

SUSTAINABLE INVESTMENT REPORT

**A N N U A L
R E P O R T
2 0 2 1**



Marketing material.

Environmental, Social and Governance
is referred to as ESG throughout.

Schroders

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About Schroders

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

We make these choices carefully and deliberately because they affect the financial future of our clients and can impact the wider society.

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

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



Presence in 37 locations

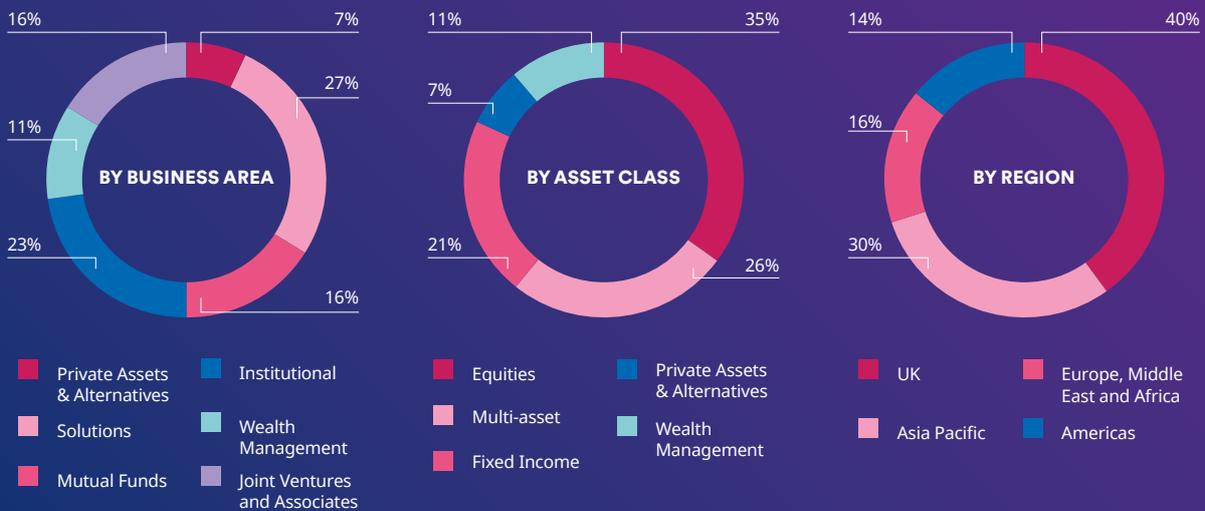


£731.6 billion assets under management



5,000+ employees

FIGURE 1: ASSETS UNDER MANAGEMENT



Source: Schroders, as at 31 December 2021.



A message from our Group Chief Executive

Sustainability is part of everything we do and in 2021 we continued to make real progress on a number of fronts.



Peter Harrison
Group Chief Executive

I am particularly proud that Schroders is the largest asset manager to have its emissions plan validated by the Science Based Targets initiative. This puts us on a 1.5°C emissions reduction pathway and helps us reach net zero across our value chain by 2050, or sooner.

"But this is certainly no time to rest on our laurels."

As I write this in March 2022, the war in Ukraine is raging following Russia's invasion. First and foremost, the war is having devastating consequences for millions of people there. But it's also had a dramatic effect on sustainability.

On the environmental front it has sped up the clean energy revolution as it has exposed our reliance on fossil fuels, particularly in Russia. Not only is the energy transition imperative from a climate change point of view, but also because we can not be reliant on despots to keep our lights on.

But sustainability is about more than climate change, and the societal impact of the Ukraine crisis is even more profound.

It's now widely recognised and accepted that companies need to be held to account about how they do business and their social impact. Lending credence or support to a regime willing to invade a sovereign nation is not acceptable and we are engaging constantly with any companies we own that have operations in Russia. We firmly believe active engagement is the best way to ensure companies do the right thing.

With this in mind, we have just launched our Engagement Blueprint, which identifies the thematic areas where we have chosen to focus our active ownership efforts in 2022. These areas relate to sustainability factors that we see are material for the long-term value of our clients' assets and the Blueprint sets out the long-term outcomes we want to see from companies. It is forward-looking in nature and will serve as a compass for our intended direction of travel.

More importantly, such is our belief in active engagement, it is now enshrined into the annual performance objectives of our fund managers and analysts as a must.



A message from our Global Head of Sustainable Investment

The focus now is firmly on bringing objective measures to portfolios and demonstrating action, rather than relying on aspirations and intentions.



Societal, political and regulatory focus on sustainability and sustainable investment is intensifying. Issues like climate change, biodiversity loss, inequality, discrimination, and corruption present risks and opportunities to businesses and investments, and in many cases will require significant and sustained investment. Asset managers are unavoidably at the centre of those pressures and can play a critical role in tackling them.

Historically, the purpose of asset management has been capital allocation, that is, deciding what economic activities to invest in to achieve an optimal risk-return outcome for their clients. But what used to be one- or two-dimensional is now multi-dimensional.

First, what makes a good risk-return outcome has changed. The relevance and materiality of ESG factors to investment risk or opportunity is increasingly clear. Integration of ESG in investment decisions is now the new normal.

Second, there is a new dimension next to risk and return; impact. The externalities that companies have on the environment and society represent material risks to their business models which can make or break an investment decision.

Third, asset managers' role is not only to allocate capital by considering ESG risks and opportunities. They also fulfil a broader role of stewardship and oversight for the capital that they have allocated. How we own investments is becoming as important as which investments we choose to own.

As a result, the nature of the debate has changed from whether we do sustainable investment to how we invest sustainably. The growing focus on bringing objective measures to portfolios and demonstrating action, rather than relying on aspirations and intentions, has been a key shift over the last few years.

The significant increase in regulation has undoubtedly been a driver and provided an impetus for action. The additional scrutiny has forced the industry to be more deliberate and purposeful in its analysis, reporting and controls it applies, with all the investment that this requires.

At Schroders, we have been firmly on that journey for many years and are now well placed to invest sustainably, deliver value for our clients and adapt in a rapidly changing regulatory environment.

The initial ESG integration journey we completed across our managed assets in 2020 has set a robust basis. This is complemented by our range of award winning proprietary tools. These enable our analysts and fund managers to ask questions about how a company is managing its business, the impact it has on society and stakeholders and how it contributes to sustainability themes.

Through these tools, we can build a fuller picture of the risks, opportunities and impacts of our investments and communicate these to our clients. Importantly, they are not static. As our understanding of sustainability evolves, we review our tools and their functionality. 2021 has seen an important revamp of SustainEx™¹, to refine a number of metrics and include new impacts such as Scope 3 emissions and avoided emissions, as well as the launch of Sovereign SustainEx.

Schroders' insights are further enriched by thematic research that looks not only at the immediate issue of climate change but also at the broader sustainability agenda with topics such as natural capital, human capital, human rights, sustainable innovation and technology. These are themes we expect to shape our future and our investments in the long-term and which we examine in depth. For example, our research on our impact on nature is only the first in a series of natural capital thematic research, covering deforestation, sustainable food and water, pollution, and the circular economy.

We then bring all these insights together and engage with companies to support them in transitioning towards more sustainable business practices, that give due consideration to their stakeholders, identify trends and adapt.

¹ Schroders uses SustainEx™ to estimate the net impact of an investment portfolio having regard to certain sustainability measures in comparison to a product's benchmark where relevant. It does this using third party data as well as Schroders own estimates and assumptions and the outcome may differ from other sustainability tools and measures.

Perhaps one of the greatest trends in the decades to come is decarbonisation. Approaching 90% of the world's GDP is now generated in countries with a Net Zero target². Schroders as a firm is rising to the challenge and taking concrete action.

To honour our commitment to the Net Zero Asset Managers Initiative, of which we are founding member, Schroders has submitted its targets to the Science Based Targets Initiative (SBTi), which were validated in early 2022. These commit us to aligning our financed emissions, across our portfolio companies' Scope 1, 2 and 3 GHG emissions, to a 1.5°C world by 2040, with an interim target of 2.2°C by 2030 across Scope 1 and 2 emissions.

Moreover, in 2021 we published our [Climate Transition Action Plan](#), which sets out our pathway towards operating as a net zero business. This includes an outline of how we will manage our business toward net zero emissions across both our own operations and value chain. The financed emissions from the investments we manage are around 6,000 times greater than those from our own business operations, which is why our strategy focuses on key areas of engaging with companies to influence corporate behaviour, our climate solutions and monitoring.

As we look into the future, demonstrating how we can make a difference with sustainable investment for our clients, the environment and society is crucial. Our investment in developing insights and analysis, and the data and infrastructure to apply that analysis, is becoming increasingly important to the value we bring to our clients as more and more asset managers tout sustainability commitments. "How" is taking over from "whether".

² Source: Net Zero Tracker, Post-COP26 Snapshot. Information as at 25 November 2021.



Hear from our regional Heads of Sustainability

Our regional specialists share their thoughts on the key sustainability developments from 2021 and what that means for their region in the future.



factor, the infrastructure bill's priorities around areas like electric vehicles, the DOL's proposal of a new rule that might encourage or even require the consideration of ESG risk factors, and the SEC's renewed focus on standards-setting and disclosures. At the same time, US companies, like companies globally, accelerated their net zero and other voluntary climate pledge commitments, and US investors continued to grow their interest in sustainability.

WHAT CHANGES DID 2021 BRING?

Europe

2021 was very busy on the regulatory front which focused quite heavily on the transition to a greener economy. Most notably, it marked the introduction of the Sustainable Finance Disclosure Regulation (SFDR) in March. The purpose of SFDR has been to bring in new disclosures for investment products with sustainable characteristics or sustainable objectives. Although it was never intended to be used as a labelling exercise, it has de facto resulted in the creation of a new product nomenclature (Article 6, 8, and 9) and driven the development of sustainable fund ranges at an unprecedented pace. The emergence of a European Taxonomy to define environmentally sustainable activities, to be later complemented by a social taxonomy, will further increase the focus of investors on economic activities that are formally recognised as sustainable.

So 2021 was not only busy but it was also transformative for the fund management industry in Europe.

North America

The year marked a material shift in the direction of policy and regulation in the US, exemplified by the new administration's executive order directing the federal government to treat climate change as an investment

Asia-Pacific

Like our regional peers, 2021 saw Asia-Pacific investors draw closer attention to sustainability, as evidenced by the results of our global investor studies. Motivations for sustainable investment are moving away from regulator pressure to a broader set of drivers, including the potential for higher returns. Such shifts in investor attitudes have increased demand for a wider and more sophisticated range of investment options that meet both their sustainability and risk/return objectives.

Schroders' regional centre of excellence for sustainability has continued to expand this year, improving our capability to meet the growing needs of APAC clients. The Avoided Emissions framework we published in collaboration with GIC serves as a prime example. This framework helps us assess the contribution to decarbonisation of companies providing climate solutions, particularly relevant for many industrial and manufacturing companies in the region.

WHAT DOES THAT MEAN YOU WILL BE FOCUSING ON IN 2022?

Europe

The fast pace of regulatory change in Europe will continue in 2022 with changes that will require advisors to ask end investors for their sustainability preferences. From August 2022, this point will be a mandatory part

of the suitability assessment required before proposing investment products to client. This will be a game changer for the industry and we expect the demand for sustainable investments to increase substantially.

Having developed our sustainable proposition in 2021 with more than 80 products categorised as having sustainability characteristics or objectives, we will continue to support our clients in this sustainability preferences journey and navigating a very complex regulatory environment. We will also continue to support our clients in their decarbonisation ambitions, leveraging on our own experience as part of the Net Zero Asset Manager initiative, sharing our active ownership framework to support the transition, and building innovative investment solutions.

North America

We aim to be a resource to clients who are responding to these market and regulatory shifts. This means offering solutions for corporates who have made voluntary carbon/climate pledges as they set their plans for meeting those objectives. It also means building on offering for defined contribution plan sponsors who may now be prepared to begin exploring ESG options, but who will need not only products but also support for education, reporting and engagement with their participants. In addition, we are focused on sharing our formalized active ownership agenda and seeking co-engagements with clients in areas that align with their priorities and values, which in the US are balanced more evenly than in other regions across both environmental and social themes.

Asia-Pacific

More of our clients are committing to net-zero targets for their portfolios, and we are working with them on how to get there. Our clients are thinking about how to support a low carbon transition at the same time as sustaining development, particularly in lower-income parts of the region. One key channel is through investments in natural capital. The region's forests are some of the world's largest carbon sinks, and the rising prices of carbon offsets is driving up their value. These forests are also home to ecosystems essential to biodiversity, an increasing focus for investors as the Taskforce for Nature-related Financial Disclosures (TNFD) framework takes shape.

We believe a local perspective will be critical to success. Schroders is committed to work in partnership with peers and clients to deliver the insights, products and solutions that clients need to deliver on their sustainability objectives.





INTRODUCTION

2021 sustainability milestones

EXTERNAL RECOGNITION

A+

UN Principles for Responsible Investment rating³

A-

Carbon Disclosure Project rating



"Advanced" ESG recognition from Morningstar

Best Investor Engagement

IR Society Best Practice Awards 2021

14

funds have achieved an external sustainability label⁴

INTERNAL ACHIEVEMENTS

2,100+

engagements

99%

resolutions voted

~50%

increase in the sustainable investment team

7

sustainable equity and credit analysts to strengthen our sustainability integration

5

Number of regional specialists grew from 2 to 5

COMMITMENTS



Committed, and submitted targets, to the SBTI⁵



Published our Climate Transition Action Plan



Joined the Natural Capital Investment Alliance



Re-joined the IIGCC

³ The UN PRI have delayed their reporting cycle and therefore our last score was received in 2020.

⁴ External labels include EuroSIF, ISR, Febelfin, FNG, Greenfin and Umweltzeichen.

⁵ Targets have since been verified.





Sustainability in practice

As investors of our clients' capital, the way in which we invest not only shapes the financial returns we achieve for our clients but also the type of impact that their investment portfolios may have on society and the environment. The relationship between financial and non-financial factors has rapidly evolved and as a result we see a fundamental shift in how companies are viewed and valued. Understanding the impact that companies may have on people and planet is crucial in determining their true "costs" and ultimately the impact-adjusted profits they generate.

This is the foundation of how we invest: there is more than just the relationship between risk and return. A third dimension – impact – must, in our view, be embedded into a holistic investment process. Only by considering these three pillars together can we understand a company's or asset's real investment potential and achieve the best outcomes for our clients.

At the end of 2020, we achieved our goal of becoming a fully ESG-integrated firm⁶. Integration will look different through the lenses of different asset classes, but we believe it is imperative to have a robust framework that allows for consistency where possible across the fundamental elements of how we assess investment opportunities.

Throughout 2021, we expanded our range of sustainable solutions, evolving existing and launching new strategies to ensure we meet the full spectrum of our clients' growing sustainability needs.

In this section we set out case studies to illustrate how environmental, social and governance (ESG) factors are being considered in different parts of our business. We also outline the climate commitments Schroders has made as a member to the Net Zero Asset Managers initiative and as a signatory to the Science-Based Targets Initiative.

⁶ For certain recently acquired businesses, we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.



Integration 2.0 – raising the bar

Schroders’ ESG integration framework was launched in 2017 and was the basis for our achievement of full ESG integration⁷ by the end of 2020. ESG integration means that our fund managers and analysts systematically and explicitly consider ESG factors alongside or within traditional financial analysis. It means a broader assessment of the world in which we operate: one which captures sustainability risks and opportunities in our investment decision-making.



Stephanie Chang
Head of ESG
integration

In 2021, we further embedded the concept and practices associated with ESG integration across asset classes and regions. This meant supporting investment teams in deepening the way they integrate ESG considerations. For example, we encouraged investment teams to fully utilise and broaden their usage of the proprietary ESG models and tools we have developed. How this looks specifically for the 60+ investment teams across Schroders, each with their own investment philosophy and approach, may differ, but what matters is a consistent level of ESG capability and application of the ESG resources the Sustainable Investment team has to offer.

Here are some examples of how investment teams have improved their levels of ESG integration in 2021.

SCHRODERS CAPITAL PRIVATE EQUITY (SCPE)

Schroders Capital Private Equity’s aim is to achieve “success through private equity investments our clients can be proud of”. Sustainability and impact (“S&I”) considerations are central to that mission and we have been a signatory to the UN Principles for Responsible Investment since 2010. We’ve worked to stay ahead by thoroughly integrating ESG risk and opportunities as well as incident monitoring in our investment process.

In 2021, Schroders Capital Private Equity reviewed and further upgraded its sustainability and impact (“S&I”) approach, using external factors that have brought sustainability and impact topics such as climate change and health and wellbeing as opportunities. These achievements included:

- Revision to the S&I governance: a first full-time dedicated senior staff member was hired and the S&I committee grew to include further sustainability champions from different regions and investment strategies
- Development of proprietary sustainability and impact methodologies for direct and co-investments:
 - An ESG rating framework (“RISE⁸ ESG”): uses an industry materiality approach to assess ESG practices at portfolio companies, tracking and scoring the information. This assessment is also part of our product classification process according to SFDR
 - An impact framework (“RISE impact”): using the Impact Management Project “What, Who, How much, Contribution, Risk” framework as guiding principles. This new assessment framework will be applied to any private equity vehicles that will be classified under SFDR Article 9 and launched in 2022 (currently there aren’t any). This framework selects investment specific custom impact measurement indicators
 - General Partner ESG assessment: review of the current framework to align with [ILPA’s 2021 GP ESG assessment framework](#)

These enhancements will continue to be rolled out in 2022 with the aim of becoming business as usual practices going forward.

⁷ For certain recently acquired businesses, we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

⁸ RISE: Responsible Investment, Sustainability and Engagement.

GLOBAL CREDIT

Our Global Credit franchise has always prided itself on integrating ESG across a broad spectrum – from the environmental and social themes underpinning its investment research to the bottom up, company level analysis of ESG factors leveraging the firm's proprietary tools.

The Global Credit team has also successfully aligned and deployed a consistent ESG rating framework across its regional research and portfolio management teams. This means that portfolio managers looking at individual credit instruments have access to a consistent level of research and a comparable set of ratings regardless of geography. The framework now encourages analysts to apply a uniform distribution across their respective sectors to address any perceptions that certain sectors are inherently 'good' or 'bad' from an ESG perspective.

Through the course of 2021, an 'F' (for 'Fail') rating was also introduced to identify issuances by companies that are structurally challenged by ESG issues with low probability of a sufficiently timely and appropriate mitigating action being undertaken by the company. 'F' rated investments are generally regarded as unsuitable for investment across the Global Credit franchise. Since establishing this expectation in Q3 2021, two investment grade and three high yield companies have been identified as un-investable for our purposes.

SCHRODERS MANAGER SOLUTIONS

Within Schroders we have a number of teams that invest through third party funds. They offer a range of services. Cazenove Capital and Schroders Investment Solutions, for example, offer wealth management solutions. These teams form a working group which meets monthly to share common and best practice.

Schroders Manager Solutions is a team which services our internal investment teams when they need to allocate capital to strategies which are only available externally. This team already deploys an ESG questionnaire that is used to assess the ESG credentials of an external asset manager.

Over the course of 2021, Schroders Manager Solutions enhanced its ESG integration approach in a number of ways. First, it rolled out its strategy level questionnaire to supplement the analysis it already received from responses to our firm-level questionnaire. Secondly, based on the firm and strategy level questionnaires, it gave an ESG classification to all of the funds on its buy-list. Finally, it introduced ESG as a standing investment committee agenda item and made ESG analysis mandatory as part of any manager review.

The team had a particularly successful engagement with a US based hedge fund manager who had no formal approach to ESG. The team's feedback prompted the manager to undertake a full review into its ESG approach, and subsequently produce an inaugural ESG policy document and establish an integration process supplemented by analysis provided by an ESG ratings vendor. Formalising its ESG approach enabled the manager to systematically capture the ESG analysis it was already carrying out on its investment universe.



ASIA EX JAPAN EQUITIES

We are long-term “bottom-up” investors. We have a clear focus on long-term return on investment capital (“ROIC”), utilising a Shareholder Return Classification framework to judge the relative attraction of different businesses. This longstanding process has been back tested with market data and we believe offers superior investment returns in our clients’ portfolios over many years. ESG analysis is entirely complementary to our ROIC analysis. To that end, we have enhanced the discipline of our ESG analysis since 2020, through documenting identified material ESG risks and opportunities from a stakeholder lens (also known as “CONTEXT⁹”). While much of our analysis will be qualitative given the quality of ESG disclosure in our markets, we draw on external and internal measures of sustainability such as SustainEx^{TM,11}, CarbonVaR (both proprietary tools to Schroders) as well as third party data providers.

As managers of large pools of capital, we believe that we have a responsibility to our investors and all stakeholders to exercise our ownership rights and obligations and encourage sustainable business practices. Often the quality of the dialogue we have during engagement with a company on ‘E’ and ‘S’ targets can provide us with invaluable insight into the ‘G’ and management capability of a company. More generally we feel we have a role to play in encouraging companies to improve disclosure and transparency on their ESG reporting, in line with global best practice.

CASE STUDY: ESG ANALYSIS AND ENGAGEMENT OF CHINESE BANKS

In our experience the level of government or regulator influence over Chinese banks has increased significantly in recent years. As China sets its macro economic policy with an overarching aim of “common prosperity”, we think that banks as a vital part of executing China’s monetary and fiscal policy are unlikely to see these tighter controls reverse soon. The differentiation in relative valuation is, in our view, sometimes exaggerated. On the back of our ESG analysis, we updated the Shareholder Return Classification of the Chinese banks covered. As a result, two were downgraded and one was upgraded.

We also note the increased focus on Scope 3 emissions of loans and investment portfolios, both globally and in China. At present, it is challenging to obtain comparable, reliable and systemic data for assessment. We joined a collaborative engagement on fossil fuel financing for Chinese banks, and seek to further our understanding on how climate risks are managed.

