

Modern Slavery Statement 2023

June 2024



Schroders



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Introduction

All companies have the potential to impinge on the rights that are inherent to us as human beings.¹ Aligned with this is an increasing recognition of the role that businesses can and should play to respect human rights, including children’s rights as a specific sub-set of this.

We seek to align with international frameworks that consider human rights issues through the lens of saliency.² We believe that these salient issues will become increasingly material as businesses involved in human rights controversies could face higher operational, legal and financial risks, and could suffer damage to their reputation.

The global standard for preventing and addressing the risk of human rights abuses is the **United Nations (UN) Guiding Principles on Business and Human Rights** (UNGPs or the “Ruggie Principles”). They are underpinned by the **International Labour Organisation’s (ILO) Declaration on Fundamental Principles and Rights at Work**, and were unanimously endorsed by the UN Human Rights Council in 2011.³

The UNGPs provide operational clarity for the two human rights principles that are championed by the **UN Global Compact (UNGC)**.⁴ These help businesses adhere to the **Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**, a framework that provides guidance on responsible business conduct as well as national and sub-national laws and regulations related to human rights. Moreover, many human rights due diligence laws and trade and tariff sanctions related to human rights abuses are being introduced across the globe.

The UNGPs state that companies should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Moreover, the principles are increasingly reflected in national legislation, with financial penalties for non-compliance, forcing companies to establish and disclose processes to eliminate modern slavery from their businesses and supply chains. This responsibility applies across operations and to all business relationships, including those throughout a value chain.

This Modern Slavery Statement (the “Statement”) has been prepared to comply with section 54 of the UK *Modern Slavery Act 2015* and section 14 of the Australian *Modern Slavery Act 2018* (Cth). This Statement sets out how Schroders plc and its in-scope subsidiaries,⁵ and other included entities, assess and report on the risks of modern slavery practices within the investments we manage, as well as our own business operations and value chain, and the measures we have taken to address these risks. It provides an update on the progress we made during the period 1 January – 31 December 2023 and outlines our plans for 2024. All data in this Statement is at 31 December 2023, unless stated otherwise.

i For a summary index response against the reporting requirements, see **Appendix 1**.

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

Photography

Please note that all images used in this document are for design purposes only and do not constitute any specific view or opinion from Schroders on the subject matter of those images in relation to the content of this Statement.



1. The responsibility of business enterprises to respect human rights refers to internationally recognised human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO’s Declaration on Fundamental Principles and Rights at Work.

2. A company’s salient human rights issues are those that are at risk of the most severe negative impacts through a company’s activities or business relationships. The concept uses the lens of risk to people, not the business, as the starting point, recognising that there is often a strong convergence of the two.

3. Other UN instruments elaborate further on the rights of indigenous peoples, women, national or ethnic, religious and linguistic minorities, children, persons with disabilities and migrant workers and their families.

4. The human rights principles championed by the UNGC are Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses. The Ten Principles | UN Global Compact.

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



Our role in preventing and addressing human rights abuses and modern slavery

Schroders plc (“the Group”, “our” or “we”) have a responsibility to respect human rights, whether in our role as an employer, as a buyer of goods and services, as a provider of financial services or as an investor in companies. That responsibility is reflected in the growing regulatory pressures impacting our business and investee companies and assets, in a growing range of countries. We are committed to the UNGPs and a signatory of the UNGC. Our culture of integrity and acting with purpose means that we are committed to improving our processes continually with the aim of preventing any form of human rights infringement, including modern slavery, from taking place in the companies we invest in, as well as our own business operations and value chain.

We recognise that modern slavery could occur across our business, with our biggest potential exposure linked to our investee companies. As an active investment manager, this is also our area of greatest influence, and we have a role to play in combatting modern slavery and human trafficking through our investment decisions and the influence we can have on investee companies and the assets we manage.

Through constructive and committed engagement with management teams at the companies and assets we invest in, active ownership is a key element of the value we can bring to our clients. Social and environmental forces are reshaping societies, economies, industries and financial markets and in doing so are increasingly influencing investment returns. Approached thoughtfully and with focus, encouraging boards and management teams to adapt to these changes, and holding them accountable for doing so, can strengthen the long-term competitiveness and value of their businesses. At the same time, we believe it can accelerate positive change towards a fairer and more sustainable global economy.

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

We integrate the consideration of sustainability into the way we manage investments and engage with our clients and other stakeholders. Our Group sustainability framework is shown below, which demonstrates our “four pillar” approach to

sustainability — insights, influence, innovate, inspire — through the investments we manage and our own operations.

Modern slavery is a complex and multi-dimensional issue and requires a considered and thorough approach. We are committed to developing and enhancing our analysis, policies, practices and procedures so that we achieve our desired standards and goals.



Modern slavery occurs in almost every country in the world

Modern slavery encompasses the recruitment, movement, harbouring or receiving of people through the use of force, coercion, abuse of vulnerability, deception or other means for the purpose of exploitation. This includes slavery, servitude, child labour, forced labour, human trafficking, debt bondage, forced marriage, deceptive recruiting for labour or services, and slavery-like practices.

