

# Modern Slavery Statement 2022

June 2023



Schroders



# Contents

 This document has interactive elements, please click the text menu below to navigate to that page.

<b>Introduction</b>	<b>1</b>
<b>Q&amp;A: Our role in preventing modern slavery</b>	<b>2</b>
Madeleine Cobb, Global Head of Corporate Sustainability, Hannah Shoesmith, Head of Engagement and Rebecca Goosen, Supply Chain Sustainability Manager	
<b>Our organisation</b>	<b>3</b>
Our global business footprint	
<b>Our governance</b>	<b>4</b>
<b>Our policies and standards</b>	<b>5</b>
<b>Understanding and acting on modern slavery: our approach in practice</b>	<b>7</b>
Understanding modern slavery risks for our business	<b>8</b>
Acting on modern slavery: the investments we manage	<b>9</b>
Acting on modern slavery: our own operations	<b>16</b>
<b>Our reporting mechanisms</b>	<b>20</b>
<b>Training</b>	<b>20</b>
<b>Key Performance Indicators</b>	<b>21</b>
<b>Future plans</b>	<b>22</b>
The investments we manage	
Our own operations	
<b>Consultation</b>	<b>23</b>
<b>Approval</b>	<b>23</b>
<b>Appendix 1 – Summary Modern Slavery Act disclosures</b>	<b>24</b>
<b>Appendix 2 – Entities covered by this Modern Slavery Statement</b>	<b>26</b>
Entities in scope of UK and/or Australian modern slavery reporting legislation	
Entities voluntarily included	
<b>Appendix 3 – Human rights-related initiatives and memberships</b>	<b>27</b>

# Introduction

**According to the International Labour Organisation (ILO), more than 49 million people worldwide are victims of modern slavery, of which 27.6 million are in forced labour.<sup>1</sup> It is estimated that women and girls make up 11.8 million of this total, whilst 3.3 million are children.<sup>2</sup> An ILO report says that forced labour generates around US\$150 billion a year for traffickers.<sup>3</sup> The number of people in forced labour has grown over the last few years.<sup>4</sup> This has been heavily driven by COVID-19's widespread disruption of global supply chains, where cancelled contracts and the scaling back of workforces triggered a shift to more informal work channels.**

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.

Schroders has a 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 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 our processes with the aim of preventing any form of human rights infringement, including modern slavery, from taking place in the companies we invest in, as well as our own business operations and value chain.

We are committed to respecting 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 [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. By acting on these issues, we advance broader societal goals, including those set out in the [UN's 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 subsidiaries,<sup>5</sup> and other included entities (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 made during the period 1 January – 31 December 2022 and outlines our plans for 2023. All data in this Statement is at 31 December 2022, unless stated otherwise.

**i** For a summary index response against the reporting requirements, see [Appendix 1](#).

**i** For the entities in scope of UK and/or Australian modern slavery reporting legislation, and others we have chosen to include, see [Appendix 2](#).

## Monitoring the development of human rights legislation

Over the last year we have been monitoring the rapid development of the human rights legislation landscape – from revisions to existing modern slavery legislation in the UK and Australia, to expanding mandatory human rights due diligence legislation across Europe, to stricter enforcement of forced labour trade sanctions in North America. We strive to remain abreast of how these various pieces of legislation are being implemented – both to identify which of our investments may be at risk of non-compliance and to align our own corporate practices.



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

<sup>2</sup>[https://www.ilo.org/wcmsp5/groups/public/--ed\\_norm/--ipec/documents/publication/wcms\\_854733.pdf](https://www.ilo.org/wcmsp5/groups/public/--ed_norm/--ipec/documents/publication/wcms_854733.pdf)

<sup>3</sup>[https://www.ilo.org/global/topics/forced-labour/publications/WCMS\\_243391/lang-en/index.htm](https://www.ilo.org/global/topics/forced-labour/publications/WCMS_243391/lang-en/index.htm)

<sup>4</sup>[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_855019/lang-en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang-en/index.htm)

<sup>5</sup>Excluding Schroders Greencoat, who produce a separate Modern Slavery Statement, available [here](#).

# Q&A: Our role in preventing modern slavery



**Madeleine Cobb**  
Global Head of  
Corporate Sustainability



**Hannah Shoesmith**  
Head of Engagement



**Rebecca Goosen**  
Supply Chain  
Sustainability Manager

## 1. What role does an investment manager have with regards to human rights and modern slavery?

Madeleine Cobb

As an active global investment manager we have the ability to influence the management teams of companies and assets held in the portfolios we manage. Our insights and relationships mean we can support and encourage more sustainable and successful business models – and this is an increasingly important component of the value we create for our clients. We have also seen a slew of new human rights legislation emerge, in Europe and elsewhere. As companies and financial institutions respond credibly to these changes, the focus on modern slavery will only increase.

## 2. Would you divest from a company if found to have caused or contributed to human rights infringements?

Hannah Shoesmith

In cases of human rights abuses and where a company has not responded to our methods of escalation – whether that is engagement, submitting shareholder resolutions, or voting against the board – we would consider divestment.

## 3. What about countries with oppressive regimes or conflict-affected areas?

Hannah Shoesmith

The private sector can make a meaningful contribution to stability in conflict-affected and high risk areas, for example through generating job opportunities, encouraging investments in cities and promoting best practice. However, the potential

to exacerbate negative impacts is also heightened – even if a company's intentions are for the best. Therefore, we seek to undertake enhanced due diligence on companies in these regions to better understand their approach to operating responsibly.

## 4. How do you manage your own supply chain? Rebecca Goosen

We expect all our suppliers to operate ethically and transparently, as set out in our [Supplier Code of Conduct](#), and take a risk-based approach to the sourcing, onboarding and monitoring of suppliers. As part of our commitment to tackling modern slavery in our business operations and supply chain, we began working with Slave Free Alliance in 2022.

## 5. Have you found any instances of modern slavery in the portfolios you manage or in your own operations and supply chain? Madeleine Cobb

Given that modern slavery is often purposefully hidden deep within company supply chains, it is difficult to unearth such abuses. However, we continuously monitor our investments for factors that may heighten the risks of modern slavery. There have been cases where allegations of modern slavery have arisen in relation to companies we hold or their supply chains. In these cases, we seek to follow the escalation framework outlined in our [Engagement Blueprint](#) to make sure the company adequately addresses and remediates the issue. We haven't found any instances of modern slavery in our own operations and supply chain yet, but we realise this doesn't mean it isn't there. We take a risk-based approach and support our suppliers to improve labour practices in our supply chain.



**Peter Harrison**  
Group Chief Executive



*The increase in modern slavery is deeply alarming. Every company must tackle this scourge but asset managers have a particular role to play. As well as understanding our own supply chain, Schroders engages with management teams to drive change at the companies and assets we invest in. Together, we can make a significant contribution to eliminating forced labour from society.*

# Our organisation

**We are a global investment manager offering a distinctive set of advice and investment capabilities. We are responsible for £737.5 billion of assets for our clients who trust us to deliver sustainable returns.**

Our clients seek advice to help them with a range of complex challenges. By building trusted partnerships with them, we are able to nurture deeper, long-lasting relationships. Our business is organised across two segments – asset and wealth management – with four distinct business offerings.