LOOKING FORWARD

2022 will see the launch of Integration 2.0, the next iteration of our ESG integration process. We will raise the level of what best practice in ESG integration looks like and what we expect our investment teams to be able to demonstrate with respect to their investment practices. We believe that we need to continuously challenge ourselves on what constitutes best practice as we strive to maintain our leadership position in the market and continue to meet the needs of our clients.

This year, we will begin to formalise the requirements of our approach to active ownership [see page 23] as well as the expectations arising from our Climate Transition Action Plan [see Climate section] into the Sustainability Accreditation framework. In both cases, we plan to introduce more tightly defined criteria for what investment teams will need to do and evidence in order to maintain their ‘ESG integrated’ status which is reviewed annually by our Sustainable Investment team.

On top of that, we have begun a review of the processes supporting our ESG accreditation framework and have taken steps to strengthen them, for example by replacing manual with automated processes and by introducing an escalation procedure to ensure renewals are completed on a timely basis.

We will also look to complete a review and enhancement of our training material to help investors stay on top of the latest ESG trends and best practice for ESG integration.

9 This tool considers the sustainability of a company’s business model having regard to certain measures and uses both third party data and our own estimates and assumptions and is not an industry standard measure.

10 Schroders uses SustainExTM to estimate the net impact of an investment portfolio having regard to certain sustainability measures in comparison to a product’s benchmark where relevant. It does this using third party data as well as Schroders own estimates and assumptions and the outcome may differ from other sustainability tools and measures.



Profit is only half the story

In 2021, we introduced a new series of videos demonstrating the significance of companies' stories beyond simply how profitable they are in the short term. These three-minute MyStory clips showcase the impact that investments can have on society and how assessing this impact can help deliver risk-adjusted returns for clients.



Saida Eggerstedt
Head of Sustainable Credit

[MyStory Clip](#)

THIS BUSINESS WAS BUILT ON CONSUMPTION. NOW ITS PRIMARY FOCUS IS ENERGY CONSERVATION

Schroders' Saida Eggerstedt shares her take on the world's largest lighting manufacturer Signify. Previously known as Philips, it was built on the idea that the shorter a light bulb's useful life, the more people would consume, to the benefit of the company's profitability. Nowadays its focus is on solving energy and waste issues. As the world's largest lighting manufacturer, Signify is a leader in LED technologies and as a business it achieved carbon neutrality in 2020. All of its energy comes from renewable sources. Over 80% of its revenues derive from sustainable products, and 90% of its manufacturing waste is recycled. Increasingly, its lighting products are 3D-printed using recycled materials.



Katherine Davidson
Portfolio Manager and Sustainability Specialist

[MyStory Clip](#)

THE LARGEST COMPANY YOU'VE NEVER HEARD OF THAT'S HELPING YOU USE LESS PLASTIC

Fund manager Katherine Davidson shares how Bunzl is tackling plastic waste through a product range that includes disposable items such as cups, food containers and bags.

Bunzl is part of the plastics problem in that it still sells plastic items. But it's also a powerful part of the solution. Bunzl works with its customers – such as supermarkets and restaurants – to inform and educate them about their environmental footprint and enable a switch to sustainable products. It also encourages manufacturers to move away from single-use products, and works with both sides to identify and develop solutions that work for their customers. They now have sustainable options across their product categories.



Nicholette MacDonald-Brown
Head of European Blend Equities

[MyStory Clip](#)

THE FIRM WHOSE NEW TRAIN EMITS ONLY WATER

Schroders' Nicholette MacDonald-Brown explains how French train manufacturer Alstom changed its spots. Once a key producer of transport that relied heavily on coal, it now focuses solely on sustainable rail solutions. For example, Alstom has developed the world's first hydrogen powered train, which can run for 600 miles on a single tank. People are very aware of the climate crisis and they're calling for decarbonisation across transport. Against this backdrop Alstom are in a good place to benefit financially, but to do so in an environmentally friendly way.



Hannah Mills
Olympic medalist

[MyStory Clip](#)

OLYMPIAN HANNAH MILLS ON THE PLASTICS CRISIS: HOW SPORT CAN DRIVE CHANGE – AND INVESTMENT CAN TOO

Olympic sailing gold medalist Hannah Mills spends countless hours training on the water. This has brought her face-to-face with the damage plastics have caused our oceans.

Through her initiative, the Big Plastic Pledge, she uses sport to encourage individuals and companies to tackle the plastics crisis. After all, profit shouldn't come at the expense of the planet or its people. Investors are realising this and starting to think not just about financial profit, but also the impact that a company has

on society and the environment. By holding companies accountable for their impact on the planet, and encouraging change, investors can be a key part of the solution to the bigger plastic problem.



KATE ROGERS ON MEASURING THE IMPACTS THAT WILL BENEFIT INVESTORS AND THEIR GRANDCHILDREN

Traditionally we'd appraise investments on two dimensions: risk and return. But investing in this changing world means we need to consider a third dimension: impact. The impact a company has on wider society and the environment is becoming increasingly important to consumers and investors who want to support companies that can help create a fairer and sustainable future for generations to come. This is why rather than traditional measures of profit, we need to assess "impact-adjusted" profits and account for the wider societal and environmental costs and benefits of a company's entire activities.



THE COMPANY USING AGRICULTURAL WASTE TO POWER YOUR CAR

Fund manager Bob Kaynor introduces Darling Ingredients, the US agri-food business company that uses the waste products from its core agricultural solutions business to create renewable biofuel.

Darling use oils and fats that have few alternative uses, quite literally turning waste into clean fuel alternative. Beyond the environmental benefits of turning otherwise unusable waste into low carbon fuel, the potential for economic returns is substantial. Darling has effectively created a new source of demand for their by-products. They incur absolutely no incremental cost to source their raw materials, and the new source of demand will improve their pricing and profitability.



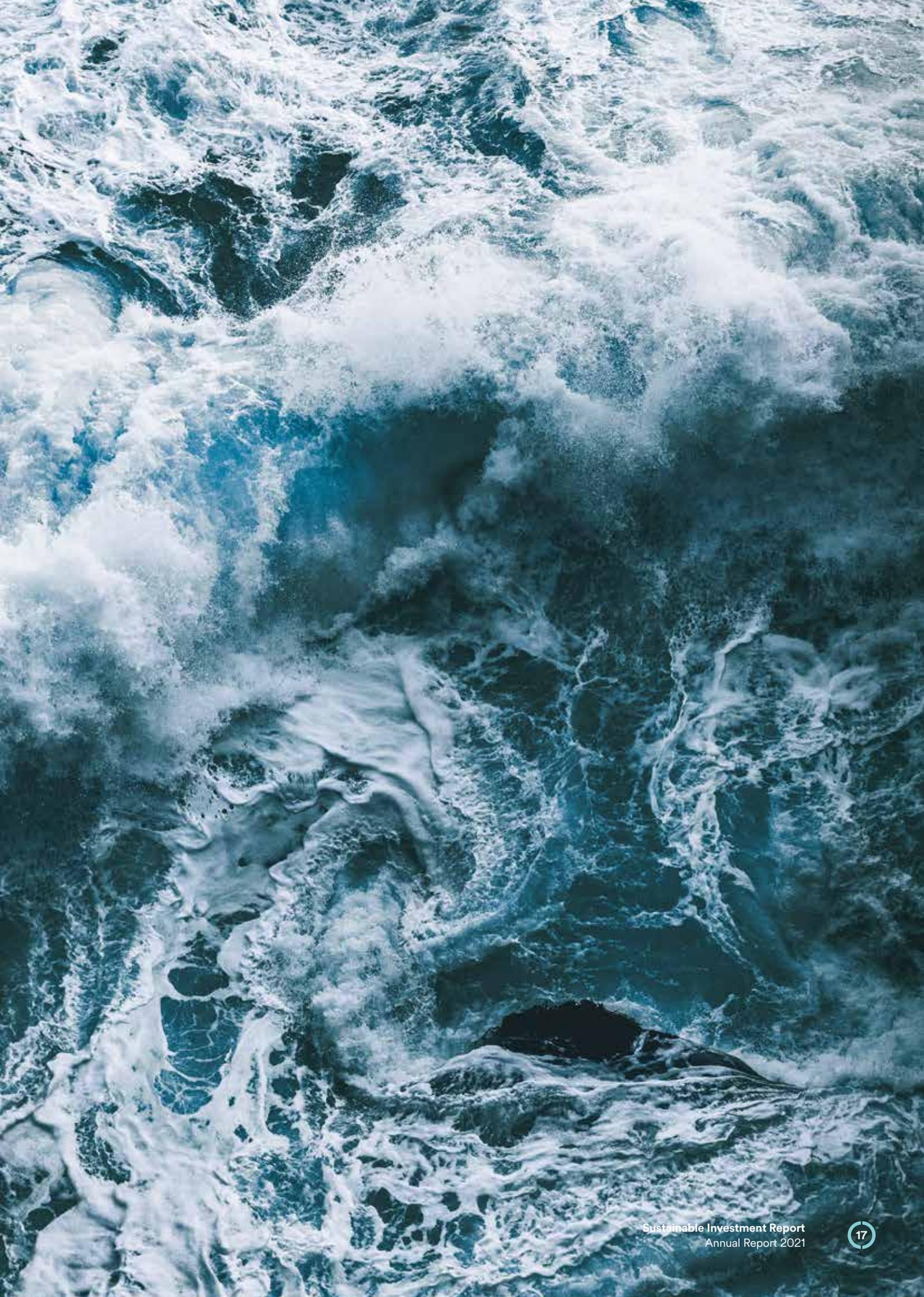
THE COMPANY USING EDUCATION TO HELP SAVE LIVES IN INDIA

Hindustan Unilever is India's largest consumer goods business and it's expected to benefit from a rapid rise in consumer spending over the coming decade. But aside from potential profits, it recognises the strong position it's in to protect people and planet. For example, working with other sanitation and hygiene programmes, Unilever has launched education initiatives on the importance of good hygiene practices in helping cut child mortality rates in India.



THE FIRM TACKLING OUR PLASTIC WASTE IN JAPAN

As one of the world's highest consumers of food packaging, the people of Japan have found themselves at the heart of the plastic crisis. Founded in 1962, FP Corporation started as a very traditional packaging company, but has evolved into much more, having built country-wide recycling infrastructure and overhauled sentiment around recycling. By collecting recyclables and using its own facilities to turn this into raw materials for product packaging, raw material costs are reduced at the same time while the environment benefits. FP Corporation has a monopoly in a region where demand for environmentally-friendly packaging is exploding.





Schroders' Climate Commitments

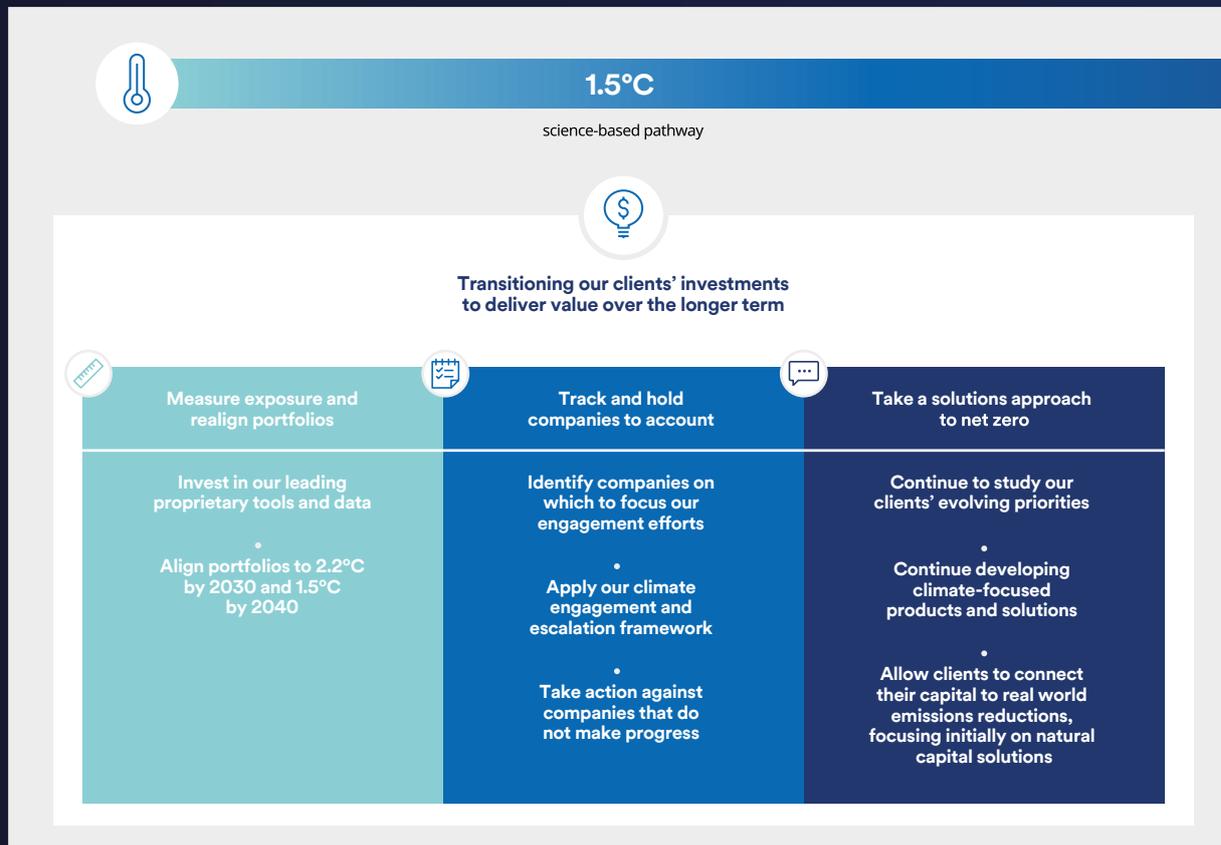
Climate change is one of the most pressing issues of our time. It affects us both as a company and through the investments we manage on behalf of our clients. As an investment manager, our mission is to ensure that we are delivering investment performance for our clients over the long-term by contributing to a sustainable future. This is why we were a founding member of the Net Zero Asset Managers initiative, committing to achieve net zero emissions by 2050 or sooner.

Our net zero commitment spans across both the investments we manage on behalf of our clients and our operations. However, our financed emissions are approximately 6,000 times greater than those from our own business operations, and so the commitments we make across our clients portfolios will be key to contributing to real world emissions reductions. Our net zero commitment is just the first step – we need a plan of action and a way of tracking our progress against it. Our [Climate Transition Action Plan](#) outlines the concrete steps we will be taking to meet our targets.

The way we will track and be held to account for our progress is through the Science Based Targets Initiative (SBTi).

In 2021, we committed to align all of our managed assets to a 1.5 degree world by 2040. Our mid and long-term targets, which have since been validated by SBTi, are to reduce the implied temperature of our clients' portfolios from a baseline of 2.9°C in 2019, to 1.5°C across Scope 1, 2 and 3 emissions in 2040, with an interim target of 2.2°C across Scope 1 and 2 emissions by 2030.

FIGURE 2: OUR PATH TO NET ZERO



Source: Schroders 2021.

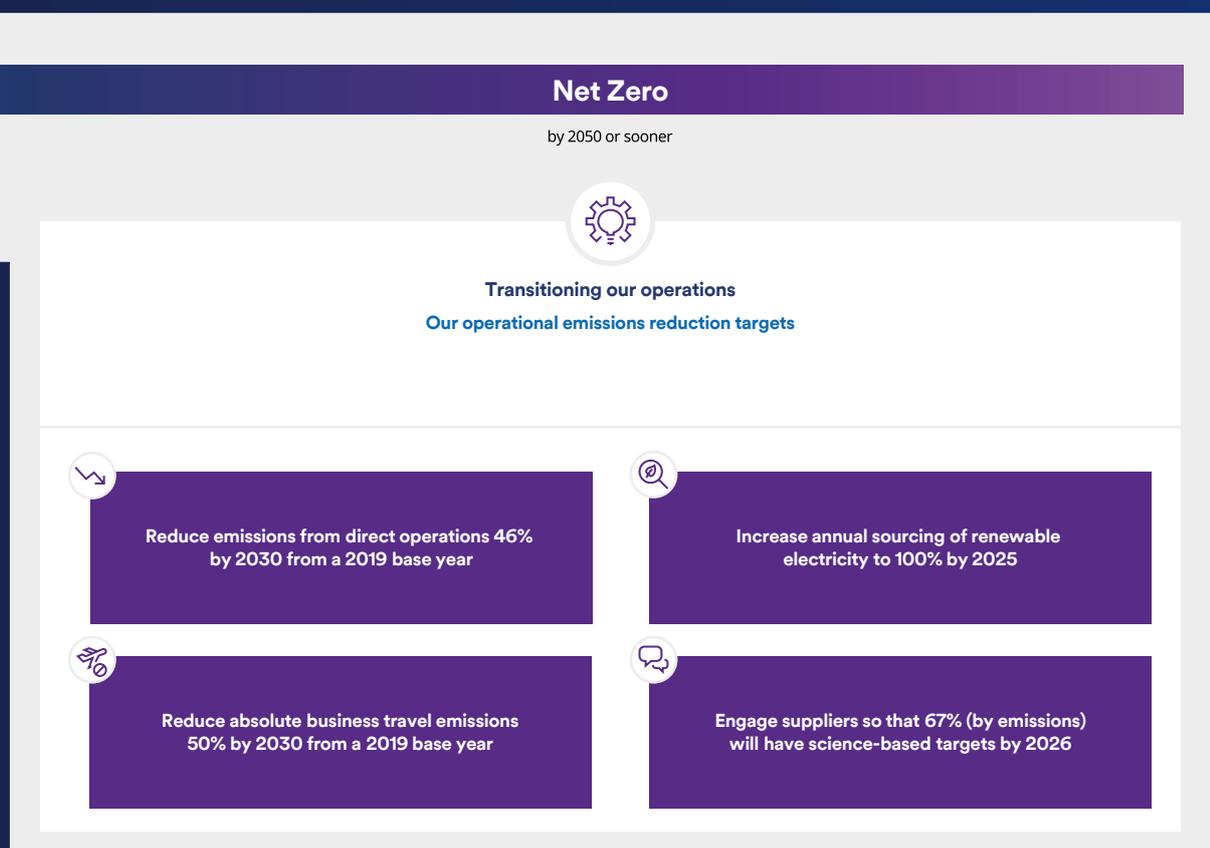


At a firm level, we are taking immediate action to reduce the impact from our own value chain emissions. Approximately 98% of operational Scope 3 emissions come from business travel and suppliers, so our primary focus will be to minimise business travel in order to halve our travel emissions by 2030. For emissions outside of our direct control, we need others to join the net zero journey. By understanding and engaging with our supplier base, we can target those that contribute the most GHG emissions from the goods and services we procure. This will form part of our supply chain risk, oversight and onboarding processes.

OUR CLIMATE TRANSITION ACTION PLAN – FINANCED EMISSIONS

1. Measurement and realignment of client portfolios

The first step in our climate transition pathway is to understand our exposure to climate-related risks and measure the progress our investee companies make. We have developed several tools to assess the risks and opportunities created by climate change, including: SustainEx, Carbon Value at Risk (VaR) and the Climate Progress Dashboard. The current temperature alignment of our managed assets is



Source: Schroders 2021.

assessed using the industry-recognised CDP-WWF temperature rating methodology. This will be used to prioritise our climate engagement strategy to focus our engagements on the investee companies with the highest emissions.

2. Active Ownership

We have a long-standing commitment to Active Ownership, using our influence to help companies transition to a more sustainable future. We aim to support their efforts to decarbonise in line with a net zero or 1.5°C pathway, which we believe is crucial to ensuring those businesses adapt and thrive.

As part of this engagement, our CEO Peter Harrison wrote to all FTSE 350 companies, urging them to publish detailed transition plans for evolving their businesses towards net zero emissions by 2050. In January 2021, only one-sixth of the companies targeted had committed to decarbonisation in line with the Paris Agreement but a year later this number has doubled, with one-third of the companies we contacted having set, or committed to set, a science-based target. We've also taken our engagement activities global, contacting CA100+ focus companies, who are some of the largest emitters globally, and urging them to establish short, medium and long-term

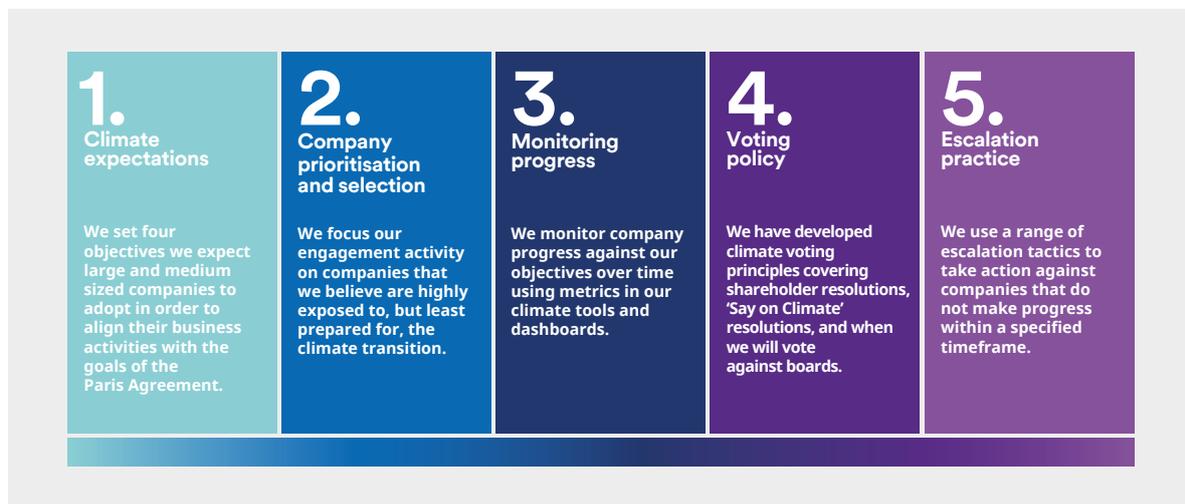
targets for Scopes 1,2 and the most material Scope 3 emissions. We will continue to monitor progress of these commitments and will use escalation to hold companies to account where we do not see progress being made. This is laid out in our 5-step climate engagement and escalation framework below. We are committed to using all the tools we have as investors to push for progress.