According to the ILO, more than 49 million people worldwide are victims of modern slavery, of which 27.6 million are in forced labour.¹ The number of people in forced labour has grown over the last few years.² This has been heavily driven by widespread disruption of global supply chains triggering a shift to more informal work channels and a rise in displacement resulting from conflict. A recent ILO report estimates that forced labour generates around \$236 billion a year for traffickers.³

1. <https://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>
 2. <https://www.ilo.org/resource/news/50-million-people-worldwide-modern-slavery-0#:~:text=Most%20cases%20of%20forced%20labour,cent%20of%20all%20forced%20labour>
 3. [https://www.ilo.org/resource/news/annual-profits-forced-labour-amount-us-236-billion-ilo-report-finds#:~:text=The%20new%20study%20on%20forced,from%20forced%20labour%20since%202014.&text=GENEVA%20\(ILO%20News\)%20%E2%80%93%20Forced,Organization%20\(ILO\)%20has%20found](https://www.ilo.org/resource/news/annual-profits-forced-labour-amount-us-236-billion-ilo-report-finds#:~:text=The%20new%20study%20on%20forced,from%20forced%20labour%20since%202014.&text=GENEVA%20(ILO%20News)%20%E2%80%93%20Forced,Organization%20(ILO)%20has%20found)



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Group Chief Executive



Peter Harrison
Group Chief Executive

“
The rise in modern slavery across the world is a cause for great concern. All companies have important roles in addressing this issue and as asset managers, we have exposures and relationships across a wide range of sectors. We actively engage with management teams and take part in engagement initiatives with others in the industry to support stronger practices at the companies and assets we invest in, as well as those we work with directly.

Perspectives from around the business



Madeleine Cobb
Global Head of Corporate Sustainability

“
We are expected to play a role in the effort to tackle modern slavery.

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



Hannah Shoesmith
Head of Engagement

“
The private sector faces growing scrutiny over its contribution to tackling human rights issues, including modern slavery.

This might be through awareness raising, generating job opportunities, engaging with affected stakeholders and promoting best practice. In high risk and conflict-affected regimes, however, the risk of exacerbating negative impacts is also heightened, with growing societal scrutiny and potential reputational fallout for exposed companies. Therefore, we seek to undertake enhanced due diligence on companies in these regions and to consider expert opinion and advice, to ascertain if they are operating responsibly.



Gregg Thompson
Head of Procurement

“
We take a risk-based approach to the sourcing, onboarding and monitoring of suppliers.

We expect all suppliers to operate ethically and transparently, as set out in our Supplier Code of Conduct. We continue to develop our supply chain modern slavery risk framework and evolve our capability as part of our commitment to tackling modern slavery in our business operations and supply chain. This includes a three-year partnership established with Slave Free Alliance and the introduction of new resource to support our enhanced supplier due diligence process.



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Our organisation

We are a leading provider of active asset management, advisory and wealth management services. Recognised widely as a leader in sustainability. Few investment managers can match the combination of capabilities and global reach that we offer.

This breadth of services across public and private markets allows us to design distinctive solutions for the diverse needs of clients. They look to us to provide excellent long-term investment outcomes, and it is our duty always to act in their best interests.

That is a responsibility we take seriously – and we believe that when we succeed for clients, society and the wider world benefit too.

We have two business segments, Asset and Wealth Management. The breadth of capabilities within these segments gives us scale and reach to understand and service our clients' complex needs. We are responsible for £750.6 billion of assets¹ for our clients who trust us to deliver sustainable returns.

We view sustainability as an important source of potential long-term investment performance. It is in the interests of our clients to address the risks and opportunities of environmental and social change.

The diagram on the right outlines the structure of our business and the chart on the following page illustrates the distribution of permanent employees, number of suppliers and assets under management (AUM) by region.

1. Includes AUM from joint ventures and associates.

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Asset Management

Active investment management across public and private markets through mutual funds and institutional mandates.

Wealth Management

Investment, advisory and platform services across the wealth spectrum.

Public Markets

£237.7bn AUM

Our investment expertise across publicly-listed asset classes and markets means we can meet clients' investment needs at different phases of the economic and market cycle. Our mutual funds deliver a wide range of investment strategies that are distributed to retail clients through intermediaries and investment platforms. Segregated accounts support institutional clients by enabling us to provide more tailored investment strategies across asset classes.

Private Markets

£66.2bn AUM

Private markets offer investors the opportunity to access returns from assets that are not otherwise available through public markets. Investment opportunities across private equity, private debt, real estate and infrastructure have historically been available only to institutional investors and ultra-high-net-worth clients. Innovations we are making in new collective investment vehicles mean they are increasingly available to a wider range of clients.

Wealth Management

£110.2bn AUM

Our wealth management businesses, Cazenove Capital in the UK and Schroders Wealth Management internationally, provide investment and advisory services to high- and ultra-high-net-worth clients. Benchmark Capital offers financial planning and advice to a broad range of clients and provides an investment platform used by advisors across the UK to help them meet the needs of their clients.

Solutions

£228.3bn AUM

Our solutions business helps institutional clients answer the most complex investment challenges at scale with strategic advice, an advanced investment process and integrated implementation model. Clients benefit from access to our investment expertise across public and private markets.