In Asset Management:

- Schroders Investment Management offers active management across a full range of asset classes through mutual funds and institutional mandates
- Schroders Capital offers clients access to a wide range of private assets investments
- Schroders Solutions brings our public and private asset management capabilities together to offer complete investment solutions to institutional clients

In Wealth Management:

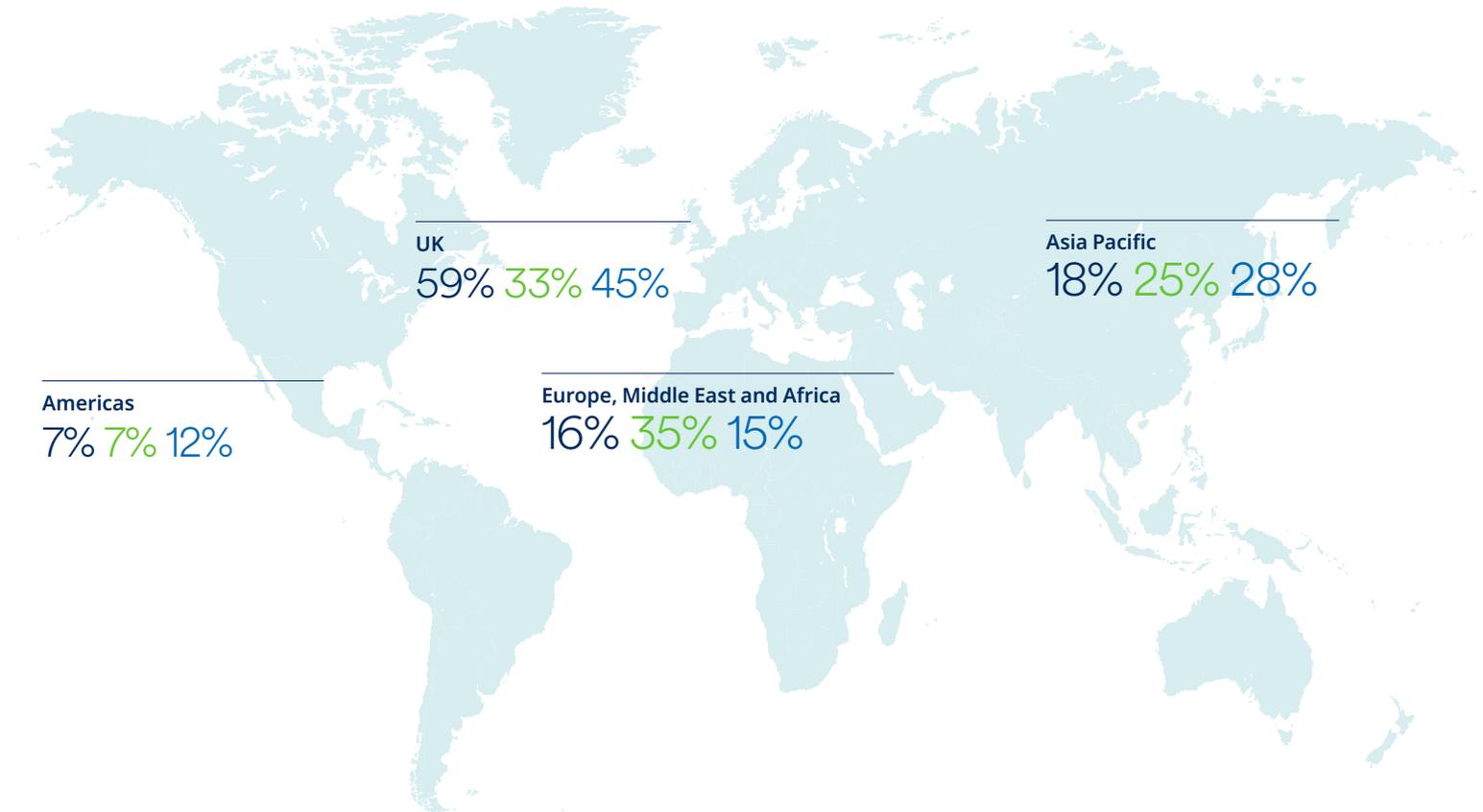
- Schroders Wealth Management offers advice across the wealth spectrum through our various brands

These four principle business offerings are underpinned by infrastructure teams that provide critical services that support the business. The average number of employees for our reporting period is 6,196 across 38 locations<sup>1</sup> globally.

We see sustainability as a key differentiator for our business and a key source of client demand. We integrate the consideration of environmental, social and governance (ESG) factors across our portfolios of managed assets to help inform better investment decisions, the importance of which is increasingly recognised by our clients.

<sup>1</sup>Our full list of worldwide locations can be found [here](#).

## Our global business footprint



■ % of permanent employees   ■ % of suppliers (by number)   ■ % assets under management

# Our governance

**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. We embed managing ESG risks and opportunities, which includes human rights and modern slavery, into our strategy. The Board is therefore ultimately responsible 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 regular briefings on sustainability matters, including human rights and modern slavery. More information on corporate governance and our Board of Directors is available [here](#).

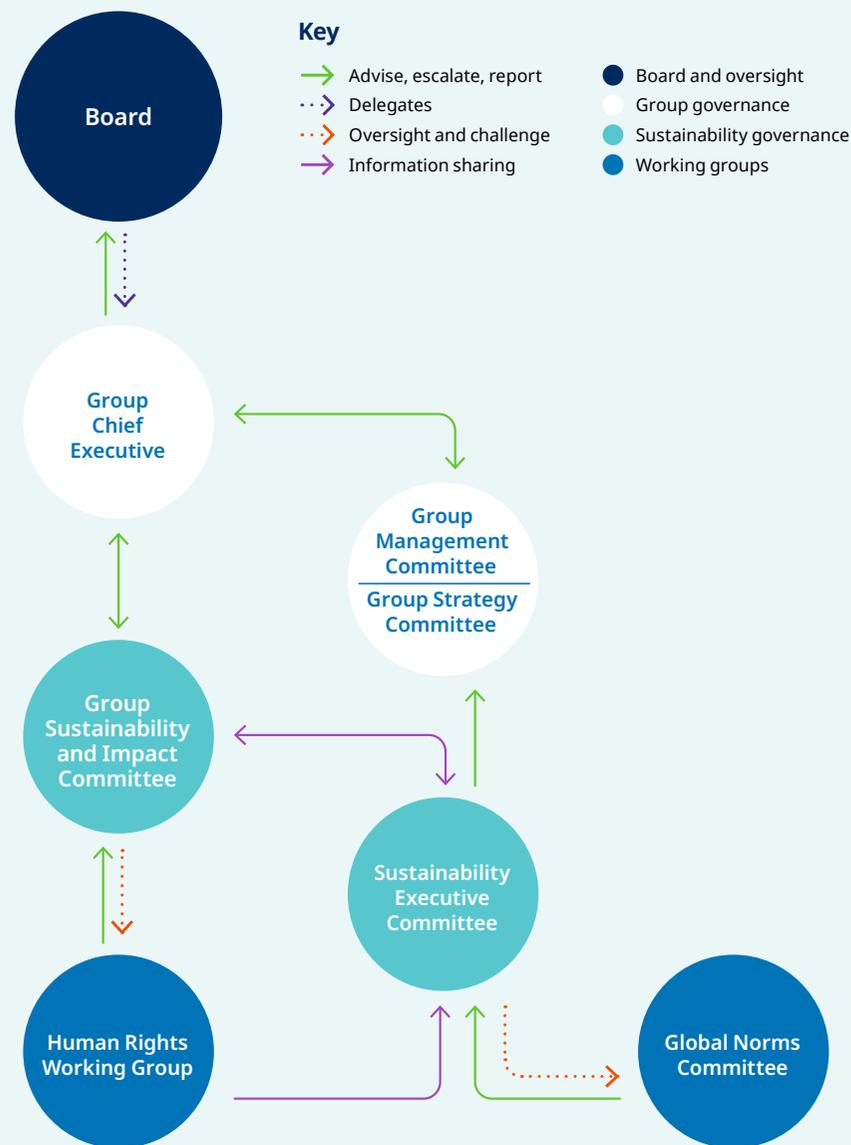
Our Group Sustainability and Impact (GSI) Committee advises and assists the Group Chief Executive, who chairs the Committee, in discharging his responsibilities regarding sustainability and impact, which includes oversight of our human rights approach. The GSI Committee considers, reviews and recommends 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. In 2022, the Working Group discussed topics such as forced labour, conflict-affected and high-risk regions, and emerging legislation on human rights. The Working Group also invited experts to share insights to enhance knowledge on specific topics.

The Global Norms Committee was set-up in 2022. It 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. This updated framework will be applied in 2023 to specified funds as an exclusion criteria. The Global Norms Committee comprises members from the Sustainable Investment team and investment desks and provides reports to the Sustainability ExCo.