3. Products and solutions

Our net zero commitment is for all our managed assets. We are also committed to contributing to climate solutions and investing in those companies that are leading the way in the global transition. We launched our Global Climate Change (GCC) strategy in 2007, and since then have built a suite of climate-progressive solutions. Our Sustainable strategies seeks to benefit stakeholders (customers, employees, local communities, governments and the environment) through portfolios that deliver, relative to its benchmark, a positive impact to society. Our Impact Goals range look to contribute to the solutions needed to solve societal or environmental challenges.

The climate solutions landscape is constantly evolving and so too must our offering for our clients. In 2021, we acquired a stake in Natural capital Research a data

FIGURE 3: CLIMATE ESCALATION AND ENGAGEMENT FRAMEWORK



Source: Schroders 2021.

led science-based organisation which specialises in measuring natural capital assets globally. We also joined the Natural Capital Investment Alliance (NCIA); aiming to accelerate the development of Natural Capital as a mainstream investment theme.

For further details, please see our full [CTAP](#).

WHAT NEXT?

2021 was a key year for us and others in the advancement of our climate commitments. From being one of the first companies to have their science-based target 'validated by SBTi, to [our partnership with Natural Capital Research](#). Achieving our net zero target is a crucial focus for us and engaging with the companies we own will be key to achieving this. For more details on our reinvigorated active ownership strategy and Engagement Blueprint, please see page 24.







Active ownership

“Active ownership” encompasses the dialogue, engagement and voting activity conducted by Schroders to gain insight into companies’ practices and future plans, and to influence them to implement more sustainable behaviour.

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. Approached thoughtfully and with focus, encouraging management teams to adapt to those changes, and holding them accountable for doing so, can strengthen their long-term competitiveness and value.

We are committed to leveraging the weight of our firm to change how a company is operating for the better, through the belief that this is an important aspect of our role as stewards of our clients’ capital. In this way, we help clients meet their long-term financial goals in line with our fiduciary responsibilities.

Schroders has a long history of engagement and active ownership. We appointed our first governance resource in 1998 and have recorded and monitored ESG engagements since 2000. That long standing commitment and investment across our firm has provided us with a platform we have refined and strengthened over time.

This section details our corporate engagement activities on ESG-specific issues and our proxy voting activities.



Ambitions for active ownership

Outlining our new thematic approach to our active ownership

Influencing the practices and ensuring stakeholders are duly considered in our investments is what we call active ownership. The purpose of our approach to active ownership is to drive change that will protect and enhance the value of our investments. We are committed to leveraging the weight of our firm to change how a company is operating for the better through the belief that this is an important aspect of our role as stewards of our clients' capital. In this way, we help clients meet their long-term financial goals in line with our fiduciary responsibilities.

We've long engaged with our investee companies on sustainability issues. We recognise the importance of focusing our efforts on the areas which we determine to be material to the long-term value of our investee holdings. In the fourth quarter of 2021, we outlined the six priority themes for our engagement going forward.

- Climate change
- Natural capital and biodiversity
- Human rights
- Human capital management
- Diversity and inclusion
- Corporate governance

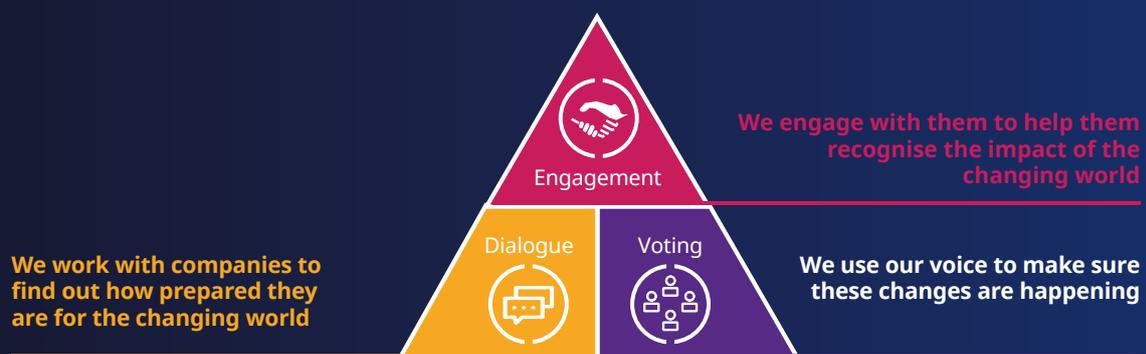
We have since published our [Engagement Blueprint](#), which sets out the long-term outcomes we desire to see from companies in each of the six thematic areas. The document aims to bring transparency to our investee companies and our clients on our expectations, whilst also giving our internal investment teams guidance for their engagements on the most material issues.

We will regularly review our priorities and update our expectations periodically, as our understanding of the issues and market best practice evolves in order to ensure we are pushing for change in the right areas. Client feedback through our Global Investor and Institutional Investor Studies will ensure our priorities are aligned with those of our clients.

We recognise that effective engagement requires continuous monitoring and ongoing dialogue. Where we have engaged repeatedly and seen no meaningful progress, we will escalate our concerns. Decisions on whether and how to escalate are based on the materiality of each issue, its urgency, the extent of our concern and whether the company has demonstrated progress through previous engagements. The possible actions we may take to escalate an engagement are outlined in the [Engagement Blueprint](#).

On the following pages, we broadly summarise, for each of our key themes, the sub-themes that will shape our engagement efforts.

FIGURE 4: THE ACTIVE OWNERSHIP SPHERE



Source: Schroders. For illustrative purposes only.



CLIMATE CHANGE

We define four key areas of focus for our climate engagements, each representing one of the key responses to climate change:

- 1. Climate governance and oversight:** Strong climate governance is critical to ensure companies are equipped to deal with strategic and financial risks from climate change. Our priority asks will be for the disclosure of key information on material climate factors – outlined in more detail in the Blueprint document - that could impact the company, and to hold the board to account for their action towards climate change.
- 2. Climate alignment – decarbonising and minimising emissions:** The pathway to 1.5°C requires a dramatic reduction in emissions within the next 10 years and beyond. We engage to encourage companies to develop a robust and inclusive path to net zero, and to accelerate the development of climate technology and solutions.
- 3. Climate adaptation:** As a result of climate change, the number of weather, climate and water extremes will become more frequent and severe. With economic losses due to these extremes rising sevenfold since the 1970s¹¹, we engage to strengthen climate resilience and adaptation to minimise such losses.
- 4. Carbon capture and removal:** Climate scenarios limiting warming to 1.5°C require “negative emissions” through the removal of carbon dioxide from the atmosphere. We engage to encourage companies to develop scalable carbon capture solutions, and to protect the world’s natural carbon sinks.

NATURAL CAPITAL AND BIODIVERSITY

We prioritise four key engagement sub-themes within the broad topic of biodiversity and natural capital. These reflect the key natural capital and biodiversity issues faced by our investee companies:

- 1. Natural-related risk and management:** The degradation of natural capital, including the loss of biodiversity and depletion of renewable stocks, poses a risk for businesses, their earnings and investors. We engage to encourage companies to develop strong governance on this issue, and adopt emerging good practices on nature-related financial disclosures and target setting.
- 2. Circular economy, pollution and waste:** Creating a circular economy that limits pollution and waste – including plastic pollution – and promotes re-use and recycling is critical in reducing the intensity of natural resource consumption and alleviating environmental pressures. We engage to encourage companies to minimise waste and pollution, and to promote circularity in our portfolio companies.
- 3. Sustainable food and water:** The world’s food system must transform to meet population rises, and address malnutrition and other health risks. Moreover, the food and water system is both at risk from climate change and is a significant contributor to greenhouse gas emissions and other environmental pressures; for example, through the use of fertilizer and pesticides. We engage to promote a food and water system that is more environmentally sustainable, healthy, and better able to meet the needs of a growing population.
- 4. Deforestation:** Forests are an important carbon sink and they also play a critical role in the earth’s water cycle and in sustaining biodiversity. Deforestation is a major contributor to GHG emissions and biodiversity loss. We engage to encourage companies to eliminate exposure to commodity driven deforestation and to promote the sustainable management of forestry assets.

¹¹ World Meteorological Organization (2021), Atlas of Mortality and Economic Losses from Weather, Climate and Water Extremes (1970 – 2019), https://library.wmo.int/doc_num.php?explnum_id=10902

HUMAN RIGHTS

The global standard for preventing and addressing the risk of human rights abuses is the UN Guiding Principles on Business and Human Rights, unanimously endorsed by the UN Human Rights Council in 2011. Our engagement aims to work with companies to implement the Guiding Principles. This means that businesses should formally commit to respect human rights, carry out effective human rights due diligence, and provide access to effective remedy for any victims of human rights abuses. There are specific stakeholders on which we focus particular attention for our engagement activities on human rights:

- 1. Workers:** It is estimated that on any given day 25 million people are in forced labour, including 16 million in the private sector¹². We engage to encourage companies to adhere to relevant global laws, conduct the necessary supply chain human rights risk assessments and effective due diligence to protect and uphold the rights of workers in supply chains. This also includes reporting on workforce metrics across supply chains.
- 2. Communities:** The UN estimates that there are roughly over 370 million indigenous peoples living around the world, and in 2017 four people a week were killed worldwide protecting their land from business exploitation. We engage to encourage companies to uphold and respect internationally recognised human rights, including land and resource rights, and use the mechanism of free, prior and informed consent (FPIC) to protect the rights of those in the communities in which companies operate.
- 3. Customers and consumers:** Companies have an important role to play in driving human rights and sustainable development through access to basic products and services, whilst also ensuring that products and services do not cause harm and adversely affect human rights. We ask that companies respect and uphold the rights of consumers and users of their products and services.

HUMAN CAPITAL MANAGEMENT

We prioritise four key sub-themes within the broad topic of human capital management:

- 1. Corporate culture and oversight of human capital:** We have seen that negative organisational culture has featured prominently in numerous corporate failures in recent years. We engage with companies to develop an understanding of the desired culture and oversight of the workforce in place to drive all other aspects of human capital.
- 2. Investment in the workforce:** We encourage companies to go beyond compliance with local minimum wages to pay a living wage that allows for workers to live a decent life free from poverty. We also encourage companies to consider employee compensation and benefits holistically to ensure the broad financial wellness of the workforce recognising that basic wage levels are not the sole driver of worker financial wellness. Moreover, almost one-third of jobs will need to reskill by 2030. We therefore engage to ask that companies are investing in the development of the workforce and aligning workforce skills with long-term strategy.
- 3. Engagement and representation:** There is evidence that strong employee engagement contributes to increased profitability¹³ as engaged employees support innovation and growth. We engage to ask that companies appropriately understand and manage employee engagement.
- 4. Health, safety and wellbeing:** Almost 2 million people die from work-related causes each year. Employers have a duty of care to their workers, we therefore engage to encourage companies to provide safe and secure working environments for workers, for both physical and mental health.

¹² Workers in the direct operations of a company are captured within our human capital management theme

¹³ <https://news.gallup.com/poll/188144/employee-engagement-stagnant-2015.aspx>

DIVERSITY AND INCLUSION

We break down our engagement on diversity and inclusion into four key sub-themes for engagement:

- 1. Board diversity and inclusion:** We believe that directors with diversity across multiple dimensions bring a valuable range of outlooks and opinions, and when coupled with an inclusive board culture, ultimately bring about better decision making, debate and problem-solving on boards. We expect genuine diversity to be present on the board.
- 2. Executive diversity and inclusion:** We want to promote a diverse representation in key decision making positions which allows for greater breadth of experience and perspective. We believe this allows for a greater ability to relate to employees, clients and consumers.
- 3. Workforce diversity and inclusion:** We ask that the workforce broadly represents the communities that the company operates in and the customers that it serves, and that the company is creating an inclusive culture which increases employee engagement and productivity.
- 4. Value chain diversity and inclusion:** We encourage companies to extend their diversity practices across the value chain, ensuring that the products, services and procurement opportunities they provide do not discriminate and are inclusive for all.

CORPORATE GOVERNANCE

We define five key aspects of corporate governance that we prioritise for our engagement:

- 1. Boards and management:** Through their fiduciary duty, boards represent the interest of shareholders and play a critical role in overseeing the company's management and strategy. We expect companies to have strong board structures and directors in place to carry out these duties, including ensuring diversity in characteristics and thought to promote better decision making.
- 2. Executive remuneration:** Executive remuneration can be an important tool in driving long-term sustainable returns to shareholders, delivery on strategy, and creating the desired culture and behaviour within organisations. We engage to strengthen the links between these three components while ensuring quantum is limited.
- 3. Relationship with shareholders:** Companies should hold a continuous dialogue with shareholders on material issues, including significant dissent before or after shareholder meetings. We encourage companies to do this year round, and not just in the wake of their annual meetings. In the case of controlled companies, there should be an independent member of the board specifically responsible for addressing minority shareholders concerns.
- 4. Purpose, strategy and capital allocation:** Boards are responsible for the governance and oversight of a company's strategy, performance and management of risk. We believe it is important that the board takes responsibility for oversight of a company's purpose and long-term strategy, and is effectively overseeing the material and salient risks that can affect long-term sustainable returns to shareholders. We encourage boards and management to deploy capital efficiently on behalf of shareholders.
- 5. Transparency and reporting:** Auditors are expected to provide robust, transparent and objective assessments of companies' financial health. We engage to discuss the company's relationship with the auditors and the quality of the audit, as well as review the fees paid, ensuring independence and impartiality is maintained. We also engage on the responsible payment and transparent disclosure of taxes.



The full spectrum of active ownership

Our tiered approach to reporting

1

TIER 1:

Our tier 1 engagements are in-depth sustainability engagements led by the Sustainable Investment Team. In 2021, the Sustainable Investment Team, alongside Schroders' investment desks, had a call with Toronto Dominion Bank's Investor Relations to discuss our thematic research on climate change and fossil fuel financing. We discussed the bank's long term climate strategy and vision (including Paris alignment), fossil fuel policies and development of climate risk reporting and metrics. We set specific objectives surrounding their climate change strategy. Following the engagement, we reiterated the importance of the issue by participating in a collaborative engagement led by IIGCC with the bank.

2

TIER 2:

Our tier 2 engagements are in-depth sustainability engagements led by investment teams across Schroders. Climate change and diversity are increasingly important topics for Schroders to engage on. In 2021, the Global Equities team had two calls with Recruit Holdings to discuss these topics, where we viewed the company as a laggard. Following our engagement, the company announced company-wide emission targets for the first time in May 2021, with the aim of achieving net zero emissions by 2030. The company also announced targets for gender parity at all levels of the organisation by 2030. We will continue to maintain ongoing dialogue with the company to assess their implementation of these targets and encourage further improvements in areas such as board independence and human capital disclosures.

3

TIER 3:

Broader in scope, tier 3 engagements involve communicating our expectations of companies at scale and collaborating with industry peers, recognising that there is strength in numbers. As part of our voting policy, where we vote against management, we attempt to contact every company explaining our rationale for doing so, initiating important dialogue which we hope to evolve into a tier 1 engagement to drive positive change and allow us to support management in our future voting decisions.

In Q4 2021, we sent a mass communication to several North American and European companies that are key to driving the transition towards net zero greenhouse gas emissions. We asked that they reach net zero emissions by 2050 or sooner; set short-, medium-, and long-term targets aligned with limiting global warming to 1.5 degrees; and finally asked that they publish a detailed net zero transition plan.

4

TIER 4:

Captures our global voting activity and company meetings recorded by investment teams. These conversations typically focus on dialogue – how prepared a company is for the changing world – rather than requesting specific, measurable changes. Sustainability issues may not always be the main focus of these conversations but this dialogue is critical in understanding how our investments are adapting to emerging risks and opportunities.

5

TIER 5:

Promoting sustainability at a market level through industry involvement and public policy contribution offers the widest global scope of influence. Of course, with such wide scope comes limitations in the accuracy of quantifying this influence, but by no means diminishes its importance. For example, we were part of the CDP's non-disclosure engagement campaign in 2021. The campaign resulted in a 25% response rate, the highest in the campaign's history.

NARROW SCOPE

BROAD SCOPE

Source: Schroders.





Our approach to engagement

2021 in numbers

Our tiered approach to engagement reporting allows us to capture the full sphere of our influence. In 2021, we held over 2,100 sustainability-focused engagements (tiers 1-3 in the table below), interacting with over 1,600 companies across 58 countries. In addition, our voting activity, other company meetings where sustainability may not be the primary focus, and our efforts to help shape industry best practice, are reflected in tiers 4 & 5.

Tier	Scope	Number of engagements
1	In-depth, Sustainable Investment team-led engagements	164
2	Analyst/fund manager-led engagement	345
3	Collaborative engagement and communicating expectations at scale	1,607
4	Influence through actively voting on all holdings and conducting company meetings	17,021
5	Industry involvement and public policy influence	>25,000

Figure 5 below demonstrates the global outreach of our engagement.

Source: Schroders as at 31 December 2021.

FIGURE 5: COMPANY ENGAGEMENT BY REGION



Source: Schroders as at 31 December 2021.

WHY DO WE ENGAGE?

When engaging, our purpose is to seek additional understanding through dialogue, share our expectations and drive change that will protect and enhance the value of our investments. The following four attributes are critical to the success of our engagement approach:

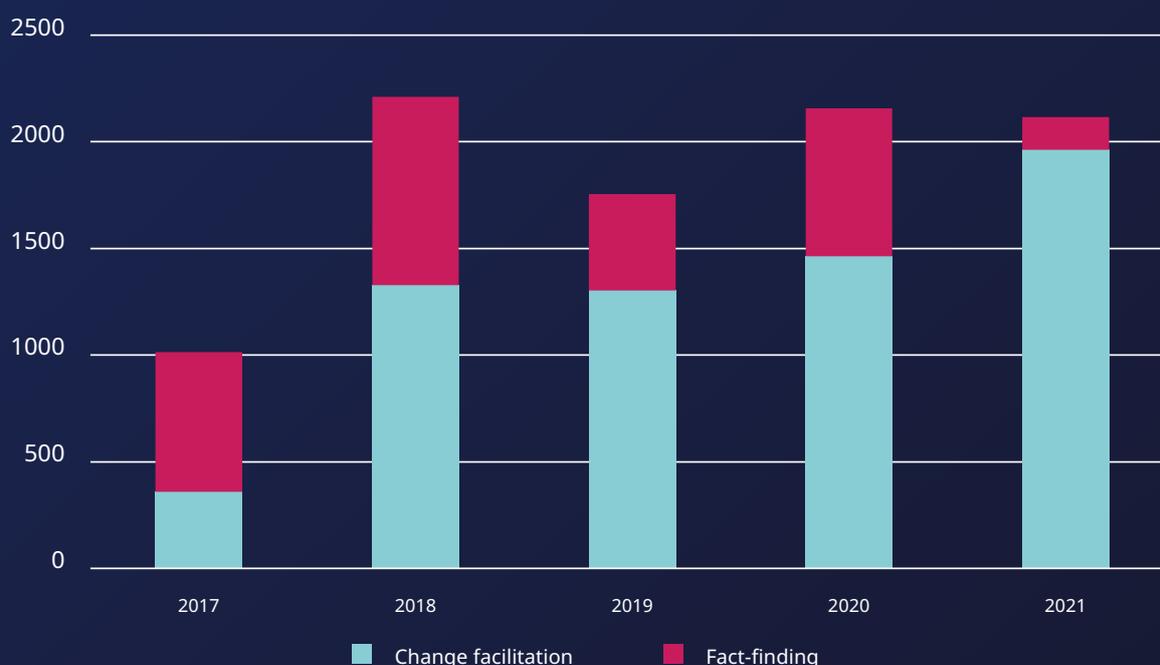
- 1. Knowledge:** We leverage the knowledge of our analysts and portfolio managers to really understand which sustainability issues matter to long-term performance.
- 2. Relationships:** We have built strong, long-standing relationships with the companies in which we invest, with our engagement history dating back to the year 2000.
- 3. Impact:** The insight gained through engagement can directly influence the investment case, as well as drive change that will protect and enhance the value of our investments.
- 4. Incentive:** We have the power to escalate our engagement activities through a variety of means,

including voting at AGMs, reducing or even selling out of a holding if engagement is unsuccessful, or the option to avoid investing at all.

We focus on sustainability issues which we determine to be material to the long-term value of our investee holdings. When material and relevant, we believe that companies that address these factors, where lacking, will drive improved financial performance for our clients. These issues reflect expectations and trends across a range of stakeholders including employees, customers, and communities, to the environment, suppliers and regulators. By strengthening relationships with that range of stakeholders, business models become more sustainable. The governance structure and management quality that oversee these stakeholder relationships are also a focus for our engagement discussions. We also seek to reflect the priorities of our clients. Our [Engagement Blueprint](#) outlines the six priority themes for our engagement going forward.

We divide our engagement into two categories: fact finding and change facilitation. Figure 6 below shows how this has been split over the past five years.

FIGURE 6: ESG ENGAGEMENT OVER THE PAST FIVE YEARS



Source: Schroders as at 31 December 2021.

HOW DO WE ENGAGE?

