we were eligible to cast votes, and supported eight of these. All of these shareholder resolutions were filed in North America. The number of shareholder resolutions filed in 2021 fell from 20 in 2020, reflecting lower investor focus on the topic. On the other hand, we supported 89% of those resolutions in 2021 (i.e. voted in favour of those resolutions and against management recommendations), up from the 40% in the previous year.

Our approach in action: voting for more transparency on cotton sourcing

In 2021, we voted 'for' on a shareholder resolution filed at Nike Inc. Nike has been transparent surrounding its supply chain for many years, however we believe it is important that the company increase disclosure surrounding the human rights risks associated with its raw material sourcing, specifically cotton. We voted for this resolution, whereas the Institutional Shareholder Services (ISS)¹⁰ recommended a vote against. ISS provide a recommendation for each resolution which we take into consideration when determining our vote decision. We chose to go against the recommendation of ISS as we believed the increased human rights disclosure proposed in this shareholder resolution was important for increasing our understanding of Nike's supply chain.

Our approach in action: voting for more transparency on conflict minerals

In 2021, we voted 'for' a shareholder resolution filed at Tesla. This resolution requested additional reporting on human rights. Tesla is exposed to several human rights risks in its operations and supply chain. It sources thousands of parts through a complex supply chain which involves conflict minerals and metals. We voted 'for' this proposal as we believe conflict minerals creates several material human rights risks and we believe transparency on these issues is important.

¹⁰ ISS is our voting platform where we input our votes.

Acting on modern slavery: our own operations

Our clients

Schroders is committed to performing robust due diligence on the clients that we provide financial services to. We only provide financial services to clients who meet our Group principles including our Group Financial Crime Risk Appetite Statement.

We ask a number of questions to ensure our clients are legitimate and validate this with independent information wherever possible. For example, we have controls in place to ensure that funds we receive are not from the proceeds of crime. We also screen all of our clients on an initial and ongoing basis against a range of leading databases, which include human rights and modern slavery indicators. All of this evidence is analysed and recorded prior to onboarding and refreshed periodically to ensure that our clients continue to meet our standards.

We regularly review our control framework to ensure that our policies, procedures and systems help guard against existing and emerging threats, when onboarding and monitoring clients, across our business.

Our employees

We continuously manage the risk of modern slavery in our workforce by making sure that the people we hire have the right to work in the relevant country and that their basic rights as workers are protected.

We conduct pre-employment checks, including right to work checks, through local HR teams or through a third-party provider. We commit to providing fair wages and benefits and a secure working environment for our people. We protect health and safety at work, promote wellbeing and a culture that fosters workplace flexibility and recognises and encourages the need for work/life balance.

We are an accredited employer under the Mayor of London's Good Work Standard, which sets the benchmark for the best employment standards for organisations and signal their commitment to healthy, fair and inclusive workplaces.

In addition to complying with all applicable minimum wage laws in all jurisdictions in which we operate, we are an accredited living wage employer in the UK (including the London Living Wage). We were particularly mindful of the impact of a lower employee presence in offices as a result of Covid-19 for our facilities teams. We maintained all salaries, paying everyone in full throughout the pandemic.

In 2020, we published a Flexible Working Charter to offer our employees the opportunity to choose optimal working patterns to suit their client, team and personal needs.

We will not tolerate forced, bonded, involuntary or child labour and we recognise the right of workers to form and join all types of association.








Our supply chain

We rely on a global network of external service providers for goods and services to supplement and contribute to our own infrastructure and investment management capability. We take a risk-based approach to the sourcing, onboarding and monitoring of our suppliers. We recognise the widely held view that most global companies will have modern slavery somewhere in their supply chain. As such, we are committed to doing what we can to find it and fix it, whilst maintaining appropriate controls to support prevention and have dedicated resource to engage, assess and collaborate with our supply chain.

Our responsible procurement framework

In 2021 we spent approximately £700 million with just over 5,000 suppliers¹¹ globally. Our primary categories of spend are largely composed of business and professional services organisations in lower risk countries. A map of countries showing where our tier one¹² suppliers were located in 2021 can be found in **Appendix 3**.