Associates and joint ventures

£14.3bn AUM

Our joint venture with Lloyds Banking Group, Schroders Personal Wealth, offers financial advice to affluent clients.

Associates and joint ventures

£93.9bn AUM

We partner with leading firms, including Bank of Communications in China and Axis in India, to access these high-growth markets.

Infrastructure

Delivery of our services across Asset and Wealth Management is made possible by our robust and scalable operating platform. Critical capabilities that support the business include Technology, Operations, Finance, Risk, Human Resources, Compliance, Legal, Governance, Internal Audit and Tax.

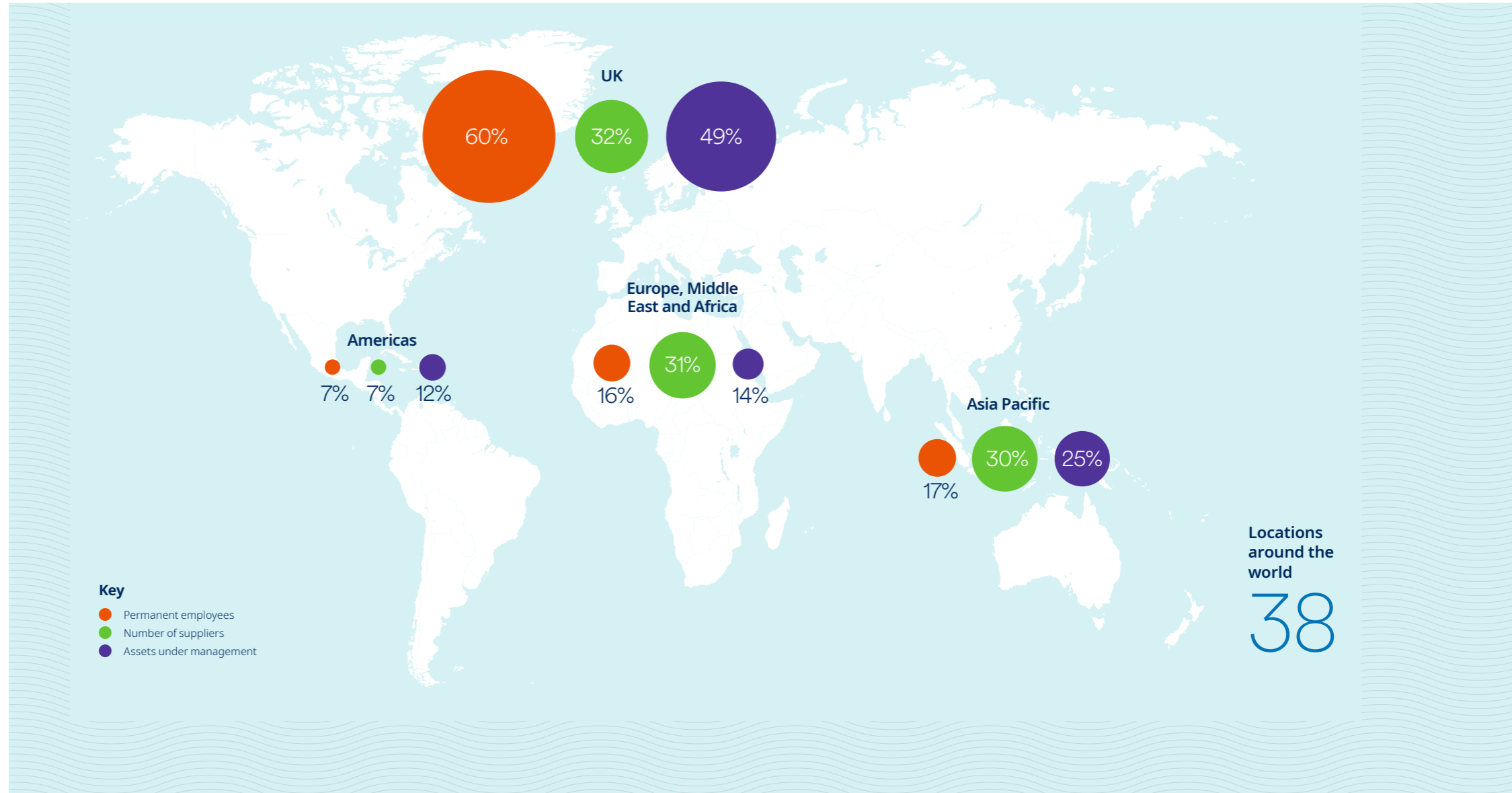
Our investment strategies cover:

- Equities
- Fixed income
- Infrastructure
- Multi-asset
- Private debt
- Private equity
- Real estate
- Risk mitigation



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Our global business footprint





Our governance

The Board of Schroders plc (the Board) is responsible for approving the Group's strategy, which includes our sustainability strategy. The Board has delegated overall responsibility for the delivery of the Group's strategy to the Group Chief Executive, who has the authority to delegate further while retaining overall responsibility for the delivery of our strategy. In discharging its responsibilities, the Board takes appropriate account of the interests of our stakeholders, including clients and wider society. Our governance framework enables the Board to have oversight of the sustainability risks and opportunities impacting our business.

