

Schroders

Schroders Group Human Rights Position Statement

July 2023



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Introduction

Schroders is a world-class global asset manager that actively and responsibly manages investments for a wide range of institutions and individuals across Europe, the Americas, Asia, the Middle East and Africa. We are responsible for £737.5 billion¹ of assets for our clients who trust us to deliver sustainable returns.

We are committed to respecting the [Universal Declaration of Human Rights](#) and the [United Nations \(UN\) Guiding Principles on Business and Human Rights](#) (UNGPs or the 'Ruggie Principles'), which are underpinned by the [ILO Declaration on Fundamental Principles and Rights at Work](#). The UNGPs state that companies should respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Our approach is aligned with the [Organisation for Economic Co-operation and Development \(OECD\) Guidelines for Multinational Enterprises](#), a framework that provides guidance on responsible business conduct. As a signatory of the [UN Global Compact \(UNGC\)](#) we support and integrate its ten principles covering four areas – human rights, labour, environment and anti-corruption – into our business strategy.

Scope

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination. This statement is intended to set out our approach to identifying and managing risks and our commitments to respect human rights in all of Schroders' interactions.

This policy statement applies to all Schroders businesses worldwide. It sets out Schroders' ('Group' 'our' or 'we') position on human rights relating to its entities and employees (whether permanent, temporary or a contractor), supply chain, clients and investments.

¹Assets Under Management as at 31 December 2022.

Our commitment

We have the corporate responsibility to respect human rights, whether in our role as an employer, as a buyer of goods and services or when carrying out our fiduciary duties as a provider of financial services and an investor in companies. We have policies and processes in place to respect human rights and we have implemented processes to deal with any issues raised.

How we act

Our investments

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.

We comply with the sanctions regimes issued by the EU, the UN, His Majesty's Treasury (HMT), and the Office of Foreign Asset Control (OFAC) in the United States. We fully support the international conventions on Cluster Munitions, Anti-Personnel Mines, and Chemical and Biological Weapons. We will not knowingly hold the security of any company that is involved in the production, stockpiling, transfer and use of these weapons.

Integrating Environmental, Social and Governance (ESG) analysis into our fundamental investment processes is a core part of how we generate long-term sustainable value for our clients. Modern slavery, human rights practices and companies' management of their workers, customers, suppliers and local communities are a part of this ESG analysis.

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 that 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. CONTEXT 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 lawsuits 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 Gross Domestic Product at a country level and its associated social costs.

We continue to actively engage with individual companies on human rights practices, the details of which are disclosed in our [quarterly sustainable investment reports](#). We engage to encourage companies to respect human rights in line with the UNGPs. This means that companies formally commit to respect human rights, have human rights due diligence processes in place, and that any victims of human rights abuses have access to effective remedy. We set out our approach to engagement on human rights in the [Engagement Blueprint](#).

We are members of collaborative engagement efforts; [Find It, Fix It, Prevent It](#) of which we are a member of the engagement working group; the Investors Against Slavery and Trafficking APAC coalition, of which we have participated in collaborative engagements, [PRI Advance](#), where we joined the collaborative engagement initiative and [Churches, Charities and Local Authority \(CCLA\) Migrant Seasonal Workers](#), which we signed onto a new collaborative statement. We are investor members of [the Workforce Disclosure Initiative](#), which aims to improve corporate transparency and accountability on workforce issues.

Our clients

It is imperative that Schrodgers and all employees maintain the highest standards of ethics and integrity regarding all aspects of their conduct and dealings with clients as outlined in our Conduct and Regulatory Risk Appetite Statement. This includes adherence with all applicable laws.

We are committed to performing due diligence on the clients that we provide financial services to. This includes identifying, via screening, potential human rights issues. We only provide financial services to clients who meet our Group Financial Crime Risk Appetite Statement.

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

Our employees

We are committed to respecting the [ILO's Declaration on Fundamental Principles and Rights at Work](#) covering the following principles, laid out in eight conventions:

- Elimination of all forms of forced or compulsory labour
- Effective abolition of child labour
- Elimination of discrimination in respect of employment and occupation
- Freedom of association and the effective recognition of the right to collective bargaining
- A safe and healthy working environment

In addition to our [Modern Slavery Statement 2022](#) and [Group Human Rights Position Statement](#), we have a number of internal policies in place that set out the standards we set and measures we have in place for our employees. We regularly assess these documents and all Group policies are reviewed by the policy owner annually. These include policies relating to Health and Safety; Inclusion and Diversity; Mental Health and Wellbeing; Flexible Working; Overtime; and; Equal Opportunities, Bullying, Harassment, Respect and Dignity at Work. Where appropriate, local policies are established in line with these global principles to take into account local laws, regulation and market practice.