Our main procurement categories are:

-  Financial services
-  Human resources
-  Market data
-  Media and marketing
-  Professional services
-  Properties and facilities management
-  Technology

¹¹ This excludes our intermediaries.

¹² Tier one suppliers are those with whom we have a direct contractual relationship.

We expect all our suppliers to operate in a responsible, ethical, open and transparent way, fully compliant with all applicable laws and regulations. Our [Supplier Code of Conduct](#) sets out the high standards and behaviours we expect from our partners and covers human rights, ethical sourcing, bribery and corruption, living wages, diversity and inclusion, health and safety and the environment. Our established policy framework governs our approach to the selection, onboarding, management and reporting across our global supply chain. Fundamental to our supply chain oversight is performing initial and ongoing supplier criticality assessments. These include the assessment of both the service risk and the aggregated supplier risk, based on financial, regulatory and reputational risks. 100% of our critical suppliers have attested to our [Supplier Code of Conduct](#) (or provided an appropriate equivalent).

All suppliers that fall into scope of our global policy requirements are assessed with regards to modern slavery risk. Our methodology allows us to segment our supply chain into specific risk categories so that we can focus efforts on those suppliers with potential for higher risk (see '**Our supply chain modern slavery risk assessment and engagement process**' section below).

In addition, we continue to invest in people and technology to support our supplier engagement efforts, enable access to a greater breadth of data with improvements in our reporting capabilities and introduce increased controls when onboarding and monitoring suppliers. As part of these developments, we have established the Supplier Oversight team which is responsible for making sure that all risks associated with modern slavery have been screened and assessed before onboarding a new supplier and support ongoing monitoring activities. This team is also responsible for obtaining attestation to our Supplier Code of Conduct. This approach has strengthened our oversight capabilities and provided us with greater transparency of our supply chain. The additional capacity provided by the Supplier Oversight team and our increased investment in emerging technology has enabled us to screen all of our circa 5,000 tier one suppliers in our supply chain.

As an accredited living wage employer in the UK (including the London Living Wage), we expect our suppliers to adopt the same principles as stated in our Supplier Code of Conduct.

Schroder Investment Management Limited has been a signatory of the UK's Prompt Payment Code since 2015 and is committed to the principles regarding the treatment of suppliers. These include paying suppliers on time, providing clear guidance on terms with our suppliers and encouraging our suppliers to adopt the code. Throughout the pandemic we committed to paying small and medium-sized (SME) companies as swiftly as possible, irrespective of contracted payments terms and maintained payments to those service providers impacted by the reduced employee presence in our offices throughout 2021, with the intent that salaries could be fully maintained.





Our supply chain modern slavery risk assessment and engagement process

Recognising that modern slavery risks are often more prevalent with suppliers typically in some of our lower spend categories in certain sectors and/or geographies, we have enhanced our approach to our supply chain analysis, considering category and country risk, with specific focus on those areas with potential labour risks or exposure to products or materials deeper into our supply chain.

This risk assessment uses data from the Global Slavery Index (GSI)¹³, developed by international human rights group Walk Free, to assess the risk exposure of the supply chain by country and the research and analysis capabilities of our Sustainable Investment team to assess sector risk exposure (using average wages and margins) and sector supply chain management effectiveness to create exposure scores. Our supply chain management scores use average sector supply chain policy scores from our proprietary research tool, CONTEXT, as well as supplier training and human rights-related controversies per sector. This data helps us understand the modern slavery risk and average sector response.