Our active ownership priorities reflect the combined perspectives of our fund managers, investment analysts and ESG specialists across the firm. Activity is supported centrally by the Sustainable Investment team. As a result, we are able to take a common approach across asset classes. We identify three key methods for practicing active ownership:

1. Dialogue: We speak with companies to understand if and how they are preparing for the long-term sustainability challenges they face
2. Engagement: We work with companies to help them to recognise the potential impact of these challenges and to help them take action in the areas where change may be required
3. Voting: We use our voice and rights as shareholders to make sure these changes are effected

Our mechanism for engagement typically involves one of the following methods which may vary by region:

- One-to-one meetings with company representatives (e.g. members of the Board including Board Committee chairs, senior executives, Investor Relations, managers of specialist areas such as a sustainability or environmental manager)
- Written correspondence;
- Phone calls;
- Discussions with company advisers and stakeholders;
- Voting;
- Collective engagement with other investors
- Events to educate companies or collaborate on new reporting frameworks

FIGURE 7: COMPANY ENGAGEMENT BY TYPE IN 2021

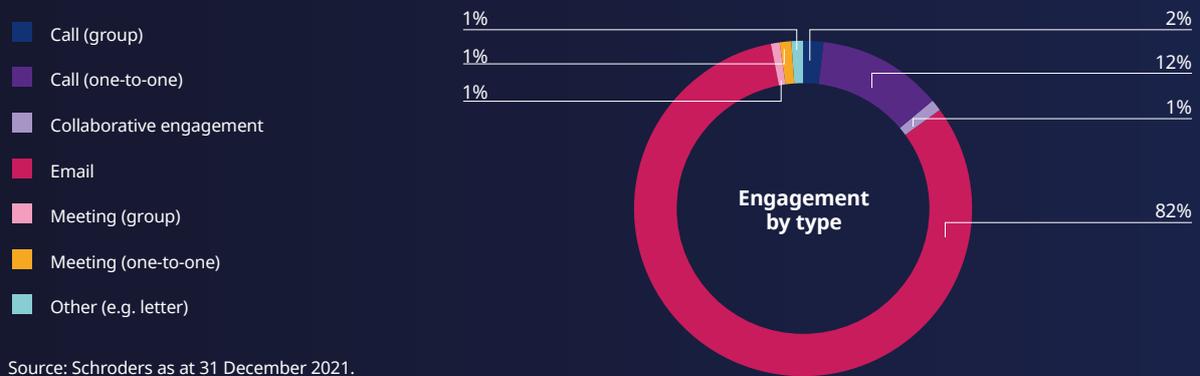
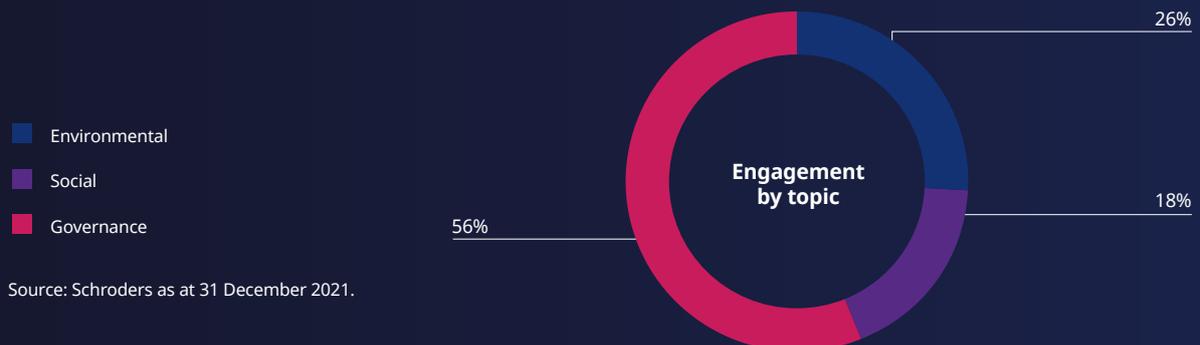


FIGURE 8: COMPANY ENGAGEMENT BY TOPIC IN 2021



HOW DO WE PRIORITISE ENGAGEMENT?

Our engagement activities are prioritised based on several factors:

- **Materiality** – We seek to focus our engagement on the most material sustainability threats and opportunities. These are areas which could have a significant impact, both negative and positive, on a company’s long-term value. While we look at the sustainability issues companies deem material, we also apply our own understanding and judgement. This includes using our proprietary ESG tools and research, such as [CONTEXT](#)⁹.
- **Regional context:** The materiality of issues and the expectations we have of companies vary by country and region; for example, differing socio-cultural factors, regulatory maturity and resource constraints. Where possible we reference country or regional initiatives, regulations and leading practice from peers in our dialogue with companies.
- **Realistic outcomes:** We consider both leading practice in the region and what could realistically be achieved by the company in the next few years, including considering the size of the company.
- **Ability to monitor progress:** We use objective, measurable metrics or indicators that can be used to assess company performance on an issue.
- **Length of engagement:** We aim to set short- to mid-term objectives – that can often be achieved over a 12- to 24-month period depending on the intensity of the engagement - but with a long-term vision in mind. We recognise that some issues may require more urgent action than others, and that other objectives may take longer for a company to achieve.

Our equity research, fixed income research, sustainable investment team and data teams frequently work together to identify areas that warrant discussion with companies. Engagement can be proactive or reactive.

¹⁴ CONTEXT is a proprietary tool that considers the sustainability of a company’s business model having regard to certain measures and uses both third party data and our own estimates and assumptions and is not an industry standard measure.

FIGURE 9: COMPANY ENGAGEMENT BY TOPIC IN 2021

Environmental	Social	Governance
Biodiversity	Customers	Accounting Practices
Climate Change	Data Security	Auditors
Environmental Capex	Diversity	Board Committees
Environmental Policy/ Strategy	Health and Safety	Board Structure
Environmental Products and Services	Human Capital Management	Bondholder Covenants
Environmental Supply Chain	Human Rights	Business Integrity
Forests	Labour Standards	Corporate Strategy
Green Bond Issuance	Nutrition & Obesity	ESG Governance and Sustainability Strategy
Pollution	Product Safety	Financial Policy
SDG Bond	Social Policy/ Strategy	Governance Oversight
Transparency and Disclosure	Social Products	Related Party Transactions
Waste Management	Supply Chain Management	Remuneration
Water Management	Transparency and Disclosure	Shareholder Rights
		Succession Planning
		Sustainable Debt Levels
		Transparency and Disclosure
		Voting

Source: Schroders as at 31 December 2021. Top 10 popular topics are highlighted in blue.

WHAT ISSUES DO WE ENGAGE ON?

Our engagement activity covers numerous companies, sectors and regions across a range of issues. Figure 8 breaks down our engagements by overall topic and Figure 9 provides an indicative list of the specific issues we engaged on during 2021, with the top ten issues in blue.

During the year, we focused on a number of topics. We engaged with a large number of companies on issues highlighted in the multi-region, multi-sector thematic research produced by our Sustainable Investment analysts. Themes such as ethnic diversity on the board and in the workforce, biodiversity and natural capital, and net zero transition plans (among other climate change issues) featured heavily in our 2021 engagement activity. We also identified key governance issues such as excessive executive remuneration and engaged with all the holdings where the issues were applicable. Using the results from our global investor studies we can ensure that our engagement priorities remain aligned to the interests of our clients.

The appendix on page 53 provides a full list of the companies we engaged with in 2021.

HOW DO WE TRACK AND MONITOR PROGRESS?

Our sustainable investment team have tracked engagement progress since the year 2000 to ensure we can systematically monitor outcomes. In 2020 we enhanced our digital infrastructure to enable our portfolio managers and financial analysts to capture their sustainability-focused engagements and systematically monitor progress in the same database as our sustainable investment team. This engagement database is embedded within our global research platform. We began reporting this additional engagement data in 2020.

WHAT ARE THE OUTCOMES OF OUR ENGAGEMENT?

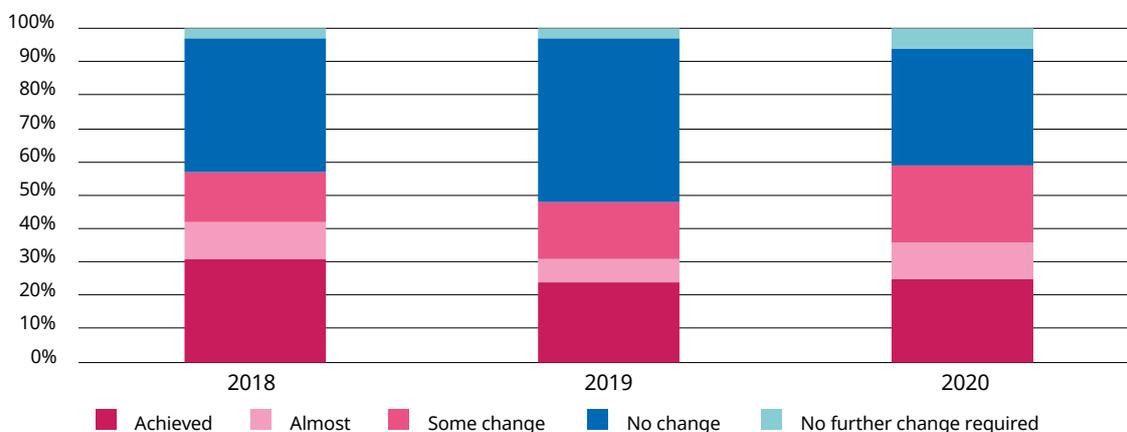
We log all instances where we have requested change at companies on ESG-specific issues. We review company progress on an annual basis Figure 10. We categorise progress in five ways:

1. Achieved
2. Almost
3. Some change
4. No change;
5. No further change required¹⁵

We recognise that success factors may be subjective, and that Schroders' influence is rarely the sole driving force for change. Regardless, we believe it is critical to track companies' progress and measure the outcomes of our engagement, no matter how large or small our influence may be. We review requests for change a year after they have been made, and subsequently on an ongoing basis, recognising that key strategic changes will take time to implement into a company's business process. We realise that effective engagement requires continuous monitoring and ongoing dialogue. Where we have engaged repeatedly and seen no meaningful progress, then we will escalate. This can include voting against management at a company's annual general meeting (AGM).

Figure 10 below shows the effectiveness of our engagement over a three-year period. In our experience it takes an average of two to three years for companies to effect the change requested.

FIGURE 10: EFFECTIVENESS OF REQUESTS FOR CHANGE



Source: Schroders as at 31 December 2021.

¹⁵ This category is used if, for example, a company has divested the business in question, or if the company has provided a valid reason for not implementing the change requested.





Our approach to voting

WHY DO WE VOTE?

As active owners of our clients' capital, we believe that making full use of our voting rights is part of our fiduciary duty. It is about holding management and boards to account to ensure that they are managing the business for the long term. In order to create, sustain and protect the value of our investments, we encourage companies to follow corporate governance best practice. Put simply, as equity holders we have a responsibility to be good stewards of companies.

Engagement with companies is also a critical part of our process. We ensure that there is an ongoing dialogue, and form long-term relationships that reflect an in-depth understanding of companies. Corporate governance best practice is an evolving area and we want to encourage rather than mandate improvements but are prepared to be tough where we do not see sufficient progress. We take a proactive approach in engaging with our significant holdings, particularly if we have concerns, to convey our reasoning and policies prior to voting at general meetings.

It is our policy to vote on all resolutions at all shareholder meetings globally except where there are restrictions that make it onerous or expensive to vote compared with the benefits of doing so. For example, we may not vote in markets where shareblocking is allowed, restricting the trading of shares which are to be voted upon.

Further information on our voting policy and practices can be found in our Environmental, Social and Governance Policy for Listed Assets and monthly disclosure of our global voting can be found on our [website](#). Our voting disclosure includes a short description of our reasons when we have voted against board recommendations, which we believe provides helpful clarity.

In 2021, we voted on approximately 99% of total resolutions, and instructed a vote against the board's recommendations at 44% of meetings. In total, we voted on over 7,000 meetings and almost 80,000 resolutions.

WHERE DO WE VOTE?

As a global investor, Schroders votes across all regions in which we invest. The majority of voting is conducted from our London office; however our offices in Australia, Japan, Taiwan and Indonesia execute their votes in line with our voting policy for these markets. We try to ensure a consistent house view is given to companies, but in order to maintain the necessary flexibility to meet client needs, these local offices may determine a voting policy regarding the securities for which they are responsible. Figure 12 represents our regional voting activity in 2021.

We generally submit electronic votes for all meetings, however, on occasion we may attend shareholder meetings to submit our vote in person.

FIGURE 11: VOTING ACTIVITY 2017-2021

Year	Meetings	Resolutions	% of resolutions voted with management	% of resolutions + abstentions against management
2021	7,492	78,637	87%	12%
2020	6,518	68,992	87%	13%
2019	5,876	61,156	87%	13%
2018	5,227	56,510	86%	14%
2017	5,378	62,058	82%	18%

Source: Schroders as at 31 December 2021.

FIGURE 12: GLOBAL VOTING

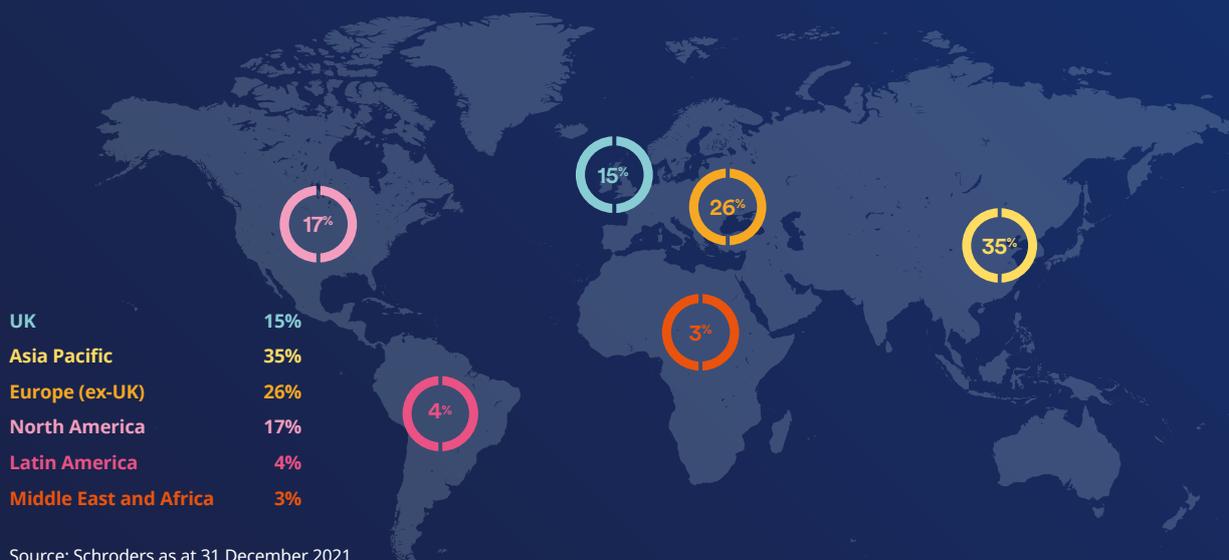
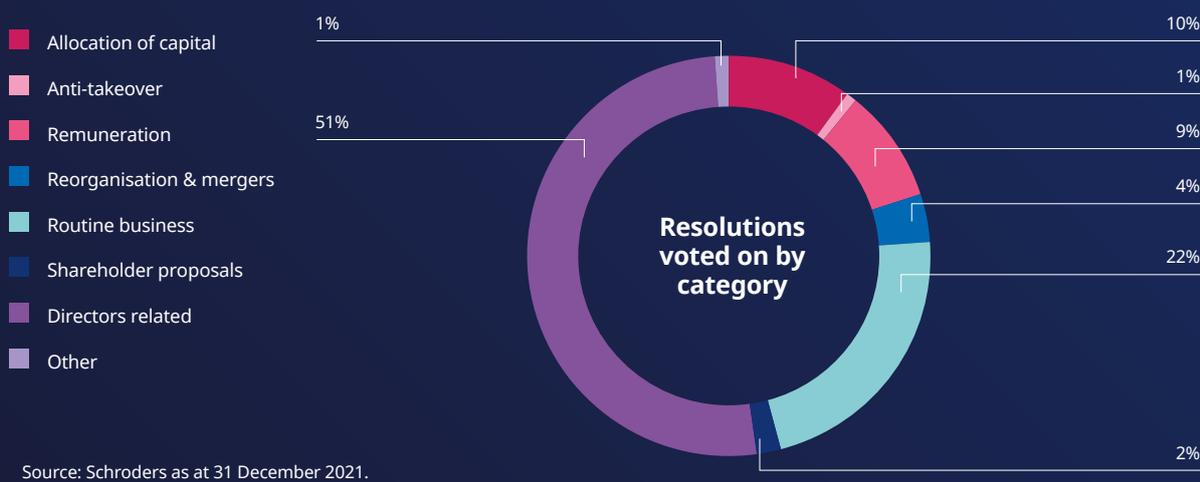


FIGURE 13: 2021 BREAKDOWN OF RESOLUTIONS VOTED ON BY CATEGORY



WHAT ISSUES DO WE VOTE ON?

As described above, Schroders policy is to vote on all agenda items at shareholder meetings it is able to do so, except where there are restrictions that make it expensive or onerous in comparison to the benefits. Resolutions proposed by boards vary by market but may include the election of directors, acceptance of reports and the allocation of income, approval of remuneration policies and reports, ratification of the appointment of external auditors and approval to issue and buyback shares. We will also vote on proposals submitted by shareholders.

HOW DO WE MAKE OUR VOTING DECISIONS?

Our Corporate Governance team assesses both management and shareholder proposals on a case-by-case basis, seeking input as required from our investment team and our sustainable investment team. This ensures we have a good understanding of the company and its circumstances, the progress of associated engagements and local standards and regulation.

Voting decisions are guided by a detailed, proprietary, region-specific policy that has a framework of principles, developed in collaboration with fund managers across Schroders. Our own research - from both traditional and sustainable investment analysts - is integral to this process, in addition to drawing from external research such as public reporting and research from Institutional Shareholder Services (ISS).

WHY DO WE VOTE AGAINST BOARD RECOMMENDATIONS?

As long-term, active investors we prefer to support the board on the resolutions they put forward, but our pragmatic approach means that we will oppose board recommendations if we believe that it is in the best interests of our clients to do so.

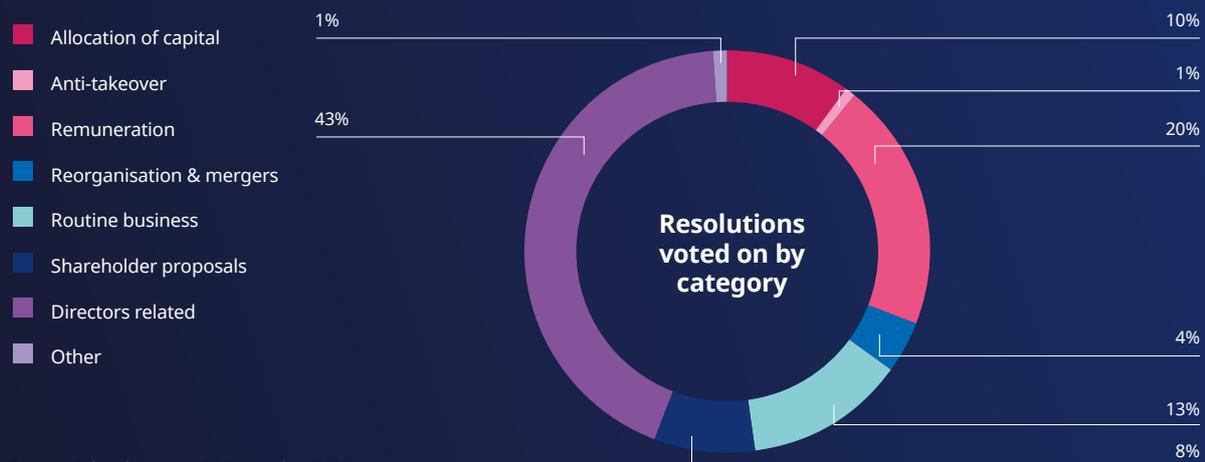
For example, we will vote against management if we believe a proposal diminishes shareholder rights or if we determine that remuneration incentives are not aligned with the company's long-term performance and creation and preservation of sustained shareholder value.

When we plan to vote against the board of a company we have been in dialogue with, we endeavour to make management aware of our concerns and our voting intention prior to casting our vote. Additionally we aim to contact investee companies before the proxy season to inform them of our principles and focus areas.

For all companies where we have voted against board recommendations we attempt to inform them of our decision, the reason behind it and invite future dialogue.

In recent years we have been increasingly voting against individual directors. For example, where there have been ongoing and significant areas of concern with a company's governance or performance we may choose to vote against individual directors. We may also vote against directors who have served long tenures, or individuals who have multiple external board appointments. Where we have concerns about board diversity we may vote against the chair or other members of the nomination or governance committee. We support the principle of collective board responsibility, but also believe that there should also be some individual accountability.

FIGURE 14: 2021 BREAKDOWN OF RESOLUTIONS VOTED AGAINST MANAGEMENT BY CATEGORY



Source: Schroders as at 31 December 2021.



ACTIVE OWNERSHIP

Collaborative engagement

We recognise there may be occasions when it is more effective to work with other institutional shareholders to influence company management and effect positive change.

We review collaborative engagements on a case-by-case basis to ensure that the objectives of such engagements are aligned with our ESG policy. Below we outline some of the key collaborative initiatives we have been involved in during 2021.

CLIMATE CHANGE AND FOSSIL FUEL FINANCING

In 2021, after a failed attempt to engage with a Chinese bank on their fossil fuel financing activities, we joined a collaborative engagement led by the IIGCC on climate expectations for the banking sector. Through the positive actions of the forum, we were able to secure a call with the bank. It was an opportunity for investors to outline the IIGCC Net Zero Bank Investor Expectations, and to understand the bank's progress against these.

As part of the Investor Forum, we joined a collaborative discussion with several other investors on a company's net zero commitment. The company, including representation from the Group Chair, Group Chief Executive Officer and the Global Head of Sustainable Finance, presented on the key aspects of their commitment and proposed an alternative approach to the ShareAction shareholder proposal that had been submitted.

We also engaged through the Investor Forum with another company on their climate change strategy. We specifically discussed the upcoming Say on Climate and Climate Shareholder Resolutions before their upcoming AGM.