The Group's corporate sustainability strategy, which includes human rights-related issues, is formally reviewed by the Board annually. At the July 2023 Board meeting, there was a briefing session on sustainability delivered by the Global Head of Sustainable Investment and Global Head of Corporate Sustainability. At this briefing session, the Board was updated on progress on some key issues including human rights.

The **Group Sustainability and Impact (GSI) Committee** advises and assists the Group Chief Executive, who chairs the Committee, in discharging his responsibilities regarding sustainability and impact. This includes oversight of our human rights approach, review of our Modern Slavery Statement, and reporting annually to the Group Management Committee and Board. Membership includes the Group Chief Executive, Chief Financial Officer (CFO), Global Head of Corporate Sustainability and Global Head of Sustainable Investment.

The **Sustainability Executive Committee (ExCo)** develops and oversees the delivery of our Group-level investment management sustainability strategy. This includes discussing human rights issues and supporting co-ordination and alignment across the business. Membership includes senior representation from Sustainable Investment, Client Group, Product, Wealth Management, our private markets business Schroders Capital and Corporate Sustainability.

The **Human Rights Working Group (Working Group)** focuses on evolving and improving how we identify and mitigate human rights risks in our clients' investment portfolios and our own operations and supply chain. This includes sharing insights from different business areas. In 2023, the Working Group discussed topics such as forced labour, emerging human rights legislation and living wages. Membership includes representation from Sustainable Investment, Corporate Sustainability and Group Procurement.

In 2023, we developed a proprietary framework to identify, assess and engage companies that have potentially breached global norms.¹ Forms of modern slavery are considered a breach of these global norms. The ultimate output of this framework is the Global Norms Breach List consisting of companies that have been identified as causing significant damage, have not sufficiently addressed the issue in question through transparent communications and action, and have not provided sufficient remedy for affected stakeholders. This list is then used as an exclusion criterion for our sustainable funds. The Global Norms Breach List is also shared with our Procurement team to check against our list of suppliers.

1. Schroders' definition of global norms considers widely recognised principles such as the UNGC principles, in line with most of the financial services industry.

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Governance structure for human rights related issues

Key

- Advise, escalate, report
- Delegates
- Oversight and challenges
- Information sharing
- Board and oversight
- Group governance
- Sustainability governance
- Working groups



The **Global Norms Committee** considers and determines the composition of the Global Norms Breach List. The Global Norms Committee comprises members from Sustainable Investment and investment desks and provides reports to the Sustainability ExCo. We plan to enhance our approach regarding global norms within private markets in 2024.

Certain entities covered by this Statement may have additional entity and fund-level governance structures that reflect the nature of their business and investments to ensure that the management and mitigation of modern slavery risks is appropriately integrated into business activities.



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Training and engagement

The commitment and drive of our people are crucial in delivering our purpose of sustainably providing excellent investment performance for our clients. As such, we support the development of our people so that we remain true to our values of excellence, innovation, teamwork, passion and integrity.

To support our culture, clear policies, procedures and guidance (as well as governance – see page 7), provide a framework for the expectations we have for our people, as well as the companies and assets we invest in. The contents of these are guided by international principles and applicable laws and regulation.

i For our policies and standards relevant to human rights including modern slavery, see **Appendix 3**.

We provide mandatory training and engagement opportunities for our people, as well as an inclusive and independent whistleblowing service for anyone to raise a concern in confidence.

Building awareness through training

We review and update our annual modern slavery e-learning training annually. This is designed to raise awareness of the scale and complexity of modern slavery and give clarity on the actions expected of our people. We include real examples, including how the issue might materialise in the investment management industry, of where modern slavery has been exposed in businesses and their supply chains and the effect this has on the victims, as well as the reputational and financial impacts on those businesses. After completing the course, and passing the required assessment, our people:

- understand what modern slavery is, the scale of the problem and recognise the signs
- know the legal and voluntary standards globally related to modern slavery and human rights
- understand the key risks to our business

- know how to raise a concern related to modern slavery through internal channels or our whistleblowing hotline.

In 2023, all employees¹ globally were assigned this module and we achieved a 100% completion rate.

To build-on this mandatory training, in 2023 we launched a dedicated Sustainability Curriculum, developed by our own experts, on our global learning management platform, Spark. This curriculum includes a module on human rights, covering topics such as legislation and human rights due diligence.

For investors

The Sustainable Investment team provide regular updates to our investment teams through Sustainability for Investors meetings and written communications. The meeting provides a platform to discuss topics in greater detail and to help investors understand the implications of issues including

human rights challenges for their analysis. In 2023, the forum covered topics such as human rights in conflict-affected high-risk areas (CAHRAs), how to identify and assess human rights impacts through company analysis and wider social themes such as cost of living and access to nutrition.