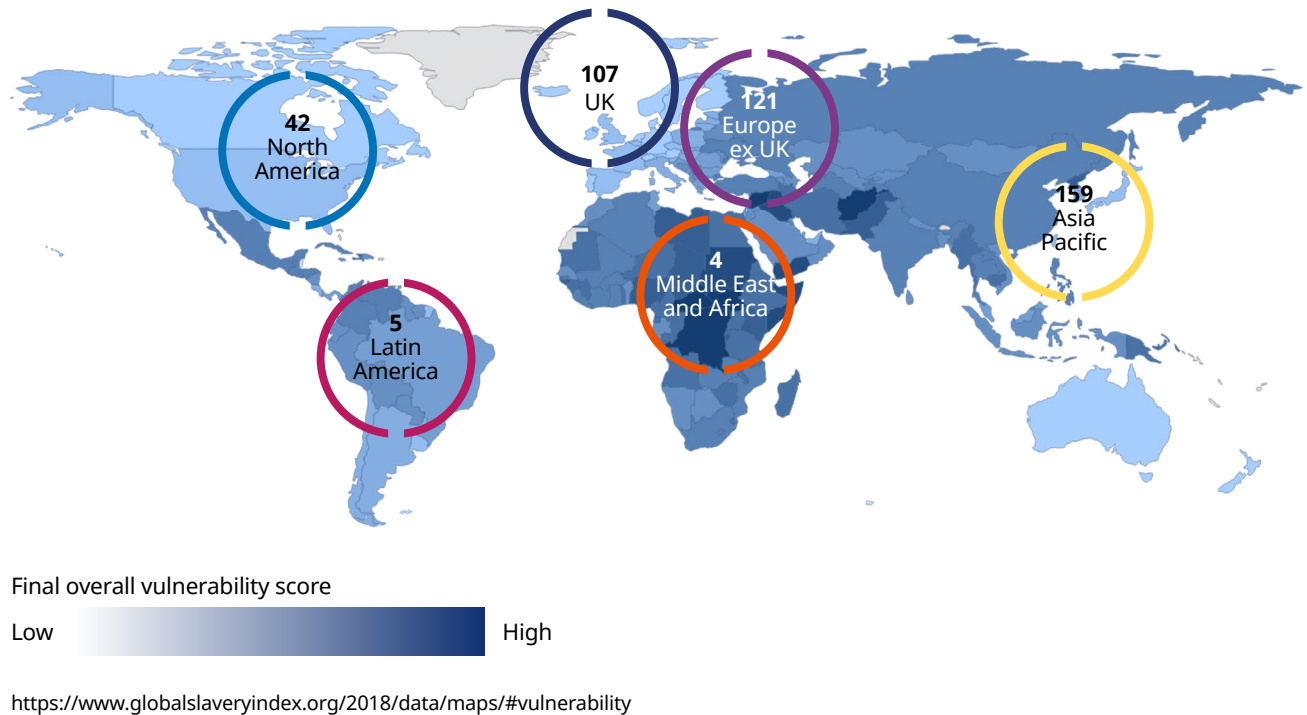
Fundamental to the way we do business, we are embedding the responsibility for finding and addressing modern slavery into our day-to-day operations, creating a culture where this is part of all supplier interactions. We also have dedicated resource to lead the focus on our social responsibilities within the supply chain, allowing us to regularly engage with those suppliers deemed to be of higher risk to modern slavery.

Adopting this methodology across all of our circa 5,000 tier one suppliers in 2021, we established a target supplier scope of 438 suppliers with whom we are engaging and collaborating with regards to modern slavery.

Each supplier in our higher risk category is required to complete our modern slavery self-assessment questionnaire and must provide relevant policies, supply chain mapping and risk mitigation processes, as well as details of staff training. For suppliers who have not yet established or implemented a plan to mitigate the risk associated with modern slavery, we have shared our methodology and collaborated with them to establish first steps.

¹³ <https://www.globalslaveryindex.org/>

Global Slavery Index vulnerability map showing our 'higher risk' tier one suppliers



The conflict in Ukraine has underlined the changeability of human rights weaknesses in different countries. While analyses like the GSI have highlighted Russia's weaknesses for some time, the country's invasion of Ukraine has escalated those concerns. The huge migration from Ukraine, particularly by women and children, has heightened risks of modern slavery among affected populations. The impacts of this are subject to ongoing analysis and our investee company engagement plans. We do not have any direct suppliers in Russia in our own supply chain.