We signed a global investor statement, coordinated by The Investor Agenda, to governments on the climate crisis. The statement was signed by 733 investors

representing over USD \$52 trillion in assets and called for governments to raise their climate ambition and implement robust policies, to ensure a planned transition to net-zero emissions by 2050 or sooner.

Every year CDP leads a collaborative engagement with all companies who have failed to respond to the request to complete their climate, forest and/or water surveys. Given the insight that CDP data provides, we support this call for greater transparency. In 2021, we co-signed all letters, totalling 3,127 climate requests, 886 forest requests and 975 water requests.

HUMAN RIGHTS

In September 2021, as part of a collaborative investor initiative, we were a signatory of a letter written to Wells Fargo which expressed expectations regarding the Human Rights Impact Assessment they were undertaking. The letter asked the company to make public the full findings and conclusions of the Human Rights Impact Assessment (HRIA) and the measures the company will take to address identified human rights risks. We believe the HRIA can be a valuable tool for understanding the risks of human rights infringements posed by Wells Fargo's operations, and full value chain, and for ensuring respect for the human rights of all individuals and groups impacted by the bank's activities.

ACCESS TO MEDICINE

We signed a global investor statement, coordinated by Access to Medicines (ATM) Foundation, on ensuring an effective, fair and equitable global response to COVID-19. The statement encouraged world leaders to finance the ACT-Accelerator (Access to COVID-19 tools) in full and deploy adequate funding to ensure fair and equitable access to COVID-19 tools globally, and committing to work with the ATM Foundation on this issue to engage with our investee healthcare companies to promote access.

We also joined a collaborative engagement with Novartis as part of the Access to Medicine engagement strategy. We discussed Novartis' access efforts in detail, including opportunities to expand technology transfers to new geographies, feasibility of implementing access planning across all late stage research and development projects, scope for improving access to patented products, and governance of access at Novartis.

COMPANY CULTURE AND GOVERNANCE

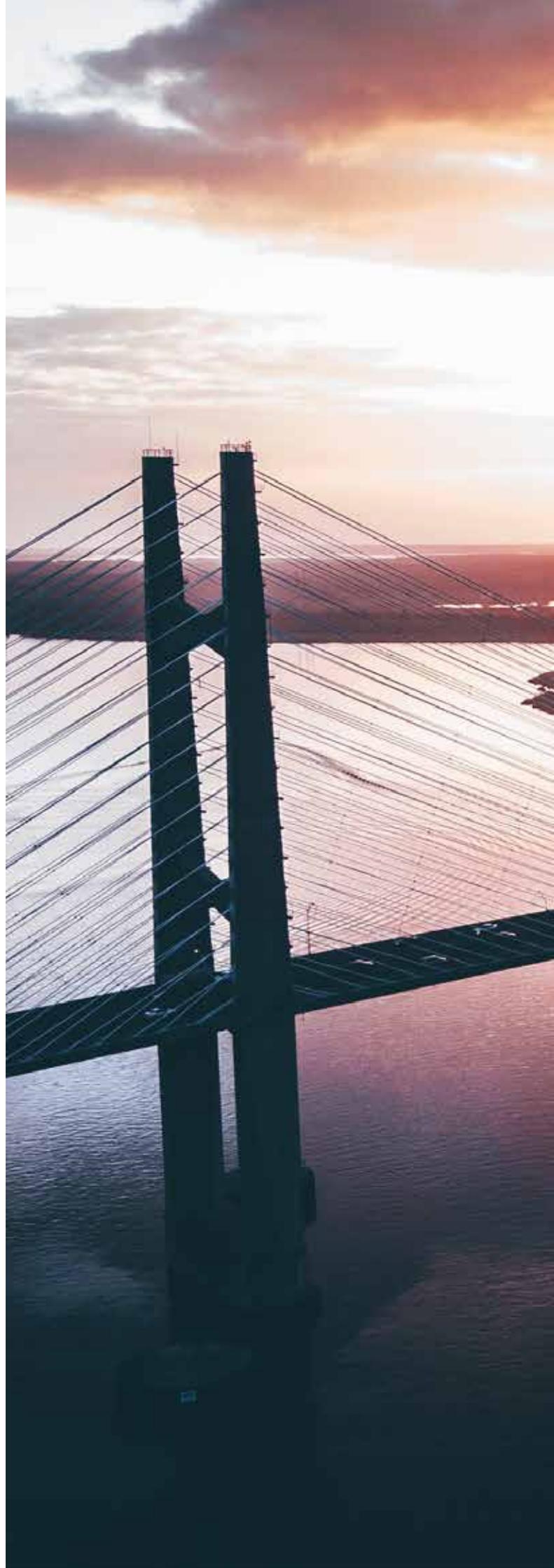
We joined a collaborative engagement initiated through the Investor Forum with a company board, encouraging them to demonstrate strong, visible oversight to increase investor confidence. The engagement followed the Board's acknowledgement that it had "serious and unacceptable practices" post the Grenfell enquiry. The key objectives of the meeting were to gain:

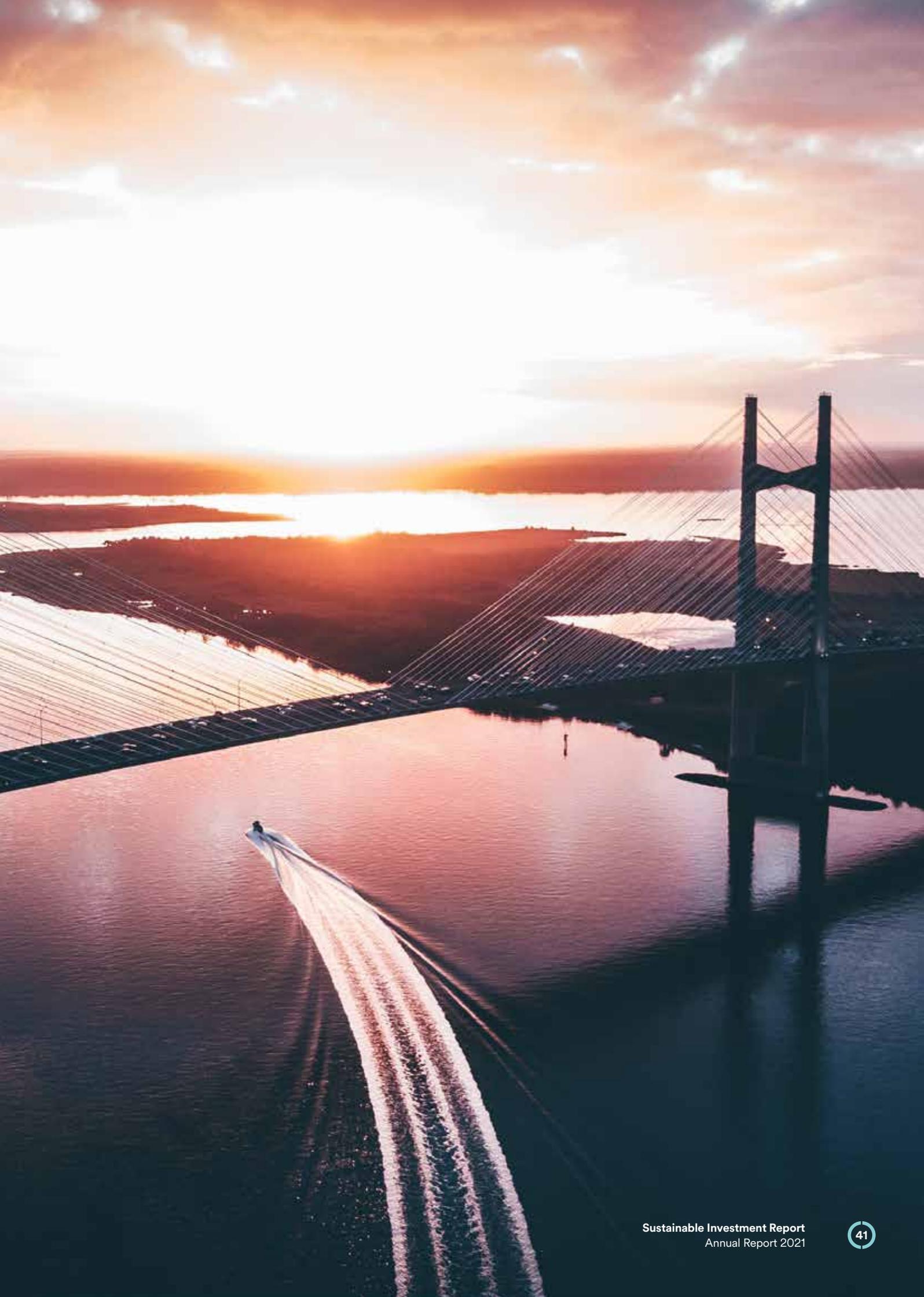
- i. greater clarity on the Board's priorities to implement an "enhanced suite of compliance, governance and reporting measures" following Eversheds Sutherland review and
- ii. improved board oversight and reporting on culture and employee engagement.

We had undertaken several direct engagement calls with management and investor relations once the issues had come to light. Given the collaborative engagement initiated by the Investor Forum fully aligned with our views, we believed joining the initiative would be an excellent way of sending a clear, consistent message from a wider shareholder base. Additionally, the collaborative engagement called for a Group meeting with the Chairman of the Board, something we were keen to participate in.

Following the collaborative engagement the firm made several commitments including:

- Introducing more formal protocols and enhanced compliance structures and embedding these more throughout the organisation. The Audit and Compliance Committee also committed to being more proactive in demanding evidence of this.
- Enhancing the governance of subsidiary boards and improving the product and compliance information flow from these entities.
- Initiating a more open and regular dialogue between independent Board members and the investor community.







Industry involvement and public policy

We believe we have a particular role to play in sharing our expertise on different areas, supporting best practice but also learning from others.

We have a long-standing commitment to support and collaborate with several industry groups, organisations and initiatives to promote well-functioning financial markets. Our key stakeholders include exchanges, regulators and international and regional trade associations. For example, Schroders is a member of trade bodies such as the Investment Association in the UK, the European Fund and Asset Management Association (EFAMA), the Asia Securities Industry and Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in the US.

Through this participation we share our insights to support the development of policy recommendations, share best practice and build coalitions of like-minded market participants to advocate for better functioning markets. We consider this to be key in improving responsible investment standards across sectors, establishing a consistent dialogue with companies, and in promoting the ongoing development and recognition of sustainability and ESG within the investment industry. A full list of organisations and initiatives of which Schroders is a member or signatory is available on our [website](#).

COMMITTEES OR INITIATIVES PROMOTING RESPONSIBLE INVESTMENT

Science Based Targets initiative (SBTi)

At the start of 2021, we became a signatory to Science Based Targets initiative. The initiative calls companies to align their business models with the aim, set out in the Paris Agreement, to limit global warming to 1.5°C, alongside setting science-based targets in line with the criteria and recommendations of the SBTi.

Targets are considered 'science-based' if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

To achieve this, we have laid out a trajectory of short to medium term science-based targets which define our longer-term roadmap towards achieving the goal of net-zero emissions by 2050 or sooner. Our interim targets were submitted to the SBTi in Q4 2021 and were approved in Q1 2022, making us one of the first financial institutions to receive validation from the initiative.

Taskforce for Nature Related Financial Disclosures Forum (TNFD)

In 2021, we became a member of the TNFD forum. The initiative aims to provide a risk management and disclosure framework for organisations to report and act on nature-related risks.

We are also participating in a working group as part of a TNFD-aligned pilot in Singapore focusing on how the TNFD framework may be applied to the palm oil sector. The working group will aim to support sector-specific guidance and recommended disclosures for a sector that is one of the biggest contributors to deforestation. Our participation involves attending workshops and reviewing draft frameworks, to share the lessons we have learnt in this area.

Natural Capital Investor Alliance (NCIA)

At COP26 in November 2021, Dame Elizabeth Corley, Schroders' Chair-designate announced that Schroders had joined the Natural Capital Finance Alliance. The dependence and impact of companies on nature-related goods and services presents risks to the ongoing functioning of economies, exacerbation of climate change, as well as opportunities to address many of these issues.

NCIA was created by His Royal Highness, the Prince of Wales, as part of his Sustainable Markets Initiative (SMI) launched at Davos in 2020. Its members have plans to launch, or have launched, investment products aligned to Natural Capital themes. These encompass strategies such as direct investments in sustainable forestry and land management.



Our membership to the Natural Capital Finance Alliance enables us to share knowledge on the financial sector's role in tackling this issue.

WWF and Emerging Market Investor Alliance Pilot on Deforestation

We were involved in the pilot scheme of a new toolkit for deforestation risk assessment for financial institutions. The pilot phase included being signatory to a letter inviting six companies to pilot the tool, review outputs and suggest improvements.

CCLA – Find it, Fix it, Prevent it

We have been involved in ongoing discussions on how best to engage on modern slavery and incorporate these risks in our investment process. In 2021, we attended a roundtable discussion organised by CCLA, in which we discussed how best to integrate the principles into our investee company engagements. Under the Find it, Fix it, Prevent it initiative, we look to engage with companies in high risk sectors, or have supply chain risks, in order to better understand how they are seeking to remedy and prevent forced labour in their operations.

Access to Medicine

We attended the Access to Medicine foundation's launch event for the 2021 Access to Medicines (ATM) Index for an update on the latest index. The ATM Index measures how companies are incorporating access to medicine into their governance structures, research and development efforts, and product delivery.

We believe that an effective strategy on access to medicines can yield growth opportunities, enabling companies to tap into growth in emerging markets, improve patient reach, and achieve global health goals. Beyond this, it can positively impact companies' ability to attract talent and encourage public participation in trials, providing them with a strong licence to operate. A strong access agenda is therefore important from both an investment as well as an impact perspective.

UN PRI

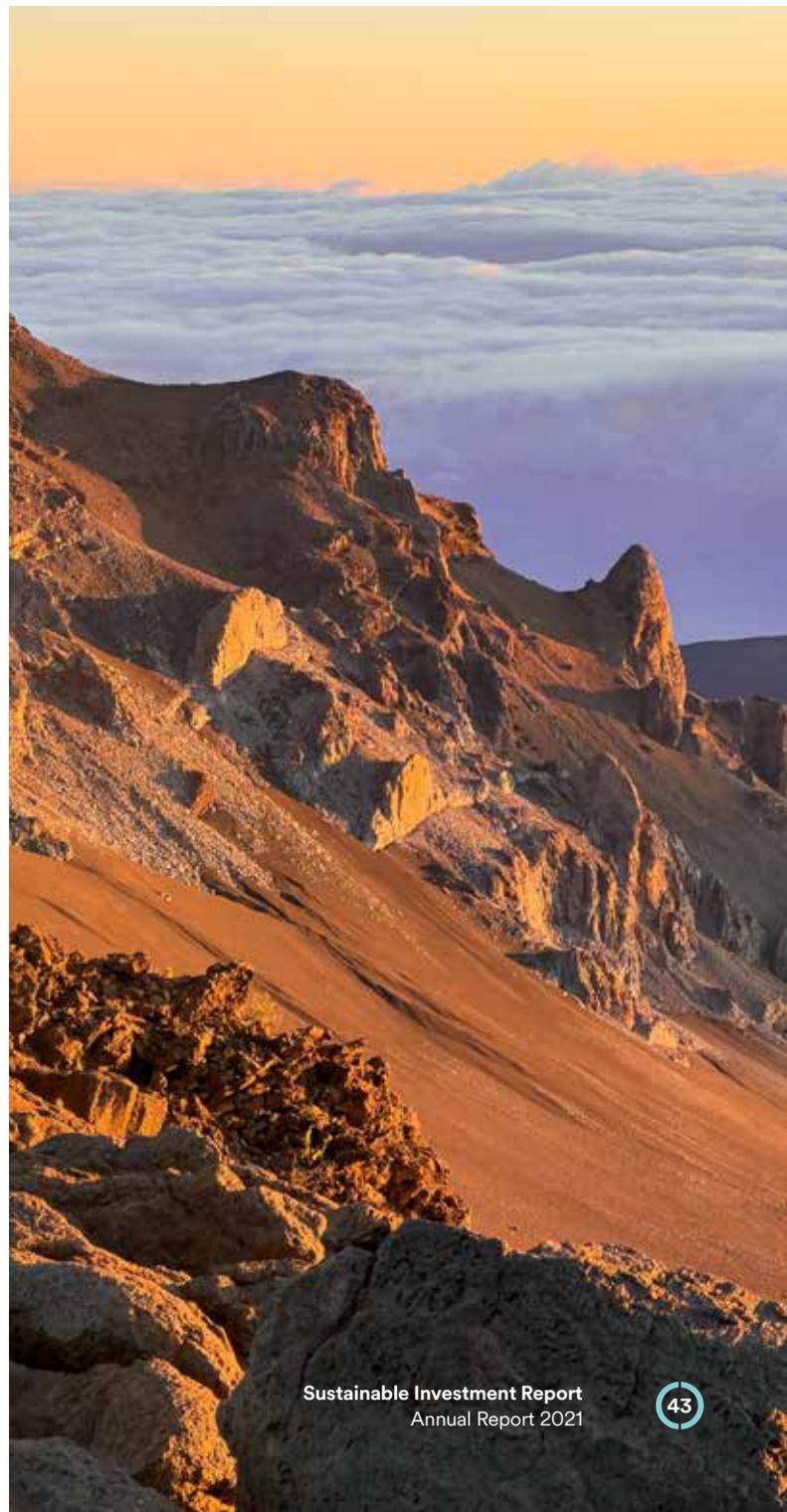
Sustainable Development Goals Advisory Committee

We are a member of the PRI Sustainable Development Goals Advisory Committee. The committee provides advice and input to the PRI Executive on areas of activity related to "Investing with SDG outcomes" to support the PRI Executive's decision making and programme development. The committee works to provide input, advice and insights to the PRI Executive on: the substance and implementation of its work programme on SDG outcomes; and embedding work on outcomes

linked to specific SDG targets and indicators and other globally agreed goals on real-world outcomes across PRI's activities, including where relevant through other PRI Advisory, Working and Reference Groups.

Stewardship Advisory Committee

We are also members to the PRI's Stewardship Advisory Committee. The first objective of the committee is to support the shift to an ambitious strategy for stewardship at the PRI and amongst its signatories, one that is proportionate to the need for urgent action on critical ESG issues. Secondly, the committee aims to provide direction, input and insights to the PRI



Executive on the work programme, including Active Ownership 2.0, improvements to the process by which it facilitates collaborative stewardship initiatives, market and regulatory barriers to effective stewardship, and on how they should be addressed.

Asia Investor Group on Climate Change (AIGCC)

The AIGCC is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. It has several work streams including Engagement and Policy, Net Zero Investment, Physical Risk and Resilience and Climate Change Training. We serve as the Vice-Chair of AIGCC.

Singapore Green Finance Centre (SGFC)

Schroders Singapore is one of the nine Founding Partners of the Singapore Green Finance Centre, a collaboration between Imperial College London and Singapore Management University, and supported by the Monetary Authority of Singapore. The centre is committed to developing green capital markets in Singapore through high-impact research, educational programmes and new talent development.

Hong Kong Green Finance Association (HKGFA)

HKGFA creates a platform that offers channels and opportunities to facilitate the development of green finance and sustainable investments in Hong Kong and beyond. It aims to mobilise both public and private sectors resources and talents in developing green finance policies, to promote green finance business and product innovation within financial institutions. As a member to HKGFA, we are involved in a working group on ESG integration.

Intentional Endowments Network (IEN)

The Intentional Endowments Network is a non-profit, peer-learning network advancing intentionally designed endowments – those that seek to enhance financial performance by making investments that advance an equitable, low carbon, and regenerative economy. Working closely with leading organisations, the network engages leaders and key stakeholders from higher education, foundations, business, and non-profits. As a member, we attend bi-weekly meetings which provide opportunities for learning and education, peer networking, convening, thought leadership and information exchange around a variety of strategies (e.g. ESG integration, impact investing, and shareholder engagement).

Human Capital Management Coalition (HCMC)

We were invited to join the Human Capital Management Coalition in 2021. The HCMC is a cooperative effort among a diverse group of asset owners to further elevate human capital management as a critical component in company performance. The Coalition engages companies and other market participants with the aim of understanding and improving how human capital management contributes to the creation of long-term shareholder value.

Asia Sustainable Finance Initiative (ASFI)

ASFI is a multi-stakeholder forum, incubated by WWF Singapore that aims to harness and amplify the power of the finance sector to create low-carbon, climate resilient economies that deliver on the Sustainable Development Goals (SDGs) and the Paris Agreement.

As part of the ASFI Advisory Group, Schroders shares knowledge and best practice on sustainable investment activity and projects. Schroders also contributes to the annual WWF RESPOND Insight Report.

IBF Sustainable Finance Working Group

The Institute of Banking and Finance Singapore (IBF) is a not-for-profit industry association to foster and develop the professional competencies of the financial industry.

The IBF Sustainable Finance Industry Workgroup support the IBF through development of sustainable finance skills and workforce transformation for the financial services industry.

In 2021, Schroders contributed to shaping six of the 12 Technical Skills and Competencies as part of the IBF Skills Framework for Financial Services, including impact indicators, measurement and reporting; sustainability reporting; sustainability risk management; sustainable investment management; sustainability stewardship development; and non-financial industry sustainability development.

EU sustainable finance stakeholder group

Schroders is also part of a group of EU stakeholders with different backgrounds, but a common interest in sustainable finance. Other members include ACCA, Accountancy Europe, CDSB, Eurosif, Frank Bold, PGGM, WWF, Share Action and World Benchmarking Alliance. In 2021, the group issued a joint statement supporting the European Commission's initiative to improve the regulatory framework on corporate governance (view [here](#)).