For procurement

Slave Free Alliance supported us in delivering a bespoke training session for our Group Procurement team. This interactive session aimed to build upon existing knowledge and give the team insights into the issue, as well as examples of scenarios designed to help participants identify and manage the risk of modern slavery in our supply chain. We will review opportunities for further bespoke training with those that have significant supplier relationship roles across the business.

i For more information on our partnership with Slave Free Alliance, see page 23 and **Appendix 4**.

Engaging our people

We published an Anti-Slavery Day edition of our global, internal corporate sustainability newsletter “Step Change”. The newsletter signposted our people to our Modern Slavery Statement, included key statistics about forced labour and linked to resources designed to increase awareness of the issue. It was a popular issue, with positive feedback from teams wanting to understand more on the issue.

Displaced and forgotten: why Little Amal is a beacon of hope

Little Amal is a 12-foot puppet of a 10-year-old Syrian refugee child, which has become a global symbol of human rights, especially those of refugees. Since July 2021, Amal has travelled to 160 towns and cities in 16 countries to draw attention to the huge numbers of children fleeing war or natural disasters.

We partnered with the charity Choose Love, to bring Little Amal to the City of London in March 2023. **Watch** how the City came together and how our people have offered their support for displaced people.

We asked our people to volunteer or donate to Choose Love or join in on the day and experience the impact of Little Amal's walk and message.

We also took the opportunity to produce a short video for our intranet, highlighting what role we play, as a global investment manager, by engaging with companies on human rights issues, as well as what we are doing in our own supply chain and ways to support the cause through our community investment programmes.



1. Excluding Benchmark Capital (and subsidiaries) and Schroders Greencoat.



Speak up


We regard honesty and integrity as central pillars of our culture. And we believe it is everyone's responsibility at Schroders to make sure that remains the case. However, like all organisations, we face the risk of things going wrong. We have procedures in place to make sure that our people and interested parties can raise any issues or concerns, confident in the knowledge that they will be taken seriously and investigated fully. The Schroders Group Whistleblowing Policy provides a framework for the quick and effective resolution of difficulties that may arise in the workplace and seeks to achieve solutions through appropriate methods.

 For more on our Group Whistleblowing Policy, see [Appendix 3](#).

Concerns regarding illegal or unethical behaviour, including modern slavery, can be reported by our people or any external parties including suppliers and their employees. These concerns can be reported using an independent and confidential third-party global reporting service, Safecall, who provide an online portal and 24-hour phone line. Concerns can be raised anonymously either online or using a regional freephone number and can be made in English or local languages. Any whistleblowing report with a direct or indirect (actual or perceived) link to human rights, including modern slavery, will automatically be brought to the attention of the Global Head of Corporate Sustainability as part of the established triage process. For more detail, see our ["Raising concerns in confidence"](#) page.

In 2023, we undertook a mapping exercise of our existing escalation pathways. This was designed to bring together Speak up, the Global Norms Framework and the grievance mechanism into a combined pathway. This exercise helped clarify the different routes and process flow to make sure human rights related concerns are raised through the relevant channels and escalated to the right people, groups or departments.

In 2023, Schroders did not identify any instances of modern slavery in any of our business relationships or receive any reported concerns. However, we realise this does not mean that instances do not occur anywhere in our value chain, including within investee companies.

 For more detail on how we continue to assess, engage, monitor and manage our different stakeholder groups, see [Acting on modern slavery](#) from pages 12 to 23.

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UNDERSTANDING AND ACTING ON MODERN SLAVERY: our approach in practice

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Understanding modern slavery risks for our business

Our exposure to modern slavery risks across our business and value chain can be identified through our roles as an investment manager, financial services provider, employer and purchaser of goods and services. We are guided by the UNGPs when we consider our risk of involvement in modern slavery:

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

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

In the following section, we cover our risk management and due diligence processes, including updates and case studies from 2023, and highlight the four key areas of our business where we have interaction and influence on respecting human rights – the investments we manage, our clients, our employees and our supply chain.



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Acting on modern slavery: the investments we manage

Our clients

We carry out due diligence on the clients to whom we provide financial services. We will only provide financial services to clients who meet our Group Financial Crime Risk Appetite Statement.

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

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

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

Insights: understanding sustainability exposure

Centralised tools help our investment analysts to look for evidence that companies are implementing policies and developing practices to manage environmental impacts, labour standards, human rights and anti-corruption risks. We consider human rights and modern slavery to be important elements in our analysis of many companies, particularly in industries or regions most exposed to weaker standards or practices and regions with greater risk of systematic human rights abuses, such as oppressive regimes or CAHRAs. Companies operating in many countries face intensifying regulation and legal requirements in their management of human rights abuses directly and through their supply chain, making efforts to identify and mitigate human rights risks increasingly important to our assessment of investment risks.

Our proprietary models and data

In 2023, our Sustainable Investment team developed an updated materiality map across its sustainability themes, including human rights. More about this can be found [here](#). This materiality map was created using a data-driven approach, relying on various human rights indices across industries. The Sustainable Investment team have identified the relevant metrics across our proprietary tools, outlined in further detail below, in order to help investors analyse the areas highlighted within the human rights portion of the materiality map. The materiality and metric mapping helps to hone targeted analysis by investment desks.