Our supply chain modern slavery risk assessment and engagement process



Our supply chain modern slavery risk assessment and engagement process

In 2021, we worked collaboratively with 41 suppliers who reported, in their response to our modern slavery assessment, that they had no or limited tools in place, or had reason to believe there may be risks they hadn't mitigated. To supplement our own analysis, we also use third party tools and datasets to review those companies that have disclosed difficulties in mitigating the risk of modern slavery in their supply chain. We have engaged with all these suppliers directly to share our risk assessment methodology and understand their challenges. Through this collaboration, all of these suppliers have either adopted our methodology or implemented their equivalent version in order to improve oversight of their supply chain and report back to us, enhancing the oversight we have of our second and third tiers in our supply chain. By providing practical guidance to suppliers, we hope to support their efforts to better manage modern slavery risks within their businesses and supply chains. However, if suppliers do not engage after repeated requests, or satisfy us that they are managing modern slavery risks in their business or supply chain sufficiently, we will escalate to our Chief Financial Officer and CR Committee to agree appropriate actions, including potential termination of any services. We will automatically exclude any organisation if it or its associated individuals have been convicted of slavery, servitude, forced or compulsory labour, child labour or an offence in human trafficking within the last five years.

We are meeting other organisations to share and discuss methodologies and best practice and will implement any new recommendations into our own processes. In particular, we have been focussing on those organisations that have demonstrated a strong commitment to eradicating modern slavery in their own supply chain. We see the sharing of information and best practice as essential to a collective effort to eradicate modern slavery, therefore we are not proprietary with regard to our methodology and approach, openly sharing them as widely as possible.





OUR REPORTING MECHANISMS

We have robust procedures in place to make sure that our people and interested parties can raise any issues or concerns, confident in the knowledge that they will be taken seriously and investigated fully. This is captured in the Schroders Group Whistleblowing Policy.

Concerns regarding illegal or unethical behaviour, including modern slavery, can be reported by Schroders' employees or any external parties including suppliers and their employees. These concerns are reported using an independent and confidential third party global reporting service, Safecall, who provide an online portal and 24-hour phone line. Concerns can be raised anonymously either online or using a regional freephone number and can be made in English or local languages.

Our standard reporting practices and escalation mechanisms mean that any such issue would be quickly brought to the attention of senior management.

See our 'Raising concerns in confidence' page [here](#).

In 2021, Schroders did not identify any instances of modern slavery in any of our business relationships or receive any reported concerns.



TRAINING

In 2021, we updated our annual modern slavery e-learning training, designed to raise awareness and help our people understand what modern slavery is, including the scale and complexity of the issue. The training covers the impacts of modern slavery, the legal and voluntary standards related to modern slavery, how to spot the signs and, importantly, where the risks may be in our own business and what action to take to better manage them. We included real examples of where modern slavery has been exposed in businesses and their supply chains and the effect this has on the victims as well as the reputational and financial impacts on those businesses. To complete the course, employees were required to pass an assessment.

In 2021, we doubled the size of the group required to undertake the training so that we could reach more of our people across the business. We targeted those in relevant business areas including Sustainable Investment, Compliance, Risk, HR, Procurement and Communications teams, globally. The members of our CR Committee, which includes our Group Chief Executive, Chief Financial Officer and other senior leaders, also completed the training.

We achieved a 100% completion rate from the employees required to do the training.

We plan to roll out our modern slavery training to all employees in 2022.



KEY PERFORMANCE INDICATORS

We recognise that it's difficult to quantify outcomes and impacts of an approach to tackle modern slavery. Over time we will enhance our measurement of assessing the effectiveness of our approach and progress with smarter metrics. Some of these indicators may be more experience-based, including qualitative feedback, case studies or corrective actions.

Key Performance Indicators (KPIs) that summarise some of our activities and progress for 2021 are listed below. We have also included comparison metrics to 2020, as we recognise it is important to show our continued effort and progress.

Business area	KPI	2021	2020
The investments we manage	Total number of human rights-related engagements across our clients' investment portfolios	23	151*
	Number of independent human rights-related engagements	22	34*
	Number of human rights-related engagements through collaboration (for example, with non-governmental organisations or other asset managers)	1	117*
	Total number of human rights-related shareholder resolutions we voted on	9	20
	Percentage of human rights-related shareholder resolutions we voted 'for'	89%	40%

* The number of engagements has been restated for 2020 (compared to what we published in our 2020 Statement) to allow for reporting on wider human rights-related issues and an adjustment for removing duplicate data.