CONSULTATIONS AND SHAPING BEST PRACTICES

We believe that working with peers and policymakers on sustainability and ESG issues is an important activity. As part of our wider public policy engagement, we continued educating and advising our clients on developments in the sustainability agenda throughout 2021. Moreover, we regularly respond to public consultations both as a firm and working with investor groups. Below we outline Schroders' direct contribution to public policy developments in 2021. Additionally, we contributed to responses submitted by industry bodies such as the Investment Association (IA) and the European Fund and Asset Management Association (EFAMA), and outlined our positions in engagement meetings with policy makers and regulators.

SEC

In 2021, we responded to the SEC's consultation on climate disclosures. Our response supported the need for mandatory disclosures and recommended alignment with global initiatives. However, we encouraged them to broaden the spectrum of mandated financially material ESG disclosure and urged that the mandated disclosures should be addressed as soon as reasonably possible.

Stewardship Asia's Stewardship Principles

Schroders responded to Stewardship Asia's consultation on the evolution of the Singapore Stewardship Principles (SSP) in 2021. We support the new principles and the higher bar they set to encourage and strengthen stewardship across the region. Schroders also contributed to shaping the SSP case study template to support signatories' compliance with new reporting recommendations.

PUBLIC POLICY

Below we outline Schroders' contribution to public policy developments in 2021, both directly and through contributing to responses submitted by industry bodies such as the Investment Association (IA) and the European Fund and Asset Management Association (EFAMA).

- European Supervisory Authorities Joint Consultation on taxonomy-related sustainability disclosures – view Schroders' response [here](#)
- Platform on Sustainable Finance call for feedback on the draft reports by the Platform on Sustainable Finance on a social taxonomy and on an extended taxonomy to support economic transition
- FSB-TCFD proposed guidance on climate-related metrics, targets and transition plans
- IOSCO recommendations on sustainability-related practices, policies, procedures and disclosure in asset management
- FCA consultation on enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers
- FCA consultation on enhancing climate-related disclosures by standard listed companies and seeking views on ESG topics in capital markets
- UK Department for Business, Energy & Industrial Strategy consultation on restoring trust in audit and corporate governance

All Schroders' responses are available on request.

Sustainability insights

Better investment insights come from creative and innovative research.

Better investment insights come from creative and innovative research. At Schroders, we strive to be at the very forefront of thinking on existing and emerging sustainability topics. Our thematic research aims to enhance our understanding of the material ESG risks and opportunities that may impact a company's valuation and risk profile.

To fully understand a company's potential you need to look beyond the annual report. 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.

Schroders' Sustainable Investment team produces insightful thematic research on a range of ESG issues. During 2021, we examined topics such as:

- Climate change (including avoided emissions and waste technology)
- Global regulation
- Natural capital and biodiversity
- Cybersecurity

We also publish papers and podcasts to help educate clients and the broader public. During 2021, we published media such as:

- [Q&A: What is “natural capital” and why should investors care?](#)
- [Shareholder power: our approach to resolutions and voting at AGMs](#)
- [Podcast: Good COP, bad COP](#)
- [An investor's guide to climate change: the simple and surprising facts](#)

In the following section we look at how we are assessing our impact on nature, as well as why ESG investing should underperform, but won't.





SUSTAINABILITY INSIGHTS

Assessing our impact on nature

Governments, investors and corporates are alive to the threat posed by climate change. Broader environmental threats usually get much less air time but this is starting to shift, with increasing recognition of the vital role that nature plays in the functioning of our economies.



Catherine Macauley
Sustainable
Investment Analyst

This can happen in many ways. Biodiversity risks impact companies through business disruption, stranded assets, as well as changing demand and increased costs – all of which can hamper profitability. The aggregate impacts of these can result in reduced productivity, price shifts, capital destruction, and labour market frictions.

According to the [WEF](#), there is a long list of sectors with high dependence on nature, through their operations or their value chain, including: Forestry, Agriculture, Fishery and aquaculture, Food, beverages and tobacco, Heat utilities, Construction, Electricity, and Water Utilities.

The sheer length of this list highlights the breadth of exposure: nature-related risks are deeply interlinked with investment portfolios.

There is currently no universally agreed upon framework or metric to measure impacts on nature. Industry-wide frameworks and standards will gradually emerge but we are at least a couple of years away from this.

However, as investors we are not powerless. We can still assess companies' level of ambition, the quality of their governance and oversight mechanisms, supply chain management and disclosure practices, as well as engagement with wider industry initiatives to tackle biodiversity loss.

Issues surrounding natural capital and biodiversity have been factored into Schroders' research and engagements for many years. Within our suite of proprietary tools, we assess company and sovereign performance on key natural capital criteria, seeking to place an economic value on the environmental externalities that are driving nature loss.

Natural capital refers to the stock of renewable and non-renewable natural assets, including everything from soil, forests, air, water, geology, and all living organisms. Nature gives us both direct goods such as food, energy, and medicinal resources, and services such as water filtration, crop pollination, carbon sequestration, climate regulation, and flood protection.

These services almost always go unpriced, resulting in their excess use. This has resulted in ecosystem decline and degradation. The potential economic impacts are large: the World Bank estimates that a partial ecosystem collapse could cost 2.3% of global GDP (or \$2.7 trillion) per year by 2030.

FIGURE 15: MACROECONOMIC TRANSMISSION CHANNELS FOR NATURE RELATED FINANCIAL RISK



RISK	DESCRIPTION	EXAMPLES
OPERATIONAL AND SUPPLY CHAIN RISKS	Exposure to geographies in which nature loss is occurring through direct operations and supply chain. This can disrupt business continuity, for example through water shortages or reduced rainfall leading to lower crop yields. This is particularly relevant for companies operating in regions with higher exposure to nature-related risks, and for end markets that are reliant on goods and services provided by nature, including the food, agricultural, apparel and forestry industries.	Australian agricultural income declined by 46% in the 2002/2003 drought. Mismanaged species introductions as agricultural pests estimated to cost \$100 billion per year. Flooding linked to deforestation in South Asia in 1998 estimated to cost \$24 billion. Soil erosion in Europe estimated to cost €53 per hectare per year.
REGULATORY RISKS	The policy landscape is still nascent when it comes to regulating nature-related risks, in large part due to difficulties in measuring and reporting on these risks. Momentum is building, with major economies committing to ambitious nature goals and regulation starting to follow suit. Climate disclosure and reporting frameworks provide a blueprint for nature-related reporting.	EU proposal to reduce fertiliser use by >20% by 2030 poses material risk to sales for chemical companies. China's securities regulator moved to ban IPOs that have violated environmental protection rules in 2016.
RISKS TO CONSUMER AND INVESTOR SENTIMENT	Consumers and investors are increasingly attuned to environmental issues, presenting a risk for laggards, who may suffer reduced demand for their products and services or an increased cost of capital.	A study found that 82% of consumers would be willing to change product purchases in favour of sustainable palm oil. Investors have threatened to divest from companies associated with deforestation in the Amazon.
LIABILITY RISKS	Includes any fines or pay-outs that may arise as parties seek compensation for losses associated with nature loss, and also covers legal costs, insurance and financing costs.	Deepwater Horizon explosion in the Gulf of Mexico in 2010 cost BP >\$18bn in fines.

Source: Schroders.

For companies, our tools incorporate measures such as a company's ecological footprint, its Forest 500 score and whether or not it has a biodiversity policy. We also measure fertiliser use, heavy metal pollution, waste production and water consumption. We have engaged with more than 200 companies on the topic of biodiversity since 2018.

At the sovereign level, we assess biodiversity loss using Yale's Environmental Performance Index. We also assess net carbon emitted or sequestered as a result of i) changes occurring on forest land and ii) net forest conversion from forest land to other land uses. In addition, we look at ocean pollution as well as carbon and other emissions.

We have complemented our analysis using other frameworks, such as the one developed by the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), to help us identify those industries that have the largest impact and dependence on natural capital through their direct operations.

We will continue to explore the topic of natural capital and biodiversity in a series of thematic research papers covering sub-themes, such as deforestation, sustainable food and water, pollution, as well as the circular economy.





Why ESG investing should underperform... but won't

Philosophically, there are good reasons why investors should expect ESG investing to underperform. But practically, it doesn't have to work out like that.



A PROBLEM OF DEFINITIONS AND COMPARABILITY

First of all, what do you mean by ESG investing? Excluding "bad" companies? Favouring "good" ones? By whose definition of bad and good? There is little commonality in ESG ratings from the major ratings providers. Tesla is a prime example. You can either love it or hate it from an ESG perspective, depending on which ratings provider you ask.

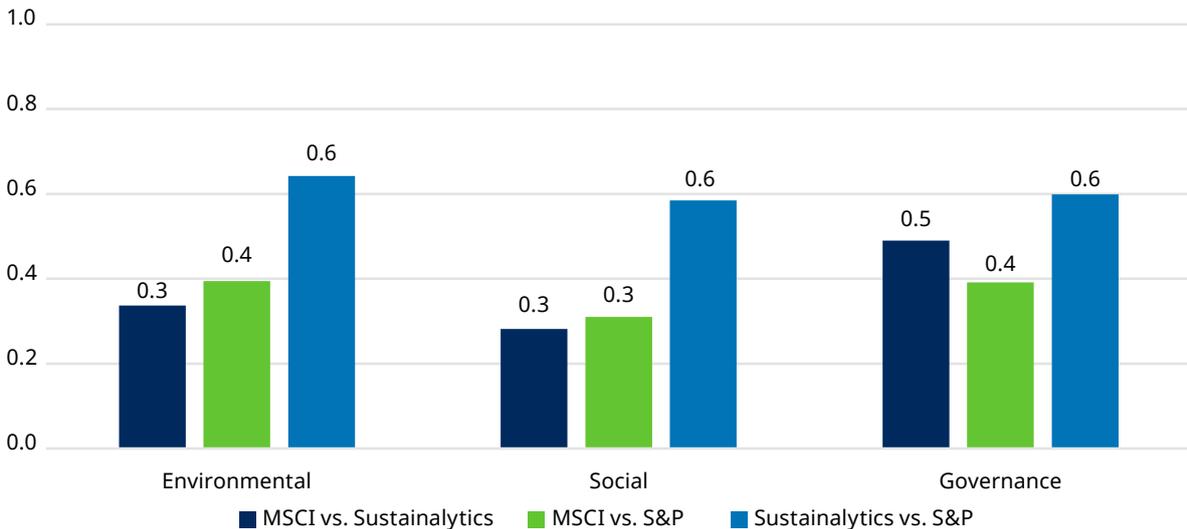
Or do you mean that you integrate ESG risks into the investment decision making process?

And where do you even draw the line between traditional fundamental analysis and ESG analysis? No equity analyst worth their salt would ignore the impact of a sugar tax on prospects for a sugary drinks company. You could argue the same for companies with high levels of leverage. It impacts the long run sustainability of a business model, regardless of whether you call it sustainability analysis or traditional fundamental analysis.

But if the non-ESG strategy is also taking account of these factors (even if they don't label it as such) then can you really say how much of a difference ESG analysis has made?

FIGURE 16: THERE IS NO CONSENSUS WHEN IT COMES TO ESG RATINGS

Correlation between scores



Source: Schroders analysis, 2021.

THINK OF ESG RISK LIKE CREDIT RISK

We can approach the problem through the prism of risk. Think about ESG risk similar to how we think about credit risk. Companies with a AAA credit rating pay less to borrow than companies with a weaker, BBB, rating. And, even after allowing for default losses, investors usually expect a lower return from investing in AAA bonds than BBB rated bonds.

With a similar logic, if assets are priced fairly with respect to ESG risks, you would expect companies with lower ESG risk to: (1) benefit from a lower cost of capital; and (2) have lower expected returns than those with higher risk.

These are two sides of the same coin. It is impossible for companies with stronger ESG credentials to have a higher expected return and a lower cost of capital.

BUT IN PRACTICE...

In practice this doesn't have to be the case. ESG investing can outperform by virtue of one, or both, of two things.

First, identifying companies where ESG risks are not yet properly reflected in prices. As discussed, measurement of these risks is a source of much disagreement, which will affect pricing. The market is also terrible at assessing and pricing in long-term risks like these.

Second, identifying companies which are transitioning with respect to ESG. A BBB-rated corporate bond that becomes AA-rated will experience a fall in its credit spread, and a gain in its price, all else being equal. In the same way, a company with weak ESG credentials (high ESG risk) that moves in the right direction will become lower risk, and should experience a price gain (and a corresponding fall in its financing costs).

Importantly, it will not always be obvious from headline figures that a company is on an improving ESG trajectory. Indications of a cultural shift may come through in conversations with management well before you see it in the numbers and even longer before there is any improvement in a third party rating.

Active managers can capitalise on identifying mispricings as well as companies that are transitioning. Particularly for the latter, asset managers can play a critical role in encouraging and driving positive change through active ownership.



Appendix

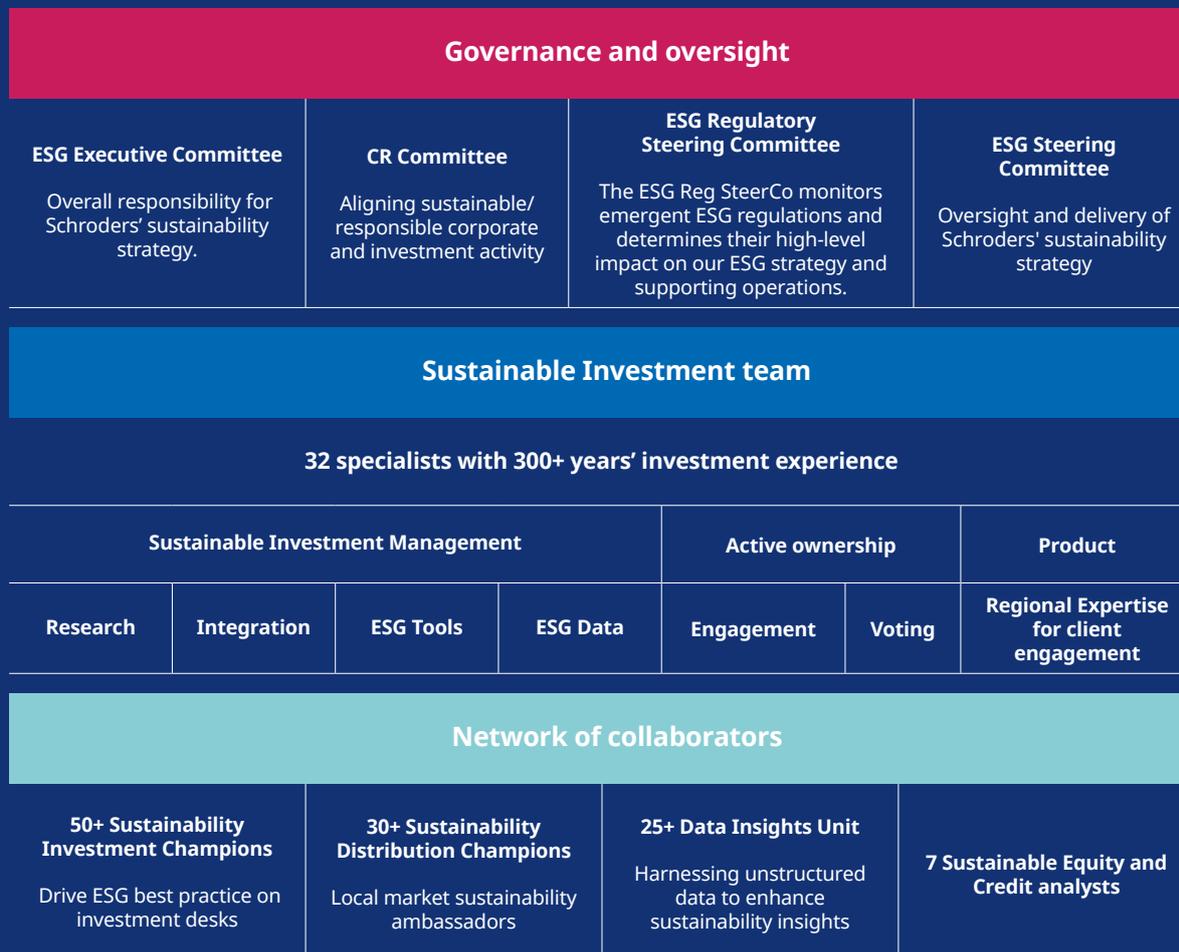
Sustainability at Schroders: governance, resources and expertise

Schroders' Group Chief Executive leads our ESG executive committee and retains overall responsibility for the firm's sustainability strategy. We operate a top-down governance structure with executive and group management committee (GMC) members sitting across ESG and corporate responsibility committees. Our Global Head of Sustainable Investment is also a member of the GMC. Members of the GMC have specific objectives relating to sustainability, with a proportion of their variable remuneration dependent on progress against these objectives.

Schroders' first dedicated ESG resource was hired in 1998. Today, Schroders' Sustainable Investment team comprises 32 specialists with over 300 years of combined investment experience. The team use their knowledge and expertise to deliver and develop sustainable investment management (encompassing research, integration, and models and data) across investment teams, drive and support active ownership activity and work closely with clients to deliver sustainable solutions that meet their needs.

Importantly, the team is supported by a network of collaborators across the business, driving sustainability best practice across our investments. In 2021, we hired a number of sustainable equity and credit analysts, who sit directly within investment teams to deepen the integration of sustainability into investment processes. The Sustainable Investment team also works in partnership with Schroders' Data Insights Unit, using analytics and machine learning to uncover sustainable investment opportunities and drive alpha.

FIGURE 17: GOVERNANCE, RESOURCES AND EXPERTISE



Source: Schroders as at 31 December 2021.



Compliance with UN PRI

UN PRI PRINCIPLE	HOW WE COMPLY	WHERE TO FIND EVIDENCE
1. We will incorporate ESG issues into investment analysis and decision-making processes	- Full ESG integration	p. 12
	- Integration assessed and monitored using accreditation framework	p. 12
	- Dedicated firm-wide ESG policy	ESG Policy
	- Dedicated Sustainable Investment team	Fully ESG integration press release
	- Investment champions to support firm-wide integration efforts	
	- Long-standing ESG training programme for financial analysts and portfolio managers	
	- Proprietary investment-driven ESG analysis tools for our investors	Schroders' sustainability web pages
2. We will be active owners and incorporate ESG issues into our ownership policies and practices	- All ESG research shared on our proprietary global research platform	
	- Engaging with companies and actively voting at AGMs for several decades	p. 30 – 44
	- Dedicated active ownership policy	ESG Policy
	- Global voting strategy, aiming to vote on all resolutions in line with firm-wide ESG policy and best interests of clients	p. 36 – 38
	- Dedicated corporate governance team to analyse and vote on resolutions globally	
	- External engagements conducted by ESG & financial analysts, both bilaterally and collaboratively	Sustainability analysis in practice
	- Digital infrastructure to effectively record engagements and monitor progress	
	- Dedicated active ownership pages including investee expectations	Engagement with companies
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest	- Defined top-down thematic engagement priorities	Engagement Blueprint
	- Active engagement with companies to encourage greater transparency. For example, in January 2021 our Group Chief Executive sent letters to FTSE 350 companies urging them to share their detailed, costed net zero transition plans in 2021. We expanded the engagement to a number of North American and European companies later in 2021	ESG Policy Engagement Blueprint
	- Participation in collaborative disclosure initiatives to improve disclosure standards such as TCFD & CDP	TCFD report Schroders' Climate Transition Action Plan

UN PRI PRINCIPLE	HOW WE COMPLY	WHERE TO FIND EVIDENCE
<p>4. We will promote acceptance and implementation of the principles within the investment industry</p>	<ul style="list-style-type: none"> - Members, leaders and participants of various forums and networks - Collaboration with other investors to promote and develop responsible investment principles and practices, including the PRI, International Corporate Governance Network, The Asia Investor Group on Climate Change, and Hong Kong Green Finance Association - Sponsorship and support of responsible investment initiatives, including hosting conferences, seminars and workshops - Submissions to regulators, trade associations, legislators and other bodies - Working with clients who are considering becoming members of the PRI to help them understand the benefits and practicalities of membership - Publicising responsible investment events to clients and encouraging attendance - Trustee training and ongoing client education on responsible investment and ESG trends 	<p>p. 42</p> <p>Schroders' industry involvement</p> <p>2020 UK Stewardship Code Statement</p>
<p>5. We will work together to enhance our effectiveness in implementing the principles</p>	<ul style="list-style-type: none"> - Collaboration with other investors, sharing information and exchanging our views - Active participation in industry networks such as the PRI where we sit on both the Sustainable Development Goals Advisory Committee and the Stewardship Advisory Committee, International Corporate Governance Network, Asian Corporate Governance Association, UK Sustainable Investment and Finance Association, Hong Kong Green Finance Association and CDP - Responding to industry & public policy consultations directly and via group initiatives such as the IA and EFAMA 	<p>Schroders Industry Involvement</p> <p>p. 42</p> <p>p. 45</p>
<p>6. We will each report on our activities and progress towards implementing the principles</p>	<ul style="list-style-type: none"> - Integration case studies reported across asset classes at least annually - Engagement & voting case studies and progress reported at least quarterly - Regular research and insight papers on ESG and responsible investing published - Best practice case studies included in reports and publications - Sustainability measures are now incorporated into fund level reporting for sustainable funds 	<p>p. 12 – 14</p> <p>Quarterly and annual sustainable investment reports</p> <p>Schroders insights</p>

Companies engaged during 2021

Company	E	S	G
Consumer Discretionary			
888	✓		
3P Learning			✓
4imprint	✓		
Abercrombie & Fitch			✓
Ace Hardware Indonesia			✓
Alibaba	✓		
Allegro EU			✓
Amazon		✓	✓
Ammo		✓	
Anta Sports			✓
AO World	✓		
Arcelik			✓
Aristocrat Leisure			✓
Autoliv			✓
Autozone			✓
BAIC Motor			✓
Barratt Developments	✓		
Bayerische Motoren Werke			✓
BCA Marketplace	✓		
Bellway	✓		
Berkeley	✓		
Bharat Forge		✓	
Booking			✓
Bovis Homes	✓		
Burberry	✓		
Burlington Stores			✓
Cable One			✓
Canadian Tire		✓	
Carmax			✓
Carnival	✓		
CCC			✓
Centre Testing		✓	✓
Charter Communications	✓	✓	
China Travel International Investment Hong Kong			✓
Chipotle Mexican Grill			✓
Chow Tai Fook Jewellery			✓