## Governance structure for human rights related issues



# 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
<a href="#">Group Human Rights Position Statement</a>	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.
<a href="#">Environmental, Social and Governance Policy for Listed Assets</a>	Outlines our principles and practices regarding sustainable investing in Schroders' Asset Management processes and strategies.
<a href="#">ESG and Stewardship Policy</a>	Outlines our principles and practices regarding sustainable investing in Schroders' Wealth Management processes and strategies.
<a href="#">Engagement Blueprint</a>	Lays out our expectations of the companies in which we invest. Human rights and human capital management are two of our priority themes for engagement.
<a href="#">Flexible Working Charter (internal use only)</a>	Outlines our approach to flexible working at Schroders.
<a href="#">Group Financial Crime Policy (summary available on request)</a>	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 Financial Crime Risk Appetite Statement.
<a href="#">Group Nature and Biodiversity Position Statement</a>	Sets out our position on nature and biodiversity, taking into account the human rights and social impacts associated with deforestation and our plan to tackle these impacts with our investee companies.
<a href="#">Group Personal Data Policy (internal use only)</a>	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.
<a href="#">Employee Handbooks (internal use only)</a>	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.
<a href="#">Group Equal Opportunities, Bullying, Harassment, Respect and Dignity at Work Policy (Equal Opportunities Policy) (internal use only)</a>	Outlines our approach relating to equal opportunities, bullying, harassment, respect and dignity in the workplace.
<a href="#">Group Health and Safety Policy (summary available on request)</a>	Highlights our commitment in ensuring employees and other stakeholders are provided with a safe and healthy working environment.

## Our policies and standards

continued

Relevant document	Purpose
<b>Inclusion and Diversity Policy (internal use only)</b>	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.
<b><u>Supplier Code of Conduct</u></b>	Outlines the standards and behaviours we expect from suppliers. Suppliers must be able to demonstrate compliance with this Code.
<b>Group Procurement Policy (internal use only)</b>	Outlines the procedures and minimum standards to be applied when procuring from third party suppliers.
<b>Outsource and Supplier Oversight Policy (internal use only)</b>	Outlines the framework and standards to be applied to the outsourcing of services and the management of Schroders suppliers.
<b>Sustainable Investment Exclusion Policy (internal use only)</b>	Sets out details of investments that cannot be made in Schroder-managed portfolios, reflecting sustainability criteria, and the process and responsibilities governing its implementation.
<b>Grievance Policy (internal use only)</b>	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.
<b>Group Whistleblowing Policy (available on request)</b>	Sets out the internal procedure for reporting and investigating concerns without fear of reprisals or detrimental treatment. Our independently-operated Whistleblowing hotline is accessible to any external party.
<b><u>Schroders Capital Infrastructure Sustainability and Impact Policy</u></b>	Outlines our principles and practices regarding sustainable investing in the Schroders Capital Infrastructure business, including human rights and community relations.
<b><u>Schroders Capital Real Estate Sustainability Policy</u></b>	Outlines our principles and practices regarding sustainable investing in the Schroders Capital Real Estate business, including human rights.



## Understanding and acting on modern slavery: our approach in practice

**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. Acting wisely and responsibly is vital to achieving our purpose and our approach to respecting human rights is part of this.**

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 contribute to 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 2022, 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 for our business

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.

**Directly 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	
<b>Investment manager</b>	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 <b>direct link</b> to modern slavery.	 For more detail, see <a href="#">The investments we manage</a>
<b>Financial services provider</b>	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 Financial Crime Risk Appetite Statement. Our due diligence processes reduce the likelihood of being <b>directly linked</b> to modern slavery.	 For more detail, see <a href="#">Our clients</a>
<b>Employer</b>	A risk that our employees could be exploited	We provide protections for our people to make sure we do not <b>cause</b> any modern slavery.	 For more detail, see <a href="#">Our people</a>
<b>Purchaser of goods and services</b>	A risk that we could purchase goods and services from companies involved in modern slavery	We have risk assessment and due diligence processes in place for our suppliers to reduce the risk of <b>contributing</b> to or being <b>directly linked</b> with modern slavery.	 For more detail, see <a href="#">Our supply chain</a>



## Acting on modern slavery: the investments we manage

**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.**

In 2021, the Sustainable Investment team that supports our investment desks was restructured to reflect our priority sustainability themes. As a result, there are 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 resources for identifying and mitigating the risks of modern slavery associated with our investments.

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. Companies face intensifying regulation and legal requirements in their management of human rights abuses directly and through their supply chain, making efforts to identify and mitigate human rights risks increasingly important to our assessment of investment risks. 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.

### Proprietary models and data

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. 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 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.

In 2022, the Sustainable Investment team undertook an exercise to map the metrics available through Schroders' proprietary tools to the different issues encompassed by the topic of human rights, including worker rights. This was undertaken in conjunction with work to identify which industries are most materially exposed to human rights issues. The materiality and metric mapping will help to hone targeted analysis by investment desks.



### Bottom-up analysis of company human rights due diligence

Top-down metrics, such as the existence of policies and processes, are a helpful indication of where action is being taken by a company on the topic of human rights. However, it is important to understand the depth and quality of those policies and processes to determine whether they are likely to be effective. Over the course of 2022, the Sustainable Investment team developed a framework for analysing a company's human rights due diligence efforts. This bottom-up framework outlines basic, good and best practice across five areas of human rights due diligence (outlined below). There is a particular emphasis on the mitigation of forced labour risks within the framework given the saliency and materiality of the issue.

Human rights due diligence	Component
Policies and governance	Human rights policy
	Supplier code of conduct
	Governance
Identifying and assessing risks	Supply chain traceability
	Risk assessment
Mitigating and addressing impacts	Training
	Recruitment
	Worker voice
	Responsible purchasing practices
	Social audits
Access to remedy	Grievance mechanisms
	Remedying adverse impacts
Monitoring effectiveness	Evaluating policies and processes

### Key insights articles

Our thematic research aims to enhance our understanding of the material ESG risks and opportunities that may impact a company's valuation. Analysis of how companies deal with all their stakeholders – such as customers, clients, and employees – are all vital clues to a company's long-term ability to grow and deliver consistent returns. During 2022, we published the following:

- **Conflict and modern slavery: the investment perspective.** In the wake of Russia's devastating invasion of Ukraine in early 2022, the Sustainable Investment team highlighted the increased risks of modern slavery following conflict. We identified higher risk industries and made links to relevant human rights expectations within our Engagement Blueprint for our investors.
- **Director Dialogue: what is worker voice and how can investors assess it?** At a Schroders event organised by the Sustainable Investment team, a group of non-executive directors from London-listed firms explored the concept of worker voice. Director Dialogue, which was held at our London headquarters, was an opportunity for us to meet corporate directors face-to-face to discuss key governance topics. One of the issues we covered was how to enable worker voice.
- **How we are acting to protect digital rights.** We provided insights about our engagement with big tech companies in the US and announced that at the 2022 AGMs of Meta and Alphabet, we will vote in support of shareholder resolutions aimed at improving their approach to digital rights – including exploitative content, misinformation and privacy.
- **How can we tackle living wages? A sustainability conversation.** In 2022 we held a series of recorded conversations with experts on the topic of living wages. Guests included the Living Wage Foundation, Business Fights Poverty, and Shift.





### Engaging with our investee companies

Our engagement strategy aims to identify companies with the most material risks of connections to human rights abuses. We seek to work with investee companies to address their overarching approaches to human rights and encourage them to fully align with the UNGPs. This means that businesses should formally commit to respecting human rights, carry out effective human rights due diligence, and provide access to effective remedy for any victims of human rights abuses.

We acknowledge that it is not only our investments in companies that may require engagement to make sure human rights risks are identified and mitigated. In 2022, we began a process of reviewing our engagement priorities for other asset classes such as real estate and private equity, which includes identifying opportunities to engage on material human rights risks and opportunities.

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

**1. Workers:** It is estimated that on any given day 27.6 million people are in forced labour, 86% of which occurs within the private sector.<sup>1</sup> We encourage companies to adhere to relevant global laws and conduct the necessary operations and 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 World Bank estimates that there are over 476 million indigenous people around the world, and in 2021 nearly four people a week were killed worldwide protecting their land from business exploitation.<sup>2</sup> 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 supporting access to basic products and services, while also ensuring that products and services 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.