Schrodgers is committed to ensuring that there is no discrimination, including on the grounds of age, disability, gender identity, civil/marital status, pregnancy, maternity, race, religion or belief, sex or sexual orientation during the recruitment process or any stage of the employee lifecycle. All employees go through an employment verification process, including right to work checks.

Our employees are required to complete training on diversity and discrimination. Diversity training is run by local offices depending on local legal requirements. Our employees globally are required to complete mandatory training on modern slavery, on an annual basis.

We engage with our employees through a variety of channels including our regional and global Employee Forums. Our Global Employee Forum (GEF) allows us to gather the views of our people across the firm. The GEF is chaired by the Senior Independent Director, to provide a direct link between our employees and the Schrodgers plc Board. The Forum provides a better understanding of important issues such as training and development, performance appraisals and employee opinion surveys. We conduct pulse surveys and have invested in our internal communications to help employees understand and deliver our strategic objectives. Results of the survey are anonymised and are shared at all levels of the organization and where appropriate, we run focus group discussions as a follow up to gather more qualitative feedback from employees to get further insights.

We also have 13 Employee Resource Groups (ERGs) which are dedicated inclusion networks. The ERGs offer a grassroots approach to driving awareness and building an inclusive culture.

We commit to providing fair wages and benefits, taking into account a wide range of factors as set out by our Fair Pay for Performance Framework², a secure working environment and the highest standards of health and safety for our people at work. In addition to complying with all applicable minimum wage laws in all

²[Schrodgers Annual-Report-and-Accounts 2022.pdf](#), p. 31.

jurisdictions in which we operate, we are an accredited living wage employer in the UK (including the London Living Wage) and certified in the US to the Tier II Living Wage for US standard. 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 will promote wellbeing and a culture that fosters workplace flexibility and recognises the need for a work/life balance. We support the principles of freedom of association and respect the right to collective bargaining. We will not tolerate harassment or discrimination in our working environment.

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. We expect all our suppliers to operate in a responsible, ethical, open and transparent way and in compliance with all applicable laws and regulations. We have an established framework that governs our approach to selection, on-boarding, management and reporting across our supply chain. Our Supplier Code of Conduct sets out the high standards and behaviours we expect from our partners and is aligned with the [OECD Guidelines for Multinational Enterprises](#). It covers our expectations of suppliers on human rights, ethical sourcing, bribery and corruption, living wages, diversity and inclusion, health and safety and the environment.

We screen all suppliers for a broad number of risks including human rights and modern slavery violations as part of our supplier sourcing, onboarding and ongoing due diligence processes. Using our proprietary modern slavery risk framework, which considers sector and country risk, we then apply a specific focus to those suppliers with potentially higher labour risks and/or exposure to products or materials risk. These suppliers are subject to an enhanced due diligence process to understand and evaluate their human rights risk management, including training, reporting and remedial plans. Our intention is to provide practical guidance to support suppliers in meeting our expectations and standards and issue corrective actions where required. However, 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.

Schroders is proud to be an accredited London Living Wage employer. All of our London-based employees, including contractors are paid above the London Living Wage.

We expect, where applicable, our suppliers to adopt and pay the living wage in each of the countries in which it operates and seek the adoption of the local living wage throughout its supply chain.

As a signatory to the UK's Prompt Payment Code, we are committed to the principles regarding the treatment of suppliers, which include paying on time and providing clear guidance on our terms. This means suppliers are able to provide their workforce with a stable and regular wage.

We extend access to our independently operated Whistleblowing hotline to any external party and include it in our Supplier Code of Conduct, which is hosted on our website. Regional freephone numbers are available so that reports can be made in local languages. Any issue or concern will be taken seriously and investigated. We encourage all suppliers to report any concerns (including suspected wrongdoing) relating to Schroders conduct as soon as possible, in the knowledge that all concerns will be treated confidentially and investigated fully.

How we govern our actions

The Board of Schroders plc has collective responsibility for the management, direction and performance of the Group, and is accountable for our business strategy. We embed Environmental, Social and Governance (ESG) risks and opportunities, which includes human rights and modern slavery, into our strategy. The Board is therefore ultimately accountable for the oversight of ESG risks and opportunities that could impact our business.

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. Through this framework the Board receives briefings on sustainability matters, which includes human rights and modern slavery.