Company	E	S	G
Cie Financiere Richemont			✓
City Pub	✓	✓	✓
Coats	✓		
Colgate Palmolive			✓
Compass	✓		
Countryside Properties	✓		
Crocs			✓
Crystal			✓
CVC Brasil Operadora e Agencia de Viagens			✓
Daimler			✓
Deckers Outdoor			✓
Discovery Communications			✓
Dixons Carphone	✓		
Dometic			✓
Domino's Pizza	✓		
Dongfeng Motor		✓	
Drb-Hicom		✓	
Dunelm	✓		
Eclat Textile			✓
El Puerto de Liverpool			✓
Electrolux			✓
Enero			✓
Etsy			✓
Euromoney	✓		
Eutelsat			✓
Expedia			✓
EZ TEC Empreendimentos Participacoes		✓	✓
Ferrari			✓
Folli Follie			✓
Ford Motor	✓		
Ford Otosan			✓
Fu Shou Yuan International			✓
Fubon Multimedia		✓	✓
Fuji Media			✓
Fuller Smith & Turner			✓
Funai Electric			✓
Future	✓		

Company	E	S	G
Galaxy Entertainment			✓
Games Workshop	✓		
GCV	✓		
Geely Automobile			✓
General Motors	✓	✓	
Greek Organization of Football Prognostics			✓
Guangzhou Auto			✓
H & M Hennes & Mauritz			✓
Hanon Systems			✓
Hikma Pharmaceuticals			✓
Hilton Worldwide			✓
Hollywood Bowl			✓
Hong Kong Television Network			✓
Howden Joinery	✓		
HT&E			✓
Husqvarna			✓
Hyundai Department Store			✓
Hyundai Home Shopping			✓
Hyundai Wia		✓	
Immsi		✓	
Inchcape	✓		
Informa	✓		
Intercontinental Hotels	✓		
International Greetings			✓
Ipsos			✓
ITV	✓		
J D Wetherspoon	✓		
JB Hifi			✓
JD Sports Fashion	✓		
JD.Com	✓		
Jiumaojiu			✓
Jubilant Foodworks			✓
Kangwon Land			✓
Kia Motors		✓	
Kindred			✓
Kingfisher	✓		
Kohl's			✓
Kongsberg Automotive		✓	
LCI Industries			✓
Live Nation Entertainment			✓
Lojas Renner			✓

Company	E	S	G
LPP			✓
LVMH			✓
Mahindra & Mahindra		✓	
Man Wah			✓
Marks and Spencer	✓		
Mavi	✓	✓	✓
McCarthy & Stone	✓		
McDonalds			✓
Mediaset Espana			✓
Mitchells and Butlers	✓		
Mohawk Industries			✓
Motherson Sumi Systems			✓
Musashi Industry			✓
N. Brown			✓
NagaCorp			✓
Nemak	✓		✓
Netflix			✓
New Oriental Education			✓
Newell Brands			✓
Next	✓		
Nexteer Automotive			✓
Nikon			✓
Nippon Television	✓	✓	✓
Nissan Motor	✓		
Nordic Entertainment			✓
NVR			✓
Ocado	✓		
Paddy Power Betfair	✓		
Party City			✓
Pearson	✓		
Peloton			✓
Pendragon			✓
Pepco		✓	✓
Persimmon	✓		
Pets at Home	✓		
Planet Fitness			✓
Plastic Omnium			✓
Polaris		✓	
Prada			✓
Premier			✓
Publicis		✓	
Pulte			✓

Company	E	S	G
Rank	✓		
RealEstate.com			✓
Redrow	✓		
RELX	✓		
Renault	✓		
Restaurant	✓		✓
Rightmove	✓		
Ross Stores			✓
Royal Caribbean Cruises			✓
Shake Shack			✓
Shakey's Pizza Asia			✓
Shinsegae			✓
SJM			✓
SNT		✓	
Sodexo			✓
Sok Marketler Ticaret			✓
Sports Direct	✓		
Starbucks			✓
Stellantis	✓		
Subaru		✓	
Tabcorp			✓
TAKKT		✓	✓
Target			✓
Taylor Wimpey	✓		
Television Francaise	✓		
Tesla Motors			✓
TI Fluid Systems	✓		
Tianneng Power International			✓
Tofas			✓
Tui	✓		
Tupperware			✓
ULS Technology			✓
Ulta Beauty			✓
Vivendi Universal			✓
Vivo Energy	✓		
Volkswagen	✓	✓	
Walt Disney			✓
Watches of Switzerland	✓		
WH Smith	✓		
Whitbread	✓		
William Hill	✓		
Wingstop			✓

Company	E	S	G
Wolverine World Wide			✓
Woolworths			✓
WPP	✓		
Wynn Resorts			✓
Xinyi Glass			✓
Youngone			✓
Yue Yuen Industrial			✓
Yum China		✓	
Zalando	✓	✓	✓
Zhejiang Supor Cookware		✓	
Consumer Staples			
Accrol			✓
AG Barr	✓		
Ambev	✓	✓	✓
Anadolu Efes			✓
Anhui Kouzi Distillery			✓
Aryzta			✓
Associated British Foods	✓		
Ausnutria Dairy			✓
Austevoll Seafood			✓
Australian Agriculture			✓
Bakkafrost			✓
Bakkavor	✓		
Bell			✓
Beyond Meat			✓
Bid			✓
British American Tobacco	✓		
Britvic	✓		
Bunge	✓	✓	
Campbell Soup			✓
Carrefour			✓
China Resources Beer			✓
Cia Cervezes Unidas			✓
Coca Cola	✓		
Cranswick	✓		
Dairy Farm			✓
Danone	✓		
Delivery Hero			✓
Diageo	✓		
Dino Polska			✓
Elior			✓
Embotella Andina			✓

Company	E	S	G
Emmi			✓
Estee Lauder			✓
First Resources			✓
Flowers Food			✓
Fomento Economico Mexicano			✓
Freedom Nutritional Products			✓
Greencore	✓		
Greggs	✓		
HelloFresh			✓
Hilton Food	✓		
ICA Gruppen			✓
Imperial Brands	✓		
J Sainsbury	✓		
Kellogg	✓		
Kerry		✓	
Kimberly-Clark de Mexico			✓
Koninklijke Ahold Delhaize	✓	✓	
Kraft Heinz Foods			✓
Kroger			✓
LG Household and Health			✓
L'Occitane			✓
Magnit		✓	
Marfrig Global Foods			✓
Meituan Dianping			✓
Metro			✓
Monster Beverage			✓
Natura Cosmetics	✓		
Nestle	✓		
Nomad Foods			✓
Opplé Lighting			✓
Orion			✓
Pepsico			✓
Pernod Ricard			✓
Philip Morris			✓
Premier Foods	✓		
Procter & Gamble	✓		
Pz Cussons	✓		
Qiaqia Food	✓	✓	
Reckitt Benckiser	✓		
RFM			✓
SalMar			✓
São Martinho			✓

Company	E	S	G
Shoptite			✓
Spar			✓
SSP	✓		
Sumber Alfaria Trijaya			✓
Swedish Match			✓
Tate & Lyle	✓		
TCI			✓
Tesco	✓	✓	
Thai Beverage			✓
Toly Bread			✓
Tractor Supply			✓
Treatt			✓
Unilever	✓		
Vilmorin			✓
Vinda			✓
Walgreens Boots Alliance			✓
Walmart		✓	
Wm. Morrison	✓		
X5			✓
Energy			
Aker BP			✓
BP	✓		
Bukit Asam			✓
Cairn Energy	✓		
Canacol Energy			✓
Canadian Natural Resources	✓		
Chevron Texaco	✓		
China Oilfield Services			✓
China Petroleum & Chemical			✓
Coal India			✓
Concho Resources			✓
Conoco Phillips	✓		
Diversified Gas & Oil	✓		
Empresas Copec			✓
Enbridge	✓		
Energiean Oil & Gas	✓		
Enquest			✓
Ente Nazionale Idrocarburi			✓
Equinor			✓
Exxon Mobil	✓		
Formosa Petrochemical			✓
Gazprom	✓		

Company	E	S	G
Gaztransport et Technigaz			✓
Hindustan Petroleum			✓
HollyFrontier			✓
Hunting	✓		
Imperial Oil	✓		
Indika Inti Energi	✓		
Kinder Morgan	✓		
Lotos			✓
Lukoil PJSC	✓		
Lundin Energy			✓
Magyar Olaj			✓
Marathon Petroleum	✓		
Medco Energy	✓		
Motor Oil			✓
Neste Oil			✓
Nordic American Tanker			✓
Novatek	✓		
Occidental Petroleum	✓		
Oceaneering			✓
Odfjell Drilling			✓
OMV	✓		
Parsley Energy			✓
Petrobas			✓
PetroChina			✓
Petrofac	✓		
Petroleo Brasileiro	✓	✓	✓
Petronet			✓
PGNiG			✓
Phillips 66			✓
PKN			✓
Polski Koncern Naftowy Orlen	✓		✓
Premier Oil	✓		
Pressure Technologies			✓
Repsol	✓		
Rosneft	✓		
Royal Dutch Shell	✓		
Saras			✓
S-OIL			✓
Solaris Oilfield Infrastructure			✓
Subsea7			✓
Suncor Energy	✓		
Suntien			✓

Company	E	S	G
TechnipFMC			✓
Tenaris			✓
Total	✓		✓
Towngas China			✓
Trafigura	✓	✓	✓
Transcanda Pipelines	✓		
Tullow Oil	✓		
Tupras			✓
United Energy			✓
Valero Energy	✓		
Wintershell Dea	✓		
Wood	✓		
Yanzhou Coal Mining			✓
Financials			
3i	✓		
Acom			✓
Adler			✓
Admiral	✓		
Aeon Thana			✓
Affiliated Mangers			✓
Ageas	✓	✓	
Agile	✓		
AIA			✓
Airesis			✓
AJ Bell	✓		
Al Rajhi Bank	✓	✓	✓
Allianz			✓
Allstate			✓
Alstria Office	✓		
American Homes 4 Rent			✓
American International			✓
Amlin	✓		
Amundi			✓
Anima			✓
Antin Infrastructure	✓		
Aroundtown			✓
Arthur J Gallagher			✓
Artisan Partners Asset Management			✓
Ashmore	✓		
ASR Nederland			✓
Assicurazioni Generali	✓		
Assura	✓		

Company	E	S	G
Assurant			✓
Aviva	✓		
AXA		✓	✓
Banca Farmafactoring			✓
Banca Mediolanum			✓
Banco Bradesco			✓
Banco Davivienda		✓	✓
Banco de Chile			✓
Banco do Brasil Seguridade		✓	✓
Banco Itau	✓		✓
Banco Santander			✓
Banco Santander	✓		
Bank Hapoalim			✓
Bank Jatim			✓
Bank Leumi			✓
Bank Mandiri			✓
Bank Of America	✓		
Bank of China (HK)			✓
Bank of Georgia	✓		
Bank of Montreal			✓
Bank Panin			✓
Bank Rakyat Indonesia			✓
Bank Tabungan Negara			✓
Banque Saudi Fransi	✓	✓	✓
Barclays	✓		
BBGI Global Infrastructure	✓		
BBVA		✓	✓
Beazley	✓		
Berkshire Hathaway	✓		
Big Yellow	✓		
BlackRock			✓
BM&F Bovespa			✓
BR Malls		✓	✓
Brascan		✓	
BRE Bank			✓
Brewin Dolphin	✓		
Brighthouse			✓
British Land	✓		
Brookfield Asset Management			✓
Brookfield India			✓
Bure Equity			✓
Canadian Imperial Bank	✓		

Company	E	S	G
Capital & Counties Properties	✓		
Capital One Financial			✓
CapitaMall			✓
Cerved Information Solutions			✓
Charles Schwab			✓
China Construction	✓		
China Everbright			✓
China Evergrande			✓
China Huarong Asset Management			✓
China Minsheng Bank			✓
China Overseas Grand Oceans			✓
China Pacific Insurance			✓
China Resources Land			✓
China Vanke			✓
Chubb			✓
CIFI			✓
CIMB			✓
CITIC Securities			✓
Citycon Oyj	✓		
Close Brothers	✓		
CLS	✓		
CMC Markets	✓		
Coface			✓
Commonwealth Bank of Australia			✓
Country Garden Services		✓	
Countryside Properties	✓		
Coventry Building Society	✓		
Credit Agricole			✓
Credit Suisse	✓		✓
CreditAccess Grameen			✓
CYBG	✓		
Danske Bank			✓
DBS Bank	✓		
Derwent London	✓		
Deutsche Wohnen			✓
Dexus Property			✓
Digital Realty Trust			✓
Direct Line	✓		
Discovery			✓
DNB ASA	✓		
Dongbu Insurance			✓
EFG Hermes			✓

Company	E	S	G
Egypt Kuwait			✓
Emaar Misr			✓
Emaar Properties	✓	✓	✓
EQT			✓
Equity Lifestyle Properties	✓		
Everest			✓
Exor			✓
Extra Space Storage			✓
Fabege			✓
FactSet Research Systems			✓
Fifth Third			✓
First Abu Dhabi Bank			✓
First Merchants			✓
FirstRand Bank			✓
Fraser Centrepoint			✓
GMO Payment Gateway			✓
Goldman Sachs	✓		
Goodman			✓
Grainger	✓		
Grand City Properties			✓
Great Portland Estates	✓		
Green Dot			✓
Greentown Service			✓
Gulf Bank			✓
Habib Bank			✓
Haitong Securities			✓
Halyk Savings Bank Of Kazakhstan		✓	✓
Hammerson	✓		
Hana Financial		✓	
Hankook Tire Worldwide			✓
Hargreaves Lansdown	✓		
Helical Bar			✓
Hiscox	✓		
Hithink Flush Information Network			✓
Houlihan Lokey			✓
HSBC	✓		
Huatai Securities			✓
Huntington	✓		
ICBC			✓
ICICI Prudential Life Insurance			✓
IG	✓		
IGM Financial			✓

Company	E	S	G
Industrial Bank of Korea			✓
IntegraFin	✓		
Intercorp Financial Services			✓
Intergroup			✓
Intermediate Capital	✓		
Intesa Sanpaolo	✓		
Invesco			✓
Investec	✓		
Investor			✓
Invitation Homes	✓		
James River			✓
Joy City Property			✓
Jpmorgan Chase & Co	✓		
Jupiter Fund Management	✓		
Kasikornbank			✓
Kb Financial		✓	
Kennedy-Wilson			✓
Kerry Properties			✓
Kuwait Finance House			✓
KWG Property			✓
Lancashire	✓		
Land Securities	✓		
Landmark Infrastructure Partners			✓
Law Debenture	✓		
Legal & General	✓		
Leucida National			✓
Lincoln National			✓
Liontrust			✓
Lloyds	✓		
Loews			✓
London Stock Exchange	✓	✓	
Londonmetric Property	✓		
Longfor			✓
M&G	✓		
Mabane			✓
Madinet Nasr for Housing			✓
Man Group	✓		
Mapletree			✓
Mapletree Commercial			✓
Markel			✓
MarketAxess			✓
Merlin Properties			✓

Company	E	S	G
MGM Growth Properties			✓
Mirvac	✓		
Mitsubishi Estate		✓	✓
Mitsubishi UFJ Financial	✓		
Mitsui Fudosan	✓		✓
Mizuho Financial	✓		
Moelis & Co			✓
Morgan Stanley			✓
NASDAQ			✓
National Australia Bank	✓		
National Bank of Kuwait			✓
National Commercial Bank			✓
Natwest			✓
New World Development			✓
NewRiver Retail	✓		
Nexi			✓
Nordea Bank			✓
Nova Ljubljanska Bank Local			✓
OceanFirst Financial			✓
OneSavings Bank	✓		
OTP			✓
Oversea-Chinese Banking	✓		
Pacific Current			✓
Paragon	✓		
Partners			✓
Pekao			✓
Petrobras		✓	
Phoenix	✓		
PICC Insurance			✓
Ping An Insurance			✓
PKO Bank			✓
Platinum Asset			✓
Plus500	✓		
Provident Financial	✓		
Prudential	✓		✓
Public Bank	✓		✓
PZU			✓
QBE Insurance			✓
Qualitytech			✓
Quilter	✓		
Raiffeisen Bank	✓		
Rathbone Brothers	✓		

Company	E	S	G
Realty Income			✓
Reinsurance			✓
Remgro			✓
RenaissanceRE			✓
Retail Properties of America			✓
Royal & Sun Alliance Insurance	✓		
Rural Electrification			✓
S&P Global			✓
Sabre Insurance	✓		
Safestore	✓		
Sampo Oyj			✓
Sanlam			✓
Sanne	✓		
Santander Polska			✓
Savills	✓		
Scentre			✓
SCOR			✓
Segro	✓		
SEI Investments			✓
Shaftesbury	✓		
Shanghai Pudong Development Bank			✓
Shenzhen Investment			✓
Shinhan Financial			✓
Signa Development Finance			✓
Skandinaviska Enskilda Banken			✓
Sofina			✓
St Galler Kantonalbank			✓
St James's Place Capital	✓		
St Modwen	✓		
Standard Chartered			✓
Standard Life	✓		
State Street			✓
Sumitomo Mitsui			✓
Sun Communities	✓		
Sun Hung Kai Properties			✓
Sundaram Finance			✓
Sunlight REIT			✓
Svenska Handelsbanken			✓
Swedbank	✓		
Swire Pacific			✓
Swire Properties			✓
Swiss Reinsurance			✓

Company	E	S	G
Sydbank			✓
Syncona	✓		
Talaat Moustafa	✓	✓	✓
TBC Bank	✓		
Terreno Realty	✓		
Times Property			✓
Tinybuild	✓	✓	
Toronto Dominion Bank	✓		
TP ICAP	✓		
Tritax Big Box	✓		
Tryg			✓
Turkiye Garanti Bankasi			✓
Turkiye Is Bankasi			✓
Turkiye Sinai Kalkinma Bankasi			✓
UDR			✓
Unicredit	✓		
Union Bank of Switzerland	✓		
Unite	✓		
United Bank	✓		✓
United Overseas Bank	✓		
Ventas			✓
VGP	✓		
Vicinity Centres			✓
Vingroup Joint Stock			✓
W. R. Berkley			✓
Warsaw Stock Exchange			✓
Washington Real Estate Investment Trust			✓
Wells Fargo		✓	
Welltower			✓
Weyerhaeuser	✓		
Wharf Real Estate			✓
Workspace	✓		
Yapi Kredi Bankasi			✓
Yuexiu Property			✓
Yuzhou Properties	✓	✓	
Zenith Bank			✓
Zhenro Properties	✓		✓
Zug Estates			✓
Health Care			
Alcon			✓
Alembic Pharmaceuticals			✓
Ambea			✓

Company	E	S	G
Ambu			✓
AstraZeneca	✓		
Attendo			✓
Aust Pharmaceutical			✓
Bayer	✓	✓	✓
Becton, Dickinson & Co			✓
BeiGene			✓
Biogen			✓
Bluebird			✓
Boston Scientific			✓
Bristol Myers Squibb			✓
CanSino Biologics			✓
Catalent			✓
Cerner			✓
Chemed		✓	
China Biologic Products			✓
China Shineway			✓
Cleopatra Hospital			✓
Clinuvel Pharmaceuticals			✓
Coloplast			✓
Consun Pharmaceutical			✓
ConvaTec	✓		
CSPC Pharmaceutical			✓
Danaher			✓
DaVita			✓
Dechra Pharmaceuticals	✓		
Dentsply Sirona			✓
Draegerwerk	✓		
Edwards Lifesciences			✓
Elanco Animal Health			✓
EssilorLuxottica			✓
Eurofins Scientific	✓	✓	✓
Evolus			✓
Evotec			✓
Exelixis			✓
Fortis Healthcare			✓
Fresenius			✓
Galencia Sante			✓
Gedeon Richter			✓
Genus	✓		
Gerresheimer			✓
GlaxoSmithKline	✓		

Company	E	S	G
Global Blood Therapeutics			✓
GN Store Nord			✓
Hapvida			✓
Hikma Pharmaceuticals	✓		
Indivior	✓		
Innovent Biologics			✓
Intra-Cellular Therapies			✓
InVita			✓
Ipsen			✓
Jazz Pharmaceuticals			✓
Lees Pharmaceutical			✓
LHC			✓
Medacta			✓
Medical Data Vision			✓
Mediclinic	✓		
Mednax			✓
Medpace			✓
Medtronic			✓
Medy-Tox			✓
Merck	✓	✓	
MicroPort			✓
MLP Saglik Hizmetleri		✓	✓
Novartis			✓
Novo Nordisk	✓	✓	
Osstem Implant			✓
Oxford BioMedica	✓		
Pacira Pharmaceuticals			✓
Phoenix Pib Dutch Finance	✓		
Piramal			✓
PureTech Health	✓		
Qiagen			✓
Qualicorp			✓
Regeneron Pharmaceuticals			✓
Revenio			✓
SAGE Therapeutics			✓
Samsung BioLogics			✓
Sanofi-Aventis		✓	✓
Sartorius Stedim Biotech			✓
Saudi Chemical		✓	
Selcuk Ecza			✓
Seres Therapeutics			✓
Shenzhen Kantai Biological Products			✓