2021 saw a sharp drop in human rights engagements with our investee companies compared to the 151 total human rights-related engagements in 2020. At the outset of the pandemic in 2020 we participated in several collaborative engagements setting out our expectations for companies related to protecting workers, which were not repeated in 2021. The volume of our human rights-related engagements in 2021 was similar to the average of the years prior to 2020 (23 annually during 2015-19). Our commitment to direct engagement with investee companies is unchanged and we plan to continue to deepen and broaden our human rights engagement strategy going forward.

KEY PERFORMANCE INDICATORS

Business area	KPI	2021	2020
Our own operations (including supply chain)	Number of instances of modern slavery (or wider human rights issues) reported in our business or supply chain through our grievance mechanisms	0	0
Our employees	Completion rate from employees required to do our modern slavery e-learning	100%	100%
Our supply chain	Percentage of critical suppliers that have agreed to our Supplier Code of Conduct (or appropriate equivalent)	100%	100%
	Number of modern slavery engagements with suppliers	438	718
	Number of suppliers who have adopted our approach and/or agreed to corrective actions	41	0

The reduction in 'higher risk' suppliers and therefore engagements in 2021 compared to 2020 within our own corporate supply chain is due to refining our risk assessment methodology in line with good practice, reducing the number of higher risk suppliers in scope.

For more context and narrative around the KPI figures and trends please refer to the respective sections within this Statement.

OUR FUTURE PLANS

We have laid the foundations for our approach to respecting human rights and preventing modern slavery in our business and wider value chain, and are committed to long-term change in all aspects of our activities. We are committed to developing a comprehensive yet proportionate approach and to continually improving our processes to combat slavery and human trafficking.

In 2022, we will focus on the following:

The investments we manage

- Building on our existing CONTEXT metrics around modern slavery exposure and supply chain management. This will help us quantify modern slavery risks at a company level, supplementing our existing top-down approach which takes into account geography and industries.
- Enhance our methodologies for assessing human rights and modern slavery risks across our clients' investment portfolios to extend beyond first and second tier suppliers.
- Further developing our metrics to assess the social impacts of modern slavery.
- Broadening the scope of our human rights-focused engagements, supported by the development of internal human rights engagements toolkits.
- Actively working with collaborative engagement organisations to further implement our human rights engagement strategy.
- Developing and enhancing our reporting of modern slavery and human rights risks across our clients' investment portfolios.

Our own operations

Our clients

- Reviewing our client screening process for human rights checks.
- Regularly refreshing our risk assessment and detection capabilities to ensure we are scanning for emerging threats.

Our employees

- Continuing to train our people on the financial risk management framework.
- Rolling out our modern slavery training module to all employees, globally.

Our supply chain

- Leveraging external tools to better screen suppliers.
- Further refining our supplier assessment process.
- Continuing to support our higher risk suppliers by providing advice and guidance to maximise their modern slavery controls.
- Increasing our resources and capabilities to support the monitoring of our supply chain.
- Developing our technology proposition, enabling automated alerts regarding supplier obligation fulfilment and creating an efficient, externally facing portal for suppliers to engage directly with us.



APPROVAL

This statement has been approved by the Boards of Schroders plc, Schroder & Co. Limited, Schroder Administration Limited, Schroder Australia Holdings Pty Limited, Schroder Corporate Services Limited, Schroder Investment Management Limited, Schroder Investment Management Australia Limited, Schroder Investment Management North America Limited, Schroder Pension Management Limited, Schroder Real Estate Investment Management Limited and Schroder Unit Trusts Limited between 6 May and 27 June and will be reviewed and updated annually. For our 2020 Slavery and Human Trafficking Statement, please click [here](#).