Our Group Sustainability and Impact (GSI) Committee advises and assists the Group Chief Executive, who chairs the Committee, in discharging his responsibilities regarding sustainability and impact, which includes oversight of our human rights approach. The GSI Committee considers, reviews and recommends the overall global sustainability and impact strategy, including key initiatives, new commitments and policies to the Group Chief Executive for approval. The GSI Committee also reviews the Modern Slavery Statement ahead of approval by the relevant entity Boards. The Global Head of Corporate Sustainability and Global Head of Sustainable Investment are members of the Committee and report annually to the Group Management Committee and the Board.

The Sustainability Executive Committee (Sustainability ExCo) develops and oversees the delivery of our Group level investment management sustainability strategy. This includes discussing human rights issues when required. The ExCo has senior representation from across the business including Sustainable Investment, Client Group, Product, Wealth, Private Assets and Corporate Sustainability to enable co-ordination and alignment across the business.

Our Human Rights Working Group (Working Group) focuses on evolving and improving approaches to identify and mitigate human rights risks in our clients' investment portfolios and our own operations and supply chain. The Working Group meets monthly and has representatives from Sustainable Investment, Corporate Sustainability and Group Procurement.

The Global Norms Committee considers and confirms the composition of the Schroders 'Global Norms Breach List' – a list of companies that have breached 'global norms' and have not sufficiently acted to address the harm caused. Schroders' definition of global norms considers relevant principles such as the UNGC principles, the OECD Guidelines for Multinational Enterprises and the UNGPs. Modern slavery is considered a breach of these global norms. The Global Norms Committee comprises members from the Sustainable Investment team and investment desks and provides reports to the Sustainability ExCo.

How we respect the right to privacy

We collect and use certain personal data in the course of our commercial activities and are committed to keeping it secure in compliance with data protection laws applicable in the various jurisdictions where we operate. Our Privacy Policy describes the types of personal information we capture on individuals, why and how we safeguard it. These individuals could be clients, prospective clients or their representatives, agents or appointees, or an employee, director, officer or representative of another organisation with which we have a business relationship, investors, job applicants and visitors of our websites.

We have a dedicated Information Security function responsible for the design and operation of our information security risk framework. This risk is overseen by specialists within oversight functions and internal independent assurance and is monitored by the Information Security Risk Oversight Committee.

How we deal with concerns

Our grievance policies provide a framework for the quick and effective resolution of difficulties that may arise in the workplace and seeks to achieve solutions through appropriate methods.

The Group Whistleblowing Policy sets out the internal procedure for reporting and investigating concerns without fear of reprisals or detrimental treatment. Employees can raise a concern anonymously to an independent third party, Safecall, who provide a confidential global reporting service through their 24-hour phone line or online portal. Any Whistleblowing report with a direct or indirect (actual or perceived) link to human rights, including modern slavery, will automatically be brought to the attention of the Global Head of Corporate Sustainability as part of the established triage process.

Our reporting and transparency

We are strong advocates for transparency and accountability across the companies in which we invest and seek to hold ourselves to the same standards. Each year Schroders publishes a [Modern Slavery Statement](#) updating on the progress and plans we have made towards combatting modern slavery in our business and supply chain.

External reports and documents

- [Engagement Blueprint](#)
- [Environmental, Social and Governance Policy for Listed Assets](#)
- [Group Exclusion List](#)
- [Modern Slavery Statement 2022](#)
- [Sustainable Investment quarterly and annual reports](#)
- [Schroders' Sustainability website](#)
- [Schroders' Supplier Code of Conduct](#)

Key insights articles

- [Conflict and modern slavery: the investment perspective](#)
- [Director Dialogue: what is worker voice and how can investors assess it?](#)
- [How we are acting to protect digital rights](#)
- [How can we tackle living wages? A sustainability conversation](#)

Internal policies

- Country-specific Employee Handbooks (internal access only)
- Equal Opportunities, Bullying, Harassment, Respect and Dignity at Work (internal access only)
- Inclusion and Diversity Policy (internal access only)
- Grievance Policy (internal access only)
- Group Health and Safety Policy (internal access only)
- Group Financial Crime (summary available on request)
- Group Flexible Working Guide (internal access only)
- Group Privacy Policy (available on request)
- Group Whistleblowing Policy (available on request)

This Group Human Rights Position Statement is reviewed on an annual basis and communicated to all internal and external stakeholders and interested parties.

Peter Harrison

Group Chief Executive

18 July 2023