<sup>1</sup><https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/>

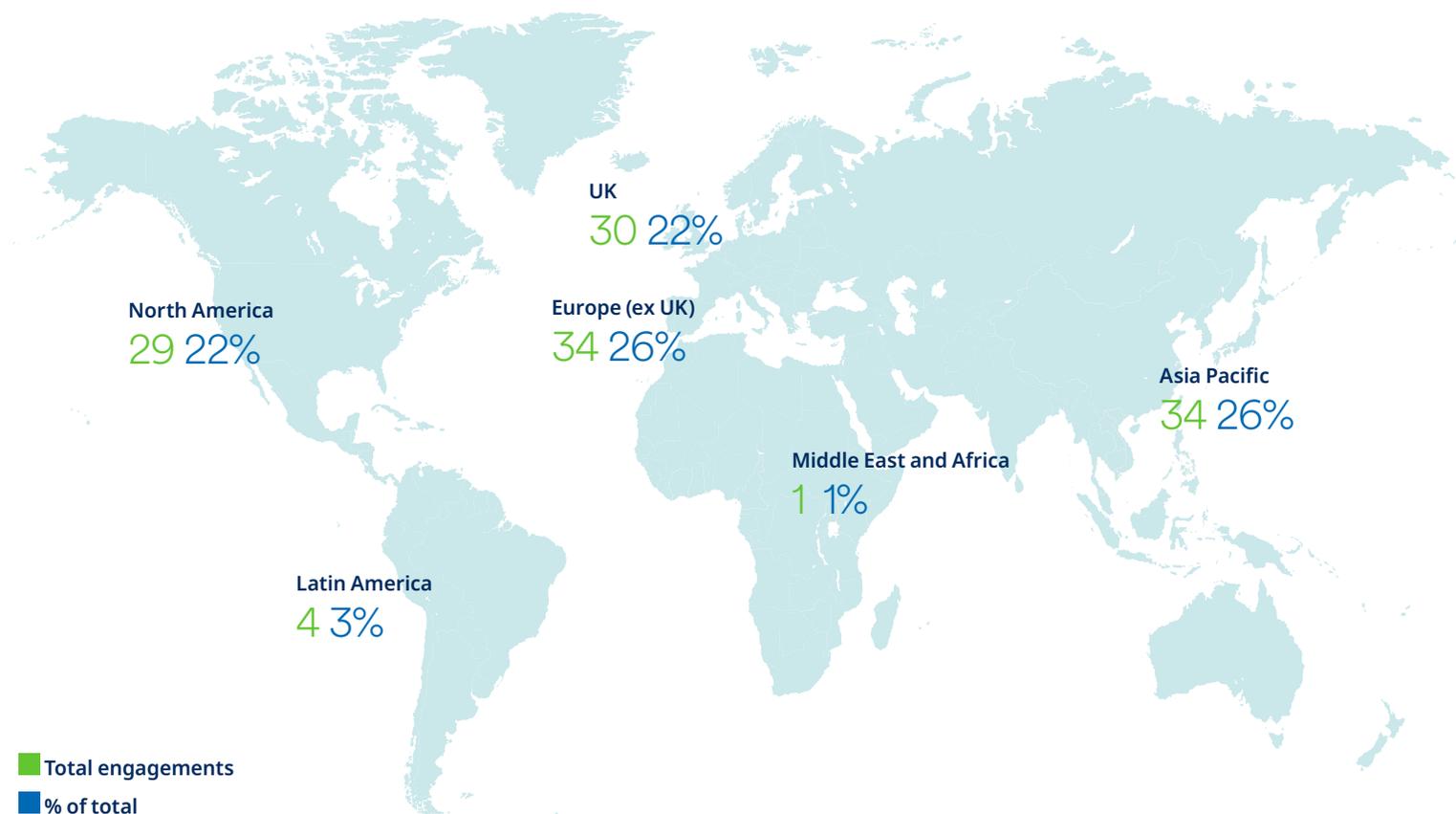
<sup>2</sup><https://www.globalwitness.org/en/campaigns/environmental-activists/defenders-earth/>

In January 2023, we published an updated version of our [Engagement Blueprint](#), which sets out our approach to engagement. This includes 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. Modern slavery is a key part of the human rights theme. 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 companies on human rights practices, the details of which are disclosed in our quarterly [Sustainable Investment reports](#). In 2022, we undertook over 5,300 engagements on sustainability issues, 132 of these engagements were related to human rights issues, across 83 companies and 28 different countries. This represents an almost four-fold increase in human rights engagements compared to 2021 (34) and is higher than the five year historical average of 67 between 2017–2021.

The chart to the right shows the percentage of total human rights engagements performed in each region in 2022. The engagement numbers are allocated to the region the company's headquarters is based in.

## Human rights engagements by region



*132 of these engagements were related to human rights issues, across 83 companies and 28 different countries.*

This year we have updated the definitions used to calculate our total number of engagements related to human rights issues, resulting in a restatement of historical numbers. With the publication of our [Engagement Blueprint](#) and implementation of ActiveIQ<sup>1</sup>, we can more accurately define and capture engagements related to workers and supply chain issues. We have defined human rights-related engagements to encompass a number of our Engagement Blueprint sub-themes: overarching approach to human rights; workers; communities; investment in the workforce and; engagement and representation.

The development of dedicated human rights resources in our Engagement team and the wider Sustainable Investment team is a key driving factor of the increase in the number of human rights related engagements from 2021 to 2022. This has enabled us to perform more targeted human rights and modern slavery engagements, as well as to provide more support to our investment teams to perform their own engagements on these issues. The team developed internal resources such as engagement toolkits on human rights, designed to support our investment teams carrying out human rights engagements. In addition, the creation of ActiveIQ<sup>1</sup>, has allowed us to log and track engagements more effectively. This has facilitated setting specific engagement objectives and tracking a company's progress against these objectives.

 For more detail and previous year data, see [Key Performance Indicators](#).

We are members of three collaborative engagement efforts and supported one collaborative statement in 2022:

- [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. In 2022 we continued our role as lead investor for engaging a UK retail and hospitality sector company on modern slavery.
- [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 participated 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.
- [PRI Advance](#). In 2022, we joined this collaborative engagement initiative focusing on human rights and social issues. A key expectation for companies targeted is to fully implement the UNGPs and address the most severe human right issues

in their operations, such as modern slavery. As part of this initiative we will be leading the engagement for two companies and supporting on three others.

- [Churches, Charities and Local Authorities \(CCLA\) Migrant Seasonal Workers](#). In 2022, we signed onto a new collaborative statement led by CCLA. This asked firms to address concerns about modern slavery in their UK agricultural supply chains. The statement called for UK retailers and firms, in and directly sourcing from UK agricultural supply chains, to protect migrant seasonal workers from paying recruitment fees leaving them in danger of debt bondage.

 For more detail on the other human rights-related initiatives we are involved with, see [Appendix 3](#).



<sup>1</sup>ActiveIQ is our engagement reporting system rolled out in 2022.

## Our approach in action

### Encouraging transparency in modern slavery statements

We began engaging with a UK hospitality company on labour issues in 2019 as part of a broad-based engagement of FTSE 100 companies over transparency in modern slavery statements. Over the last few years, the company has shown progress by providing more disclosure on modern slavery and we have continued to engage to shape this progress.

In 2022, we engaged with this company as part of the 'Find It, Fix It, Prevent It' initiative, where we took on the role of lead investor for engagement.

 For more information on 'Find It, Fix It, Prevent It', see [Appendix 3](#).

We encouraged the company to improve transparency around the effectiveness and outcomes of its work on modern slavery, as well as to increase disclosure around purchasing practices. Finally, we sought to understand how the practices apply to the company's international operations. We were encouraged to see that the company included more in-depth information on the supply chain due diligence they undertake in their latest modern slavery statement. We will continue our engagement with the company as part of the initiative and bi-laterally in the future.