23 May 2022

Peter Harrison, Group Chief Executive, Schroders plc



APPENDIX 1 – ENTITIES IN SCOPE OF UK AND/OR AUSTRALIAN MODERN SLAVERY REPORTING LEGISLATION

Schroders plc

Schroder & Co. Limited

Schroder Administration Limited

Schroder Australia Holdings Pty Limited

Schroder Corporate Services Limited

Schroder Investment Management Limited

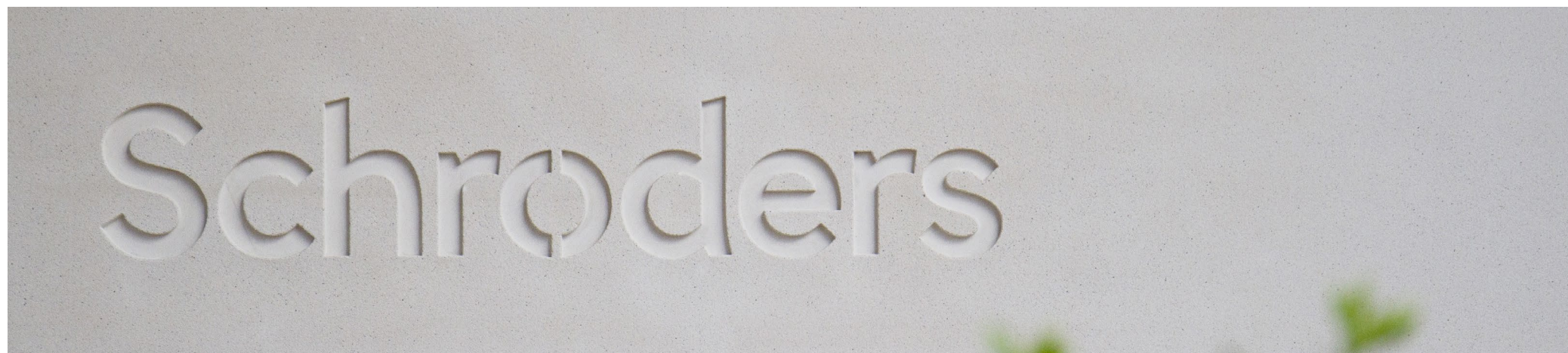
Schroder Investment Management Australia Limited

Schroder Investment Management North America Limited

Schroder Pension Management Limited

Schroder Real Estate Investment Management Limited

Schroder Unit Trusts Limited



APPENDIX 2 – HUMAN RIGHTS-RELATED INITIATIVES AND MEMBERSHIPS

We support and actively engage with a range of human rights-related initiatives, memberships and organisations to help lead progress towards respecting human rights. Examples include:

Initiative/organisation	Abbreviation	Summary
Financial Services Council	FSC	Sets mandatory standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. We are active members in their Modern Slavery Working Group, assisting with the development of policies and best practice for assessing and reporting on modern slavery and human rights risks throughout the industry.
Find It, Fix It, Prevent It	-	Under the Find It, Fix It, Prevent It modern slavery initiative, convened by Churches, Charities and Local Authorities (CCLA) Investment Management Limited, we look to engage with companies in high risk sectors, or have supply chain risks, in order to better understand how they are seeking to remedy and prevent modern slavery in their operations. In 2021, we attended a roundtable discussion organised by the CCLA, in which we discussed how best to integrate the principles into our investee company engagements.
Investors Against Slavery and Trafficking (Asia Pacific)	IAST	In 2020, IAST convened to engage with companies in the Asia-Pacific region with the aim of finding, fixing and preventing modern slavery, labour exploitation and human trafficking. As part of this initiative, in 2022, along with our industry peers, we will be participating in collaborative engagements with companies in the region on how they can more effectively take action and prevent modern slavery risks within their operations and supply chains.
Investor Alliance for Human Rights	IAHR	We are a member of this non-profit collective action platform for responsible investment that is grounded in respect for people's fundamental rights. The initiative focuses on the investor responsibility to respect human rights, corporate engagements that drive responsible business conduct, and standard-setting activities that push for robust business and human rights policies.
Living Wage Employer (accredited by the Living Wage Foundation)	-	We are an accredited employer. The Living Wage Foundation is a campaigning organisation in the United Kingdom which aims to persuade employers to pay a living wage. The real Living Wage is the only UK wage rate that is voluntarily paid by almost 10,000 UK businesses who believe their staff deserve a wage which meets everyday needs.
Mayor of London's Good Work Standard	GWS	We are an accredited employer. The Mayor's Good Work Standard sets the benchmark for the best employment standards for London employers. By achieving the Good Work Standard, employers of all sizes and sectors signal their commitment to healthy, fair and inclusive workplaces.
Responsible Investment Association of Australasia	RIAA	RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. We are active participants in the Human Rights working group, to help develop capabilities for assessing and respecting human rights and mitigating human risks in investment, as well as to facilitate the sharing of leading practice knowledge and resources pertaining to human rights and investment decision-making and engagement. The group also design and deliver significant human rights research, implementation and advocacy opportunities as relevant, through collaborating with other RIAA working groups and industry forums.