To assist with undertaking sustainability analysis within specific sectors, regions and companies, our Sustainable Investment team has developed CONTEXT™, a proprietary model that is accessible to investment teams across our business and predominantly used by our public markets investment businesses. The tool provides a systematic framework for analysing a company's relationship with its stakeholders and the sustainability of its business model. CONTEXT™ includes several performance measures and questions related specifically to human rights and modern slavery topics, including UNGC signatory status, human rights policies, human rights-related lawsuits and corruption exposure, as well as two proprietary metrics for modern slavery exposure and supply chain management. Find out more about CONTEXT™ [here](#).

Complementing the data available in CONTEXT™, investors can also reference modern slavery data outputs from our proprietary impact risk measurement tools, SustainEx™ and Sovereign SustainEx™. Specifically, investors are able to assess the estimated prevalence of modern slavery by capita or Gross Domestic Product at a country level and its associated social costs.





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Top-down metrics, such as the existence of policies and processes, are a helpful indication of where action is being taken by a company on the topic of human rights. However, it is important to understand the depth and quality of those policies and processes to determine whether they are likely to be effective. The Sustainable Investment team has developed a framework internally for analysing

a company's human rights due diligence efforts. This bottom-up framework outlines basic, good and best practice across five areas of human rights due diligence (outlined below). There is a particular emphasis on the mitigation of forced labour risks with components selected given the saliency and materiality of the issue within global supply chains.

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

2023 human rights insights articles

Our thematic research aims to enhance our understanding of the material sustainability risks and opportunities that may impact a company's valuation. During 2023, we published the following articles to support our investment desks in understanding and assessing modern slavery risks:

- 1. Renewable energy and indigenous rights:** Explored the overlap between land used for renewable energy generation and land that is held by indigenous communities, focusing on the risks to companies and highlights case studies where issues have arisen. It also included a toolkit for evaluating project and company exposure.
- 2. Forced labour updates and Uyghur Forced Labor Prevention Act (UFLPA) developments (internal only):** Addressed the updated scope and entity list for the UFLPA, as well as increasing international action on forced labour globally.
- 3. Western Sahara (internal only):** Assessed the potential human rights risks investors might be exposed to through businesses operating within the Non-Self-Governing Territory of Western Sahara.





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Influence: encouraging companies to act more sustainably

Engaging with our investee companies

Through constructive and committed engagement with management teams at the companies and assets we invest in, active ownership is a key element of the value we can bring to our clients. Social and environmental forces are reshaping societies, economies, industries and financial markets and in doing so are increasingly influencing investment returns.¹ Approached thoughtfully and with focus, encouraging boards and management teams to adapt to these changes, and holding them accountable for doing so, can strengthen the long-term competitiveness and value of their businesses.



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

As well as engaging to make sure companies have strong foundational approaches to business and human rights in line with international principles, there are also specific stakeholder groups on which we focus particular attention for our engagement:

- 1. Workers:** It is estimated that 27.6 million people are in forced labour², many of them children carrying out hazardous work, and 86% of forced labour occurs within the private sector.³ We recognise that vulnerable workers in the supply chain face increased risks of modern slavery and human rights violations. We engage to encourage companies to adhere to relevant global laws and conduct the necessary supply chain human rights risk assessments and effective due diligence to protect and uphold the rights of workers in supply chains. We encourage companies to report on workforce metrics across supply chains, conduct supply chain audits of working conditions, work with suppliers to improve conditions and, where necessary, facilitate or provide remedy.
- 2. Communities:** The World Bank estimates that there are over 476 million indigenous peoples living around the world, and in 2021 nearly four people a week were killed worldwide protecting their land from business exploitation.⁴ 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. Moreover, when operating in CAHRAs, there is a higher risk of companies becoming involved in grave human rights violations. Such heightened risks call for enhanced or heightened due diligence procedures to meet international standards on business and human rights.
- 3. Customers and consumers:** Companies have an important role to play in driving human rights and sustainable development through supporting access to basic products and services, while also ensuring that products and services do not cause harm and adversely affect human rights. We expect that companies respect and uphold the rights of consumers and users of their products and services, and consider the impact of new and emerging technologies on human rights, such as artificial intelligence (AI).

1. <https://www.stern.nyu.edu/experience-stern/about/departments-centersinitiatives/-centers-of-research/center-sustainable-business/research/research-initiatives/esg-and-financial-performance>
2. <https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/>
3. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang-en/index.htm#:~:text=Most%20cases%20of%20forced%20labour,cent%20of%20all%20forced%20labour
4. <https://www.globalwitness.org/en/campaigns/environmental-activists/decade-defiance/>



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Intersection with our deforestation commitment

Human rights, including modern slavery, is a cross-cutting issue, which intersects with other sustainability issues, such as climate change and biodiversity. As part of our commitment to eliminate forest-risk agricultural commodity-driven deforestation in the companies held in the investment portfolios by 2025, we also seek to address associated human rights issues.¹