### Assessing a company's response to allegations of forced labour

In 2022, we approached a company for a discussion, following recent allegations of forced labour in its supply chain in Malaysia. We were encouraged to learn a number of steps that the company was taking to improve its due diligence processes, which included investing to improve its capacity building and adding in more data sources to identify high risk regions or indicators of forced labour.

We also discussed the company's broader approach to human rights due diligence, including its process for providing remediation and responsible exit when remediation is unsuccessful, as well as its approach to grievance mechanisms. We provided feedback that we would like to see more transparency over their grievance mechanisms. We will continue to monitor the progress on this issue to drive our engagement.

### Addressing the issue of debt bondage in food supply chains

As part of a wider engagement programme focusing on UK supermarkets, we took the opportunity to discuss the issue of debt bondage<sup>1</sup> with workers in the supply chains of two companies.

One of the companies we engaged had addressed debt bondage in its last modern slavery statement, however, we sought a more in-depth understanding of the process in place to deal with this issue. The company provided background on this issue and expanded on how they had co-founded a working group, which was working with peers to implement potential solutions.

A different company we engaged explained how it had a programme in place to deal with debt bondage, although they acknowledged that the programme was facing increasing challenges due to the war in Ukraine. As a result, they increased engagement with multiple stakeholders along the migrant worker value chain. The company also stressed it has a strong stance against employer recruitment fees. The company is taking steps to meet with bodies that directly investigate debt bondage to gain more insight into the issue.

We will continue to monitor how supermarkets deal with these issues across the value chain, and how multi-stakeholder groups can work together to create processes that help identify and mitigate these issues.



<sup>1</sup>Debt bondage is the pledge of a person's services as security for the repayment of a debt.

### Our voting activity

In 2022, we voted on all 33 human rights-related shareholder resolutions for which we were eligible to cast votes. This represents a small increase in focus on human rights issues from investors, with six more resolutions compared to 2021. We supported 27 (82%) of the resolutions, marginally lower than last year, but significantly higher than the 2020 level of 40%.

 For more detail and previous year data, see [Key Performance Indicators](#).

## Our approach in action

### Voting for more transparency on protection of farmworkers' human rights

In 2022, we voted in favour of a shareholder resolution filed at The Kroger Co. This resolution asked for more transparency on whether Kroger's human rights statement has effectively protected farmworkers in its North American supply chain from human right violations, including forced labour. We voted for this resolution, whereas the Institutional Shareholder Services (ISS)<sup>1</sup> recommended a vote against. ISS provide a recommendation for each resolution, which we take into consideration when determining our vote decision. We did accept that at the time of voting Kroger does provide some disclosure regarding its human rights due diligence processes, but we supported the resolution as we believed increased transparency would develop our understanding of Kroger's supply chain and highlight potential risks.

<sup>1</sup>ISS is our voting platform where we input our votes.

### Schroders Real Estate Hotels Sustainability Programme

Our Schroders Capital Real Estate Hotels (SCREH) business maintains a sustainability programme to define sustainability ambitions and targets for the portfolio. 19 hotels (58% by number of rooms) are currently included within this programme and all SCREH are physically inspected, at least twice a year. The sustainability programme has set out a number of Key Performance Indicators (KPIs) across different sustainability themes and we work with the hotels to set improvement action plans, which are monitored quarterly. For human rights practices we expect all hotels in the sustainability programme to have:

1. A modern slavery policy and mandatory training in place for all staff; and
2. Incorporated human rights criteria within all employment and sourcing policies by 2025.

The KPIs for the sustainability programme were refined in 2022, so we will report on progress next year. However, at the end of 2022, all hotels had a modern slavery policy in place.



## Acting on modern slavery: our own operations

### Our clients

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

We ask a number of questions to check our clients are legitimate and validate this with independent information. For example, we have controls in place to make sure that the 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 confirm that our clients continue to meet our standards.

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; and
- a safe and healthy working environment.

In keeping with our Equal Opportunities Policy, we are also committed to providing equal employment opportunities and combatting all forms of discrimination.

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, primarily through a global third-party provider.

We commit to providing fair wages and benefits and a secure working environment for our people. 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) and, in 2022, became certified in the US to the Tier II<sup>1</sup> Living Wage for US standard. We were particularly mindful of the impact of heightened inflation on our junior employees and took a decision to target our 2023 salary budget towards them.

 For more detail on our living wage accreditations, see [Appendix 3](#).

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. 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. In 2022, we developed our own employee wellbeing model, which is used to inform proactive, targeted interventions to those in need, as well as to track progress against our wellbeing priorities. We also launched a Wellbeing Hub, currently available in the UK and will soon be made available globally, which provides our employees with guidance and support tailored to career and life events.

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 signals their commitment to healthy, fair and inclusive workplaces.

### Engaging our people

We engage with our employees through a variety of channels including our regional and global Employee Forums. Our Global Employee Forum is chaired by the Senior Independent Director and meets regularly during the year to discuss relevant issues. We value regular employee feedback as it helps us deliver the things that are most important to our people. Our work to build worker voice mechanism channels and a strong feedback culture has paid off, with 80% of our employees now agreeing that we ask for and receive regular feedback, the most improved category in the latest employee survey.

 For more detail on how we engage our employees, see our [Annual Report and Accounts](#) page 38.



<sup>1</sup>Tier II is achieved by ensuring we are paying a living wage in each US state where we have employees.

## 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 monitoring. We have dedicated resources to assess, engage and collaborate with our supply chain.

## Our responsible procurement framework

In 2022 we spent approximately £750 million with over 5,500 suppliers<sup>1</sup> globally. Our primary categories of spend are largely composed of business and professional services organisations operating from lower risk countries:

-  Financial services
-  Human resources
-  Information services
-  Marketing and Events
-  Professional services
-  Facilities management
-  IT

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 both initial and ongoing supplier criticality assessments to enable us to focus efforts on those areas presenting the greatest potential risk. These assessments consider the service and the aggregated supplier risk, based on financial, regulatory and reputational risks.

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, the environment, diversity and inclusion, health and safety and living wages. 100% of our critical suppliers have attested to our Supplier Code of Conduct (or provided an appropriate equivalent).

Our Supplier Code of Conduct is reviewed annually to make sure it remains fit for purpose. The updates made in 2022 combined key information for suppliers in one place, making it easier for our suppliers to understand our minimum standards. In addition to broadening our requirements related to personal data, acceptable use, physical security, financial crime and health and safety, this update included details of our confidential whistleblowing service. Adding these details to our Supplier Code of Conduct enables suppliers to access the service more easily. There were no calls received to this line related to human rights or modern slavery for the full year 2022.

 For more detail, see [Our reporting mechanisms](#).