Initiative/organisation	Abbreviation	Summary
UK Prompt Payment Code	-	Schroder Investment Management Limited has been a signatory of the UK's Prompt Payment Code since 2015, which is designed to encourage prompt payment between businesses, particularly from larger to smaller businesses. We are committed to the principles regarding the treatment of suppliers. These include paying suppliers on time, providing clear guidance on terms with our suppliers and encouraging our supplier to adopt the code.
UN Global Compact	UNGC	We are signatories to the UNGC. We are committed to making the UNGC and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader Sustainable Development Goals of the United Nations. The principles include human rights, labour and anti-corruption considerations.
United Nations Principles for Responsible Investment	UN PRI	As signatories to the UN PRI, we are committed to providing transparency on the actions we are taking across our business on responsible investment including human rights.
Workforce Disclosure Initiative	WDI	We are investor members of the WDI, which was developed by ShareAction in collaboration with investors. The initiative aims to improve corporate transparency and accountability on workforce issues, provide companies and investors with comprehensive and comparable data and help increase the provision of good jobs worldwide.

APPENDIX 3 – LIST OF TIER ONE SUPPLIER LOCATIONS

In 2021 we spent approximately £700 million with approximately 5,000 suppliers¹⁴ globally. These tier one suppliers are those with whom we have a direct contractual relationship. Our primary categories of spend are largely composed of business and professional services organisations in lower risk countries.

Region	Country	Tier one suppliers
United Kingdom	Guernsey	62
	Jersey	42
	UK	1,689
Europe ex. UK	Austria	14
	Belgium	63
	Croatia	1
	Cyprus	5
	Czech Republic	2
	Denmark	25
	Finland	11
	France	119
	Germany	197
	Gibraltar	6
	Greece	2
	Hungary	2
	Ireland	36
	Italy	76
	Liechtenstein	1
	Luxembourg	117
	Malta	3

¹⁴ This excludes our intermediaries.

Europe ex. UK	Monaco	1
	Netherlands (the)	54
	Norway	1
	Poland	4
	Portugal	6
	Romania	1
	Spain	49
	Sweden	29
	Switzerland	484
	Turkey	2
Middle East and Africa	Egypt	3
	Israel	13
	Lebanon	1
	Nigeria	1
	South Africa	50
	United Arab Emirates (the)	14
Asia Pacific	Australia	226
	Bangladesh	1
	China	63
	Hong Kong	242
	India	26
	Indonesia	89
	Japan	108
	Korea	55
	Malaysia	10
	Nauru	5

Asia Pacific	New Zealand	6
	Pakistan	8
	Philippines (the)	1
	Singapore	265
	Sri Lanka	2
	Taiwan (Province of China)	107
	Thailand	2
	Vietnam	4
North America	Bahamas (the)	1
	Bermuda	22
	Canada	25
	Cayman Islands (the)	5
	United States of America	592
	Virgin Islands	2
Latin America	Argentina	58
	Brazil	4
	Chile	20
	Colombia	1
	El Salvador	1
	Mexico	3
	Uruguay	2
Total		5,142



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