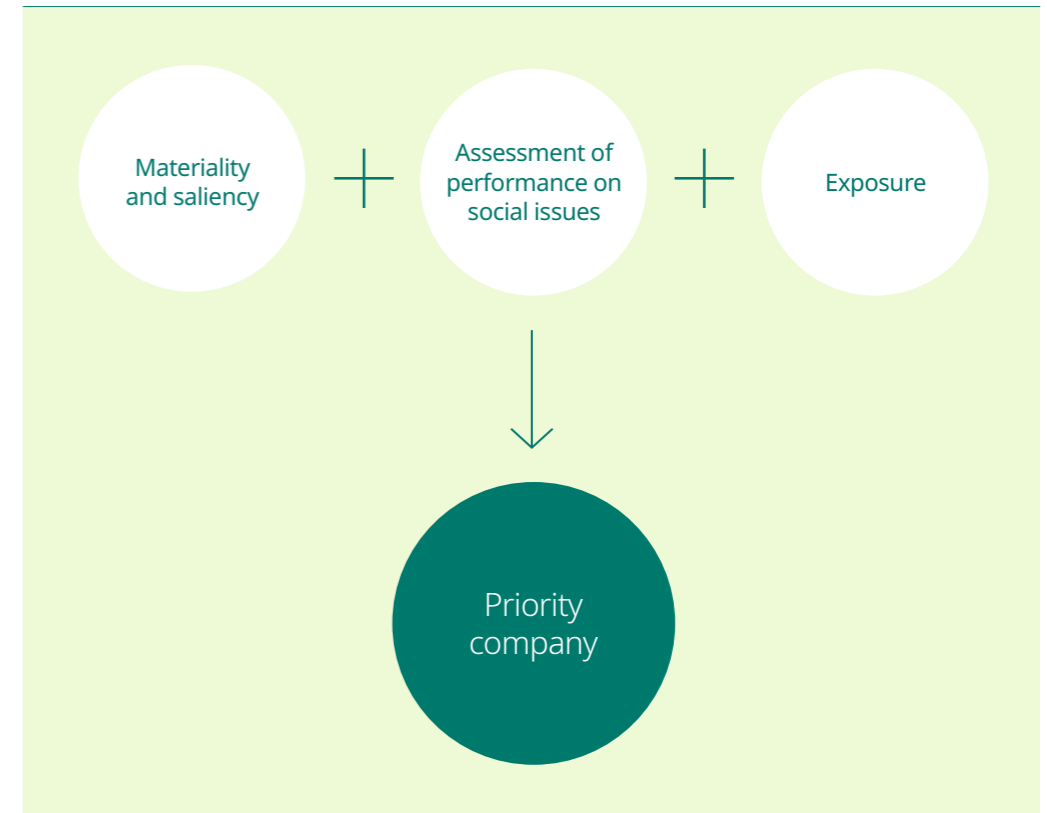
Our Group Nature and Biodiversity Position Statement² sets out our expectations around human rights and social impacts when it comes to companies which are exposed to commodity-driven deforestation. These include the establishment of human rights policies that address labour rights, indigenous rights and equality and inclusion and the establishment of robust human rights due diligence processes.

Our Engagement Blueprint³ sets out the short to mid-term actions and long-term outcomes we are seeking our investee companies (and their management teams) to take for our six priority engagement themes, one of which is human rights. Modern slavery is a key part of the human rights theme. In 2023, we updated the document to include a specific reference about encouraging companies to implement and uphold responsible sourcing policies, a key action in the prevention of modern slavery in supply chains. Differences in expectations of our investee companies arise from country and regional contexts, which can sometimes provide additional complexities; for example, differing socio-cultural factors, regulatory maturity and resource constraints.

Key considerations to identify and prioritise companies for engagement on social issues, including human rights, include an assessment of the materiality and saliency of social factors to the sector, a quantitative assessment of company performance on social issues, and a consideration of our exposure at the company through ownership.

The Sustainable Investment team continued to develop internal resources such as engagement toolkits on human rights, designed to support our investment teams carrying out human rights engagements. These engagements are then captured on ActiveIQ – our engagement reporting system – so that we can track engagements effectively. This has facilitated setting specific engagement objectives and tracking a company's progress against these objectives.

Identifying priority companies



1. Schroders managing deforestation risk within our investment portfolios.
 2. Schroders Group Nature and Biodiversity Position Statement.
 3. Engagement Blueprint: Our vision for active ownership of listed assets at Schroders.