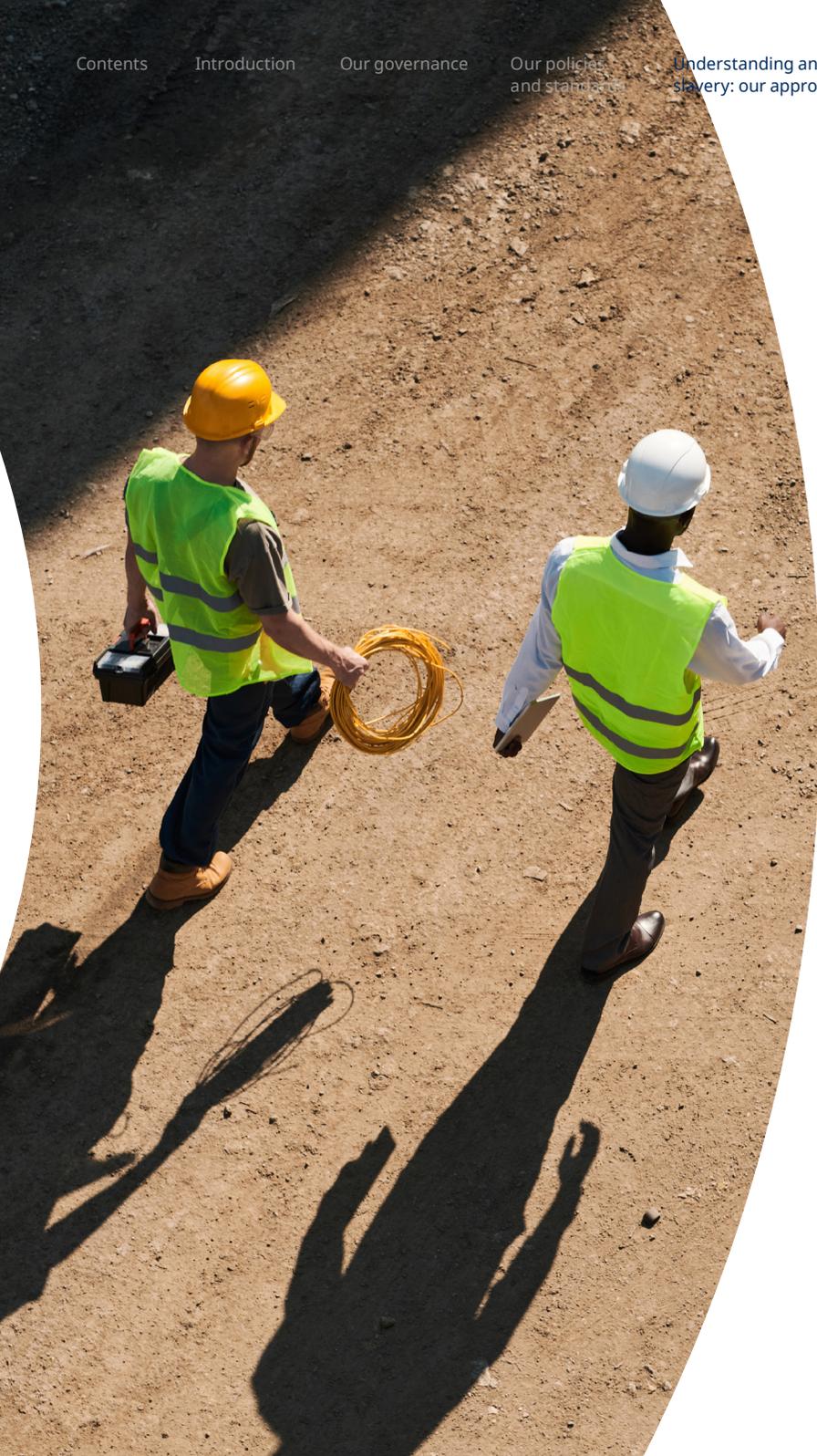
As an accredited living wage employer in the UK and US, we expect our suppliers to adopt the same principles as stated in our Supplier Code of Conduct.

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.

Our Supplier Oversight team are responsible for the screening and monitoring of supplier risk, providing timely escalation as required to subject matter experts across the organisation. This includes making sure that potential supplier risks associated with modern slavery have been screened using a third party database. This is performed, prior to onboarding a new supplier and subsequently monitored on an ongoing basis. In 2022, we activated automated alerts to flag any modern slavery or human rights incidents for our Supplier Oversight team to investigate. There were no alerts linked to modern slavery or human rights for our supply chain during 2022. This team is also responsible for making sure suppliers can demonstrate compliance with our Supplier Code of Conduct.



<sup>1</sup>This excludes our intermediaries.



### **Our supply chain modern slavery risk assessment and engagement process**

In 2022, we became a member of Slave Free Alliance (SFA) to support our business operations and supply chain activities. SFA is a social enterprise and part of global anti-slavery charity Hope for Justice.<sup>1</sup> We chose to partner with them due to their extensive and diverse practical experience in dealing with modern slavery issues around the world. SFA are supporting us to review our supplier risk assessment process, enhance our methodology and aid the development of our supply chain strategy.

Our recent approach to assess supplier modern slavery risk has been to use the 2018 Global Slavery Index (GSI)<sup>2</sup> vulnerability index as our primary country risk measure.<sup>3</sup> Based upon the expertise provided by SFA and our Sustainable Investment team, we are introducing an enhanced new methodology that considers significantly more data and insight. We now take into account the GSI vulnerability index, prevalence index

rank and government response rating; the relevant country's ranking in the 2021 Trafficking in Persons Report<sup>4</sup>; and the 2022 International Trade Union Confederation's Global Rights Index.<sup>5</sup> Furthermore, SFA have reviewed our spend categories to overlay their own risk rationale on industries (based upon academic research, media sources, the Ethical Trading Initiative Base Code and their own experience). We still have more to do to refine the data, methodology and scorecard, but we believe it will give us a more comprehensive and multi-dimensional human rights assessment of our suppliers.

The initial profile of our suppliers<sup>6</sup> shows that 91% of our suppliers are deemed 'low' risk, 8% are 'medium' risk and 1% are in the 'high' risk category. None of our suppliers are in the 'very high' risk category. There are approximately 60 suppliers currently in the 'high' risk category. We will review our suppliers by risk to focus our efforts and apply enhanced due diligence. New GSI data was released in May 2023, so we will update our risk assessment model.

<sup>1</sup><https://www.slavefreealliance.org/about-us/>

<sup>2</sup><https://www.globalslaveryindex.org/>

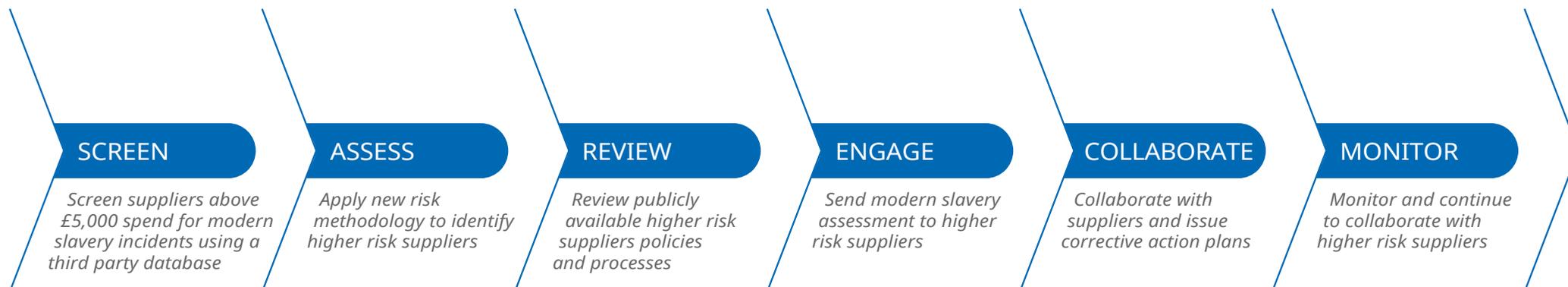
<sup>3</sup>The country risk is based on the invoice address.

<sup>4</sup><https://www.state.gov/wp-content/uploads/2021/09/TIPR-GPA-upload-07222021.pdf>

<sup>5</sup><https://www.globalrightsindex.org/en/2022>

<sup>6</sup>This excludes our intermediaries.

## Our supply chain modern slavery risk assessment and engagement process



Higher risk suppliers are requested to complete an enhanced due diligence assessment. This includes the provision of information about their company, their workforce and their workers' rights through relevant policies, risk mitigation processes, as well as details of staff training, where applicable. We also do a desk review of the companies' publicly available policies and relevant documents.

In 2022, we contacted 92 of our European intermediaries<sup>1</sup> with this information request as part of a wider ESG fact-finding process. One company identified an incident, unrelated to the service it provides us, which they have reviewed in line with their financial crime risk policies and remediation processes.

For suppliers who have not yet established or implemented a plan to mitigate the risk associated with modern slavery, we will continue to share our methodology and collaborate with them to establish first steps. We aim to provide practical

guidance to suppliers to support their efforts to better manage modern slavery within their businesses and supply chain. In June 2022, we provided funding for five of our UK based small and medium-sized enterprises (SMEs), to participate in a 12-month 'Foundations for Responsible Business' programme delivered by the charity Heart of the City. Encompassing three modules – environment, people and community – the programme aims to enable each SME to create and implement a sustainability strategy including helping them put in place a human rights and modern slavery policy and giving them the tools to start to assess any associated risks.