Company	E	S	G
Ship Healthcare			✓
Siemens Healthineers			✓
Sino Biopharmaceutical			✓
Sinopharm			✓
Smith & Nephew	✓		
SomnoMed			✓
Sonova			✓
Spire Healthcare			✓
Straumann			✓
Suheung			✓
Swedish Orphan Biovitrum			✓
Thermo-Fisher			✓
Tivity Health			✓
Torrent Pharmaceuticals			✓
UCB			✓
Udg Healthcare	✓		
United Drug			✓
United Health			✓
United Laboratories			✓
Vectura	✓		
Veeva Systems			✓
Vertex Pharmaceuticals			✓
Viatrix			✓
Vifor Pharma			✓
West Pharmaceutical Services			✓
WuXi AppTec			✓
Zimmer Biomet			✓
Industrials			
AAR		✓	
ABB			✓
Acuity Brands			✓
Adani Enterprises		✓	
Adani Ports and Special Economic Zone			✓
AerCap			✓
Aerojet Rocketdyne		✓	
Aeroporti di Roma	✓		
AeroVironment		✓	
Aggreko	✓		
AIA Engineering			✓
AIDA Engineering			✓
Air China			✓
Air France-KLM	✓		

Company	E	S	G
Airbus		✓	
Airport Authority Hong Kong			✓
Airtac International			✓
Alliance Aviation Services			✓
Allied Motion Technologies		✓	
Allison Transmission		✓	
Ambipar			✓
American Airlines	✓		
Ametek		✓	
Andritz			✓
Anhui Transportation	✓		
AP Moller-Maersk	✓		
Aselsan		✓	
Ashok Leyland			✓
Ashtead	✓		
Astronics		✓	
AviChina Industry & Technology		✓	
Avio		✓	
Avon Rubber	✓		
Axon Enterprise		✓	
B&M	✓		
Babcock	✓		
BAE Systems	✓		
Balfour Beatty	✓		
BBA	✓		
Beijer			✓
Beijing Enterprises			✓
Belimo			✓
Bet Shemesh Engines		✓	
Bharat Dynamics		✓	
Bharat Electronics		✓	
Biffa			✓
Bilfinger			✓
BOC Aviation	✓	✓	
Bodycote	✓		
Boeing		✓	
Bollore			✓
Bombardier		✓	
Bpost			✓
Brambles			✓
Builders FirstSource			✓
Bunzl	✓		

Company	E	S	G
Burckhardt Compression			✓
Bureau Veritas			✓
BWX Technologies		✓	
Calisen	✓		
Canadian National Railway			✓
Canadian Pacific Railway	✓	✓	
Capita			✓
Caterpillar			✓
Chemring	✓		
China Aerospace		✓	
China Eastern Airlines			✓
China Everbright			✓
China High-Speed Transmission			✓
China Longyuan Power			✓
China Railway			✓
China Shipping Container			✓
China State Construction			✓
Chongqing Nan'an Urban Construction & Development	✓		
Chongqing Rail Transit	✓		
Cia Concessoes Rodoviaras			✓
Cie de Saint-Gobain	✓		
CITIC Pacific			✓
Clarkson	✓		
CNH Industrial			✓
Cognex Corporation	✓	✓	
Cohort			✓
Container Corporation India			✓
Corporacion Moctezuma			✓
Cosco Shipping Energy Transportation			✓
CSX			✓
CTT Systems		✓	
Cubic			✓
Cummins	✓		
Curtiss-Wright		✓	
Daetwyler			✓
Daewoo Shipbuilding			✓
Dassault Aviation		✓	
DCC	✓		
Delta Airlines			✓
Deutsche Post World Net			✓
Diploma	✓		

Company	E	S	G
DKSH			✓
Dmc Global		✓	
Donaldson Company		✓	
Dormakaba			✓
Dover			✓
DP World	✓		
DSV			✓
Duerr			✓
Easyjet	✓		
Edenred			✓
EDP Renovaveis			✓
Elbit Systems		✓	
Electro Optics		✓	
Embraer		✓	
Enka Insaat			✓
EVE Energy			✓
Evergreen Marine		✓	
Experian	✓		
FACC		✓	
Fastenal		✓	
FedEx			✓
First Group	✓		
Fisher(J)& Sons	✓		
G4S	✓		
Galliford Try	✓		
Gamuda Berhad			✓
Gatwick Airport Finance			✓
Gea			✓
General Dynamics		✓	
General Electric			✓
Getlink		✓	
Glory	✓		
Go-Ahead	✓		
GP Strategies		✓	
GrafTech			✓
Grafton	✓		
Grupo Mexico Transportes		✓	✓
Haitian			✓
Hanwha Systems		✓	
Hapag Lloyd			✓
Haulotte		✓	
Hays	✓		

Company	E	S	G
Hazama			✓
Heico		✓	
Hensoldt		✓	
Herc			✓
Heroux-Devtek		✓	
Hexcel		✓	
Homeserve	✓		
Honeywell		✓	
Howmet Aerospace		✓	
Human Soft			✓
Huntington Ingalls Industries		✓	
ICF			✓
Idex			✓
IHS Markit			✓
IMI	✓		
Interglobal Aviation			✓
International Consolidated Airlines	✓		
International Container Terminal Services			✓
Interroll			✓
Intertek	✓		
Intrum Justitia		✓	
Invisio		✓	
Iochpe Maxion			✓
Ip	✓		
ITM Power	✓		
ITT		✓	
IWG	✓		
Jamco		✓	
Japan Airlines			✓
JGC			✓
Jiangsu Expressway			✓
John Laing	✓		
Kanamato			✓
Kennametal		✓	
Keppel			✓
Kier			✓
Kingspan			✓
Kion			✓
Kloeckner			✓
Knorr Bremse			✓
Koc			✓
Komatsu		✓	

Company	E	S	G
Kone			✓
Koninklijke Philips	✓		
Korea Aerospace Industries		✓	
Korea Shipbuilding & Offshore Engineering		✓	
KPS			✓
Kratos Defense & Security Solutions		✓	
Kuangchi Science		✓	
Kuehne & Nagel			✓
Kunming Rail Transit	✓	✓	✓
L3Harris Technologies		✓	
Legrand			✓
Leonardo		✓	
LG			✓
LIG Nex1		✓	
Lisi		✓	
Lockheed Martin		✓	
Logista			✓
Lonking			✓
LS			✓
Luceco	✓	✓	✓
Magellan Aerospace		✓	
Maxar Technologies			✓
McPhy Energy			✓
Meggitt	✓		
Melrose Industries	✓		
Mercury Systems		✓	
Michael Page	✓		
Mitie			✓
Mitsubishi Electric		✓	
Moog		✓	
Morgan Advanced Materials	✓		
Morgan Sindall	✓		
Mtu Aero Engines		✓	
Munters			✓
Nabtesco		✓	✓
National Aluminium			✓
National Express	✓		
Nexans			✓
Nichiha			✓
Nitta			✓
Norcros			✓
Norfolk Southern			✓

Company	E	S	G
Northrop Grumman			✓
OHB SE		✓	
Old Dominion Freight Line			✓
Osram			✓
Paccar	✓		
Pae		✓	
Park24			✓
Parker Hannifin		✓	
Paypoint	✓		
Poenina			✓
Polypipe			✓
Prosegur Cash			✓
Qatar Gas Train			✓
Qinetiq	✓		
Raven Industries		✓	
Raytheon		✓	
RBC Bearings		✓	
Recruit	✓	✓	
Regal International Airport			✓
Rentokil Initial	✓		
Restore			✓
Rheinmetall		✓	
Rolls-Royce	✓		
Rotork	✓		
Royal Mail	✓		
Ryanair			✓
Saab			✓
Safran			✓
Samsung Engineer			✓
Sany Heavy Industry			✓
Satrec Initiative		✓	
Schneider Electric			✓
Schweiter Technologies			✓
Securitas			✓
Serco	✓		
SES	✓		
SF Express	✓	✓	
Shenzhen Expressway			✓
Shenzhen Inovance Technology			✓
Shun Tak			✓
Sig	✓		
Singapore Technologies Engineering		✓	

Company	E	S	G
SINOPEC Engineering			✓
Sinotrans			✓
Sisecam			✓
SK			✓
SKF			✓
SMC			✓
Smiths	✓		
Societe B I C			✓
Spirax-Sarco Engineering	✓		
Spirit Aerosystems		✓	
Stadler Rail			✓
Stagecoach	✓		
Stericycle			✓
Sumitomo		✓	
Tank & Rast			✓
Taurus Armas		✓	
Textron		✓	
Thales		✓	
Timken			✓
Tomra Systems			✓
Topsports			✓
Toshiba			✓
TPI Composites			✓
Trainline	✓		
Transdigm		✓	
Transport for London	✓	✓	
Transurban			✓
Travis Perkins	✓		
TriMas		✓	
Triumph		✓	
Turk Traktor			✓
Tutor Perini			✓
Ultra Electronics	✓		
Union Pacific			✓
United Continental	✓		
United Parcel Service			✓
United Rentals			✓
United Tractors			✓
Valmet			✓
Vectrus		✓	
Vertiv	✓	✓	✓
Vestas Wind Systems		✓	

Company	E	S	G
Vesuvius	✓		
Virgin Galactic		✓	
Volvo			✓
Wartsila			✓
Weg		✓	✓
Weichai Power			✓
Weir	✓		
Werner Enterprises			✓
Wincanton			✓
Wizz Air	✓		
Wolseley		✓	
Xinyi Solar			✓
XPO Logistics	✓		✓
Yuexiu Transport Infrastructure			✓
Zehnder			✓
Zhejiang Dingli Machinery			✓
Zhengzhou Coal Mining			✓
Information Technology			
21Vianet		✓	
2U			✓
Activision Blizzard			✓
Ai	✓		
Airtel Africa	✓		
Also			✓
Altice USA			✓
Amadeus IT			✓
Amphenol			✓
Ams			✓
Ansys		✓	
Arista			✓
ASM	✓	✓	✓
Aspeed Technology			✓
Atos			✓
Auras Technology			✓
Auto Trader	✓		
Autodesk			✓
Avast	✓		
Aveva	✓		
Avnet			✓
Baidu		✓	✓
Be Semiconductor Industries			✓
Bechtle			✓

Company	E	S	G
Beijing Sinnet Technology			✓
Bizlink			✓
Blue Prism			✓
Carsales			✓
Chaozhou Three-Circle			✓
Chipbond Technology			✓
Chroma		✓	✓
Cint			✓
Cisco Systems			✓
Citizen Watch		✓	✓
Codan		✓	
Cognizant Technology Solutions			✓
Compal Electronics			✓
Computacenter	✓		
CoStar			✓
CTS		✓	
Daqo New Energy		✓	
Darktrace		✓	
DaumKakao			✓
Delta Electronics			✓
Dena		✓	✓
DiscoverIE			✓
Dolby Laboratories			✓
Duk San Neolux			✓
DuzonBizon			✓
DXC Technology		✓	
Ebay			✓
Elan Microelectronics			✓
Electrocomponents	✓		
Elite Material			✓
EPAM Systems			✓
Equiniti	✓		
Equinix			✓
Ericsson			✓
Essensys			✓
Facebook			✓
FDM	✓		
First Solar			✓
Five9			✓
Flexium Interconnect			✓
Focus Media Information Technology			✓

Company	E	S	G
Fortinet			✓
Fortive			✓
GCL New Energy			✓
GCL Poly Energy			✓
GDS	✓		
General Interface Solution			✓
Globalwafers			✓
Globant			✓
GMO Internet			✓
Godaddy			✓
Gooch & Housego			✓
Google	✓		
Halma	✓		
Huuuge		✓	✓
Ideagen		✓	
Indra Sistemas		✓	
Infosys			✓
Innolux			✓
Integrated Research			✓
Intel			✓
Intuit			✓
IPG Photonics			✓
Iress			✓
Jabil Circuit		✓	
JinkoSolar			✓
Judges Scientific	✓	✓	
Just Eat	✓		
Kainos	✓		✓
Kingsoft			✓
Kingsoft Cloud			✓
Kinsus Interconnect Technology			✓
KoMiCo			✓
Lam Research			✓
Larsen & Toubro Infotech			✓
Leeno Industrial			✓
Lenovo			✓
LG Innotek			✓
MasterCard			✓
Mediatek		✓	✓
MercadoLibre			✓
Micro Focus	✓		
Microsoft			✓

Company	E	S	G
Midwich			✓
MoneySupermarket	✓		
Motorola Solutions			✓
Mphasis BFL			✓
Nan Ya Pcb			✓
NetApp			✓
NetDragon Websoft			✓
Network	✓		
NHN KCP			✓
Nlight		✓	
Nokia			✓
Oracle			✓
Oxford Instruments	✓		
Pagesguro Digital			✓
PAR Technology		✓	
Parade Technologies			✓
Park Electrochemical		✓	
Park Systems			✓
Paypal			✓
Persistent Systems			✓
Playtech	✓		
Praemium			✓
Proofpoint			✓
PTC			✓
Qualys			✓
Razer			✓
Renishaw	✓		
S&T			✓
Sage	✓		
Samsung Electronics			✓
Samsung SDI		✓	✓
Sanmina		✓	
Sea		✓	
Sectra		✓	
Sensirion			✓
Seoul Semiconductor			✓
SES Global			✓
SFA Engineering			✓
Shinhan Financial			✓
Sichuan Development	✓		
Skyworks			✓
Softcat	✓		

Company	E	S	G
Software			✓
SOITEC			✓
Solaredge Technologies			✓
Solid State			✓
Spectris	✓		
Spirent	✓		
Square			✓
SS&C Technologies			✓
Superloop			✓
Suse		✓	✓
Switch	✓		✓
Synnex			✓
TechTarget			✓
Temenos			✓
Tencent		✓	
Teradata			✓
Teradyne		✓	
Toncheng-elong			✓
Tongda		✓	✓
Trend Micro			✓
Trimble			✓
Trustpilot	✓	✓	
TT Electronics			✓
Twilio			✓
TXC Corporation			✓
Ubisoft Entertainment		✓	
U-blox		✓	
United Internet			✓
United Microelectronics			✓
Universal Display			✓
Verisign			✓
ViaSat		✓	
Visa			✓
Vtech			✓
Western Digital			✓
Western Union	✓		
WEX			✓
Workday			✓
Worldline			✓
Yandex			✓
Zebra Technologies			✓
Materials			

Company	E	S	G
Acerinox			✓
AECI			✓
African Rainbow Minerals			✓
Air Liquide	✓		
Allegheny Technologies		✓	
Alrosa			✓
Ambuja Cements			✓
Anglo American	✓		
AngloGold Ashanti			✓
Antofagasta	✓		
Arcelor Mittal			✓
Arconic			✓
Asian Paints			✓
Associated Cement			✓
Aurubis			✓
BHP Billiton	✓		
Braskem	✓		✓
Braskem Idesa	✓	✓	
Brickworks			✓
CAP			✓
Card Factory	✓		
Carpenter Technology		✓	
Cascades			✓
Centamin	✓		
Century Plyboards India			✓
CF Industries			✓
China BlueChemical			✓
China Resource Cement			✓
Chongqing Zaisheng Technology			✓
Clariant			✓
Crest Nicholson	✓		
CRH	✓		
Croda	✓		
CSR			✓
Dongyue			✓
Dow Chemical	✓		
DS Smith	✓		
Ecolab			✓
Elementis	✓		
Ems-Chemie	✓		
Eramet			✓
Eregli Demir			✓

Company	E	S	G
Essentra	✓		
Evonik Industries	✓		
Evrz	✓		
Ferrexpo	✓		
Formosa Plastic			✓
Fosun			✓
Fresnillo	✓		
Gerdau	✓		✓
Givaudan			✓
Glencore	✓		
GMK Norilsk Nickel	✓		
Grange Resources			✓
Granges			✓
Grupa Kety			✓
Grupo Mexico	✓		✓
H&R			✓
Harmony Gold Mining			✓
Heidelberg Cement	✓		
Hengyi Petrochemical			✓
Hill & Smith	✓		
Hoa Phat		✓	✓
Hochschild Mining	✓		
Holcim	✓		
Holcim Philippines			✓
Iamgold			✓
Ibstock	✓		
Imerys			✓
Impala Platinum			✓
Indonesia Asahan Aluminium	✓		
Intelligent Packing	✓		
International Paper	✓		
Jiangxi Ganfeng Lithium			✓
Johnson Matthey	✓		
JSR			✓
JSW Steel			✓
Kajaria Ceramics			✓
Kape Technologies			✓
Kardemir			✓
Kaz Minerals	✓		
KGHM Polska Miedz			✓
Klabin	✓		
Korea Zinc		✓	✓

Company	E	S	G
Kumba Iron Ore			✓
Kumho Petro Chemical			✓
Lanxess			✓
Lenzing			✓
LG Chemical	✓		
Linde		✓	
Lundin Mining			✓
LyondellBasell	✓		
Marshalls	✓		
Martin Marietta Materials	✓		
Materion			✓
Mitsubishi	✓		
Mondi	✓		
Mount Gibson Iron			✓
Mytilineos			✓
Navin Fluorine			✓
Nickel Mines			✓
Norsk Hydro			✓
Northam Platinum			✓
Novozymes			✓
Nufarm			✓
Oceanagold			✓
Orica			✓
Perseus Mining			✓
Petrokimya			✓
Petropavlovsk	✓		
Platform Specialty Products			✓
Polymetal	✓		
Press Metal Aluminium			✓
Pretium Resources			✓
Recticel			✓
RHI Magnesita	✓		
Rio Tinto			✓
Sealed Air			✓
SIKA	✓		✓
Simsmetal			✓
Sinopec Shanghai Petrochemical			✓
SK Materials		✓	✓
Smurfit Kappa	✓		
Sociedad Quimica y Minera de Chile			✓
Solvay			✓
South32	✓	✓	✓

Company	E	S	G
Southern Copper			✓
SSAB	✓		
Symrise			✓
Synthomer	✓		
Taiwan Cement			✓
Teck Resources	✓		
Ternium			✓
Thyssenkrupp			✓
Toray Industries			✓
UFP Technologies		✓	
Vale	✓	✓	✓
Victrex	✓		
Vulcan materials			✓
Wacker Chemie			✓
Westlake Chemical			✓
Yara			✓
Zhaojin Mining Industry Company			✓
Zijin Mining			✓
Real Estate			
Alexandria Real Estate Equities			✓
Allied Properties Investments			✓
Ascenda India			✓
Azrieli			✓
Brandywine Realty			✓
BRT Apartments			✓
China Overseas Property			✓
Civitas			✓
Columbia Property			✓
Concentradora Fibra Danhos			✓
Cousins Properties	✓		✓
CubeSmart			✓
Deutsche EuroShop			✓
Douglas Emmett			✓
Equity Commonwealth			✓
Fastighets			✓
Frasers Logistics and Industrial			✓
GCP Student Living	✓		
Home Consortium			✓
Hudson Pacific			✓
Instone Real Estate		✓	
Intershop			✓
Jones Lang LaSalle			✓

Company	E	S	G
Keppel DC REIT			✓
Kilroy Realty			✓
National Health Investors			✓
Outfront Media			✓
Peach Property Group Aktiengesellschaft			✓
Poly Property Services			✓
Potlatch Corporation			✓
Preferred Apartment			✓
RioCan Real Estate			✓
Sirius Real Estate	✓		
Sunstone Hotel Investors			✓
Vinhomes			✓
Xenia Hotels & Resorts			✓
Telecommunication Services			
Ascential	✓		
AT&T	✓		
Axiata			✓
BT	✓		
Cellnex Telecom		✓	✓
Cesky Telecom			✓
China Communication Services			✓
Cineworld	✓		
Cts Eventim			✓
Deutsche Telekom			✓
Elisa			✓
Etisalat			✓
Far EasTone Telecommunications			✓
France Telecom			✓
Freenet			✓
Gamma Communications			✓
Helios Towers	✓		
HKBN			✓
Iliad			✓
INWIT	✓	✓	✓
Link Net			✓
Mobile Telecommunications			✓
Northwest Fiber	✓	✓	✓
Orange		✓	✓
Philippine Long Distance Telephone			✓
Qorvo		✓	
Softbank			✓
Talktalk	✓		

Company	E	S	G
Telecom Italia		✓	✓
Telefonica	✓	✓	
Telefonica Deutschland			✓
Telenor			✓
TeliaSonera			✓
Telstra			✓
T-Mobile USA	✓	✓	✓
Turk Telekomunikasyon			✓
Urban One		✓	✓
Vodafone	✓		
Utilities			
Acea	✓		
Adani Power			✓
AES	✓		
American Electric Power	✓		
Atlantica Yield			✓
Australian Pipeline Trust			✓
Beijing Enterprise Water			✓
BKW Energie			✓
Centrica	✓		
CEZ	✓		
Cheung Kong Infrastructure			✓
China Power International Development			✓
China Resources Power			✓
Contour Global	✓		
Dominion Resources			✓
Drax	✓		
Duke Energy	✓		
E.ON	✓		
EDF	✓		
EDP			✓
Elia			✓
Enel	✓		
Energias do Brasil			✓
Engie			✓
ENN Energy	✓		
Exelon	✓		
First Energy	✓		
Fortum Oyj	✓		
Guangdong Investment			✓
HK Electric Investments			✓

Company	E	S	G
Hong Kong & China Gas			✓
Huaneng Power			✓
Iberdrola	✓		
Idacorp			✓
Interconnection Electric			✓
Mahanagar Gas			✓
Meralco			✓
National Grid			✓
Naturgy Energy			✓
NextEra Energy	✓		
NHPC			✓
Nordex			✓
Northumbrian Water	✓		
NRG Energy	✓		
Ormat Technologies			✓
Orsted	✓		
Pennon	✓		
Perusahaan Gas			✓
Power Assets			✓
PPL	✓		
Romande Energie			✓
RWE	✓		
Scottish and Southern Energy	✓		
Sempra Energy			✓
Severn Trent	✓		
Siemens Gamesa Renewable Energy		✓	
Southern	✓		
Telecom Plus	✓		
Tenaga Nasional			✓
Terna Energy			✓
Terna	✓		✓
UK Power Networks			✓
Uniper	✓		
United Utilities	✓		
Vistra Energy	✓		
Voltaia			✓
WEC Energy	✓		
XCEL Energy	✓		
Xiaomi	✓	✓	



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