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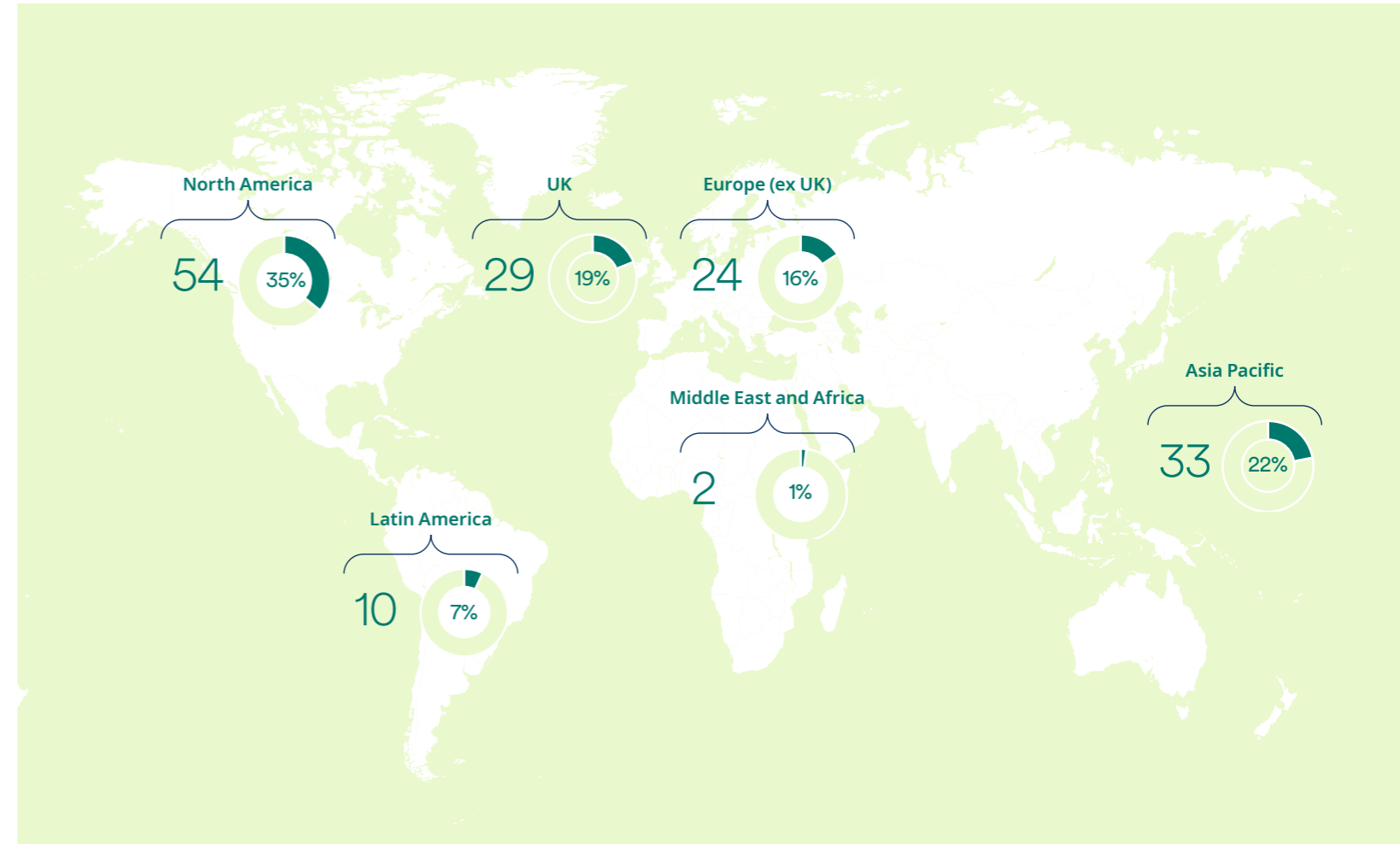
In 2023, of the 4,020 engagements we undertook on sustainability, 152 were related to human rights issues. This spanned across 110 companies and 26 countries.¹ This compared to 132 in 2022 and was driven by growing regulation and trade ban regimes affecting companies, as well as a growing focus on the risks associated with value chains in CAHRAs – topics that have been a focus of many human rights-related engagements. We have defined human rights related engagements to encompass a number of our Engagement Blueprint sub-themes: overarching approach to human rights; workers; communities; investment in the workforce; and engagement and representation.

The chart to the right shows the percentage of total human rights engagements performed in each region in 2023. Companies that operate across regions are allocated to the region in which the company's headquarters is based.

i For more detail on our **Key Performance Indicators** and previous year data, see page 24.

To help illustrate the nature of our company engagements on human rights issues, we have highlighted a few case studies on the following pages. These case studies demonstrate progress against our engagement milestones and provide insights for our clients.

Human rights engagements by region



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

1. This total does not include letters sent following Annual General Meetings to explain our voting decisions. Details of our engagements are disclosed in our quarterly Sustainable Investment Reports.



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Case study: Human rights policies at MercadoLibre



Engagement Blueprint theme: Human rights

Lead team/desk: Emerging Markets Equity, Global and Thematic Equities

Sector: Technology

Region: Latin America

In 2022, we engaged this Latin American e-commerce company as part of our firm-wide climate engagement programme. In 2023, we continued these discussions and engaged the company on its human rights approach and the need for greater disclosure of policies. While its Code of Ethics Policy covered human rights, disclosure was limited on how human rights were embedded throughout the company. We spoke with their management team about efforts to reinforce human rights policies and due diligence processes.

Over the subsequent months, we were encouraged to learn of some of the work being undertaken by the company, including joining the UNGC. As a next step, we asked the company to disclose more information on how human rights policies are embedded in its operations and value chain.

In their most recent impact report, the company published more information on human rights due diligence processes, including how their Code of Ethics is enforced, and disclosed metrics related to complaints registered through whistleblowing channels.

Case study: Modern slavery due diligence and transparency



Engagement Blueprint theme