Our focus in 2022 was to review and enhance our supplier risk assessment process (as described on page 18) so that we could better understand and segment our suppliers by potential risk level. Therefore our activity around supplier engagement reduced whilst we undertook this exercise. In 2023 we will review, update and apply our enhanced risk

methodology and due diligence process to our higher risk suppliers.

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 GSI 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.

In 2022 we did not find any instances of modern slavery in our supply chain. Introducing the enhanced approach for 2023, we intend to be able to target suppliers in greater detail as we continue our pursuit to find and improve labour practices in our supply chain.

### Our charitable partnerships

In 2022, we introduced modern slavery related questions within our strategic charity partnership onboarding process. These questions are now embedded into our due diligence process, which is completed before we embark on a new charity partnership.

<sup>1</sup>Within our Asset Management business we work with intermediaries, including financial advisers, private wealth managers, distributors and online platforms.

## Our reporting mechanisms

We have 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. The Schroders Group Whistleblowing Policy provides a framework for the quick and effective resolution of difficulties that may arise in the workplace and seeks to achieve solutions through appropriate methods.

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 can be 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. 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.

 For more detail, see our [Raising concerns in confidence](#) page.

In 2022, we reviewed how concerns can be raised and the whistleblowing hotline was communicated to our employees and wider stakeholders. We rolled out modern slavery awareness training to all employees<sup>1</sup> globally. The training included a section on how to raise a concern related to modern slavery through internal channels or our whistleblowing hotline.

In 2022, Schroders did not identify any instances of modern slavery in any of our business relationships or receive any reported concerns. However we realise this does not mean that instances do not occur anywhere in our value chain, including within investee companies.

 For more detail on how we continue to assess, engage, monitor and manage our different stakeholder groups, see [Acting on modern slavery](#).

## Training

In 2022, 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. 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. After completing the training, our people can:

- Understand what modern slavery is and the scale of the problem
- Know the legal and voluntary standards globally related to modern slavery and human rights
- Recognise the signs of modern slavery
- Understand the key risks to our business
- Take appropriate action to manage the risks of modern slavery
- Know about Schroders' grievance processes
- Locate our Group Human Rights Position Statement and Modern Slavery Statement for more information

To complete the course, employees are required to pass an assessment.

In 2022, we rolled out this training to all employees<sup>1</sup> globally, to have a foundation level of awareness. This is an almost 10-fold increase in recipients compared to last year. We achieved a 99% completion rate, which is marginally lower than the 100% completion rate in 2021, but to be expected given the significantly higher number of recipients.

We will continue to review and evolve our approach to training in 2023.



<sup>1</sup>Excluding Benchmark Capital and Schroders Greencoat.

# 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.

 For more detail, see ['our approach in action'](#) page 14.

KPIs that summarise some of our activities and progress for 2022 are listed below. We have also included comparison metrics to 2021 and 2020, as we recognise it is important to show our continued effort and progress.

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

Business area	KPI	2022	2021	2020
<b>The investments we manage</b>	Total number of human rights-related engagements across our clients' investment portfolios	132	34	164
	Number of independent human rights-related engagements	130	33	47
	Number of human rights-related engagements through collaboration (for example, with non-governmental organisations or other asset managers)	2	1	117
	Total number of human rights-related shareholder resolutions we voted on	33	27 <sup>1</sup>	20
	Percentage of human rights-related shareholder resolutions we voted 'for'	82%	96% <sup>1</sup>	40%
<b>Our own operations (including supply chain)</b>	Number of instances of modern slavery (or wider human rights issues) reported in our business or supply chain through our grievance mechanisms	0	0	0
<b>Our employees</b>	Completion rate from modern slavery e-learning	99%	100%	100%
<b>Our supply chain</b>	Percentage of critical suppliers that have agreed to our Supplier Code of Conduct (or appropriate equivalent)	93% <sup>2</sup>	100%	100%
	Number of modern slavery engagements with suppliers	97	438	718
	Number of suppliers who have adopted our approach and/or agreed to corrective actions	N/A <sup>3</sup>	41	0

<sup>1</sup>Voting numbers for 2021 have been restated due to the categories being updated by our voting vendor.

<sup>2</sup>7% of suppliers do have an appropriate equivalent for their own operations and some for sub-contractors, however we are following up for evidence they pass on all expectations to their sub-contractors.

<sup>3</sup>Our focus in 2022 was to review and enhance our supplier risk assessment process (see [Our supply chain modern slavery risk assessment and engagement process](#)). In 2023 we will engage with our higher risk suppliers using our enhanced methodology.

# Future plans

**We are committed to respecting human rights and preventing modern slavery in our business and wider value chain. We will continually develop and improve a comprehensive yet proportionate approach to combat slavery and human trafficking.**

In 2023, we will focus on the following:

## The investments we manage

- Refreshing our modern slavery exposure metric within CONTEXT to enable more indicative risk tiering based on top-down factors, such as geography and industry, as well as bottom-up factors such as purchasing practices
- Developing a structured framework for identifying and assessing companies with particular exposure to conflict-affected and high risk areas. This will feed into our review of companies for the Schroders Global Norms Breach List
- Broadening the scope of our human rights-focused engagements, supported by the continued development of internal human rights engagements toolkits
- Continuing to actively work with collaborative engagement organisations to further implement our human rights engagement strategy

## Our own operations

### Our clients

- Regularly refreshing our risk assessment and detection capabilities to make sure we are scanning for emerging threats
- Updating our Anti-Financial Crime control framework as a result of new threats

### Our employees

- Continuing to train our people on the financial risk management framework
- Developing modern slavery awareness and understanding amongst our people through events and targeted training

### Our supply chain

- Leveraging external tools and expertise to better screen suppliers and assess risk
- Further refining our supplier risk assessment process
- Enhancing our due diligence processes for higher risk suppliers
- Continuing to support our higher risk suppliers by providing advice and guidance to maximise their modern slavery controls
- Developing specific training for Procurement teams

### Our reporting mechanisms

- Reviewing escalation pathways and processes for concerns raised internally or via our whistleblowing hotline



## Consultation

Schroders is managed as an integrated Group with overarching policies, systems and processes.<sup>1</sup> We take an interdisciplinary approach to our reporting: this Statement has been prepared by subject matter experts in consultation with key teams that deliver our human rights (including modern slavery) risk identification, assessment and management processes. The teams involved in consultation and review of this Statement include Corporate Sustainability, Group Company Secretary, Group Risk and Compliance, HR, Sustainable Investment, Real Estate Management, Schroders Capital, Schroders Wealth Management, Group Procurement, Workplace Services, Corporate Communications, and Legal. Prior to being put to the different entity Boards for review and approval, the Statement was reviewed by our GSI Committee, which includes our Group Chief Executive, Chief Financial Officer and other members of our Group Management Committee.

## Approval

This statement has been approved by the Boards of Schroders plc, Benchmark Capital Limited, Best Practice IFA Group Limited, Fusion Wealth Limited, Schroder & Co. Limited, Schroder Administration Limited, Schroder Australia Holdings Pty Limited, Schroder Corporate Services Limited, Schroder Financial Services Limited, Schroder Investment Management Limited, Schroder Investment Management Australia Limited, Schroder Investment Management North America Limited, Schroder Investment Solutions Limited, Schroder Pension Management Limited, Schroder Real Estate Investment Management Limited and Schroder Unit Trusts Limited between 17<sup>th</sup> May and 27<sup>th</sup> June and will be reviewed and updated annually. For our 2021 Modern Slavery Statement, please click [here](#).



7 June 2023

**Peter Harrison**  
Group Chief Executive, Schroders plc



<sup>1</sup>There is a period of onboarding and transition when we acquire a new business.

## Appendix 1 – Summary Modern Slavery Act disclosures

Below, we outline the sections of our Statement that address our actions to meet the recommended reporting criteria as required by the UK Modern Slavery Act. We have also aligned this with the core mandatory criteria required by the Australian Modern Slavery Act.

UK Modern Slavery Act	Australia Modern Slavery Act	Schroders response	Page number
Organisation's structure, its business and its supply chains	The identity of the reporting entity	<b>Our organisation</b>	
	The structure, operations and supply chains of the reporting entity	<ul style="list-style-type: none"> <li>– Details on our business structure, operations and supply chains</li> </ul>	<b>3</b>
Policies in relation to slavery and human trafficking		<b>Appendix 2 – Entities covered by this Modern Slavery Statement</b>	
		<ul style="list-style-type: none"> <li>– List of reporting entities</li> </ul>	<b>26</b>
Policies in relation to slavery and human trafficking		<b>Our policies and standards</b>	
		<ul style="list-style-type: none"> <li>– Relevant policies and documents related to human rights and modern slavery including Group Human Rights Position Statement, Employee Handbooks, Engagement Blueprint, Supplier Code of Conduct, Group Whistleblowing Policy</li> </ul>	<b>5</b>
Risk assessment and management; parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	The risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities it owns or controls	<b>Understanding modern slavery risks for our business</b>	
		<ul style="list-style-type: none"> <li>– Understanding our potential risks related to modern slavery across our business and value chain, through our roles as an investment manager, financial services provider, employer and purchaser of goods and services</li> </ul>	<b>8</b>
		<b>Understanding and acting on modern slavery: our approach in practice</b>	
		The investments we manage	
		<ul style="list-style-type: none"> <li>– Our proprietary models and data</li> </ul>	<b>9</b>
		<ul style="list-style-type: none"> <li>– Bottom-up analysis of company human rights due diligence</li> </ul>	<b>10</b>
<ul style="list-style-type: none"> <li>– Engaging with our investee companies</li> </ul>	<b>11</b>		
<ul style="list-style-type: none"> <li>– Our voting activity</li> </ul>	<b>15</b>		
Our supply chain			
<ul style="list-style-type: none"> <li>– Our supply chain modern slavery risk assessment and engagement process</li> </ul>	<b>18</b>		

## Appendix 1 – Summary Modern Slavery Act disclosures

continued

UK Modern Slavery Act	Australia Modern Slavery Act	Schroders response	Page number
Due diligence processes in relation to slavery and human trafficking in its business and supply chains	The actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address these risks, including due diligence and remediation processes	<p><b>Understanding and acting on modern slavery: our approach in practice</b></p> <p>The investments we manage</p> <ul style="list-style-type: none"> <li>- Our proprietary models and data</li> <li>- Bottom-up analysis of company human rights due diligence</li> <li>- Engaging with our investee companies</li> </ul> <p>Our clients</p> <p>Our employees</p> <p>Our supply chain</p> <ul style="list-style-type: none"> <li>- Responsible procurement framework</li> <li>- Modern slavery risk assessment and engagement processes</li> </ul> <p><b>Our reporting mechanisms</b></p> <ul style="list-style-type: none"> <li>- Details of our anonymous whistleblowing hotline and established triage procedure for concerns related to human rights and modern slavery</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>- Details of our modern slavery awareness training</li> </ul>	<p><b>9</b></p> <p><b>10</b></p> <p><b>11</b></p> <p><b>16</b></p> <p><b>16</b></p> <p><b>17</b></p> <p><b>17</b></p> <p><b>18</b></p> <p><b>20</b></p> <p><b>20</b></p>
Training and capacity building on modern slavery and human trafficking available to its staff		<p><b>Training</b></p> <ul style="list-style-type: none"> <li>- Details of our modern slavery awareness training</li> </ul>	<p><b>20</b></p>
Effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators it considers appropriate	How the reporting entity assesses the effectiveness of actions	<p><b>Key Performance Indicators</b></p> <ul style="list-style-type: none"> <li>- KPIs related to investee company engagements, voting, training, instances of modern slavery and suppliers</li> </ul> <p><b>Our governance</b></p> <ul style="list-style-type: none"> <li>- Oversight of our human rights strategy by the GSI Committee, chaired by our Group Chief Executive</li> </ul>	<p><b>21</b></p> <p><b>4</b></p>
	The process of consultation with any entities the reporting entity owns or controls, any other information that the reporting entity, or the entity giving the statement, considers relevant	<p><b>Consultation</b></p> <ul style="list-style-type: none"> <li>- Consultation between reporting entities</li> <li>- Cross-functional approach to producing annual Modern Slavery Statement</li> </ul>	<p><b>23</b></p> <p><b>23</b></p>
	Any other relevant information	<p><b>Future plans</b></p> <ul style="list-style-type: none"> <li>- Future plans for 2023</li> </ul>	<p><b>22</b></p>

## Appendix 2 – Entities covered by this Modern Slavery Statement

### Entities in scope of UK and/or Australian modern slavery reporting legislation

Schroders plc  
Benchmark Capital Limited  
Best Practice IFA Group Limited  
Fusion Wealth Limited  
Schroder & Co. Limited  
Schroder Administration Limited  
Schroder Corporate Services Limited  
Schroder Financial Services Limited  
Schroders Greencoat<sup>1</sup>  
Schroder Investment Management Limited  
Schroder Investment Management North America Limited  
Schroder Investment Solutions Limited  
Schroder Real Estate Investment Management Limited  
Schroder Unit Trusts Limited

### Entities voluntarily included

Schroder Australia Holdings Pty Limited  
Schroder Investment Management Australia Limited  
Schroder Pension Management Limited

<sup>1</sup>Schroders Greencoat produce a separate Modern Slavery Statement, available [here](#).



## Appendix 3 – 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
Churches, Charities and Local Authorities (CCLA) Migrant Seasonal Workers statement	-	In 2022, we signed a new collaborative statement led by CCLA. The statement called for UK retailers and firms in and directly sourcing from UK agricultural supply chains to protect seasonal migrant workers from paying recruitment fees leaving them in danger of debt bondage.
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 members of 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	-	Find It, Fix It, Prevent It is an investor-led initiative, convened by CCLA Investment Management Limited, to engage with companies in high risk sectors, or have supply chain risks, in order to improve governance and policies to mitigate the risk of modern slavery and report in line with best practice. In 2022 we continued our role as lead investor for engaging a UK retail and hospitality sector company on modern slavery.
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. In 2022, as part of this initiative, along with our industry peers, we participated 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 that 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 that believe their staff deserve a wage that meets everyday needs. In 2022 we facilitated a conversation between Schroders' Global Head of Sustainability and the Head of Communications at the UK's Living Wage Foundation, with the discussion titled ' <a href="#">How can we tackle living wages? A sustainability conversation</a> '.
Living Wage For US		We are a certified Living Wage Employer in the US. This is achieved by ensuring we are paying a living wage in each state where we have employees. Living Wage for US aims to overcome the barriers and create the incentives to enable employers to pay Living Wages, affording a decent quality of life for working families.

## Appendix 3 – Human rights-related initiatives and memberships

continued

Initiative/organisation	Abbreviation	Summary
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.
PRI Advance		In 2022, we signed onto this collaborative engagement initiative focusing on human rights and social issues. A key expectation for companies targeted as part of this collaborative engagement is to fully implement the UNGPs and address the most severe human rights issues in their operations, such as modern slavery. As part of this initiative we will be leading the engagement for two companies and supporting on three others.
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 designs and delivers significant human rights research, implementation and advocacy opportunities as relevant, through collaborating with other RIAA working groups and industry forums.
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 suppliers to adopt the code.
UN Global Compact	UNGC	As a signatory to the UNGC we support and integrate its ten principles covering four areas – human rights, labour, environment and anti-corruption – into our business strategy. In 2022 we became an Early Adopter of the UNGC's Communication on Progress as part of our commitment to transparently disclose our implementation of the Ten Principles and contribution to the Sustainable Development Goals. 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. In 2022, we submitted our corporate response to the WDI survey and have signed onto the initial survey response engagement letters.



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#### **Forward-looking statements**

This report may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'likely', 'foresee', 'estimates' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Nothing in this report should be construed as a forecast, estimate or projection of future financial performance. Issued by Schroders plc, 1 London Wall Place, London EC2Y 5AU. Registered No. 03909886 England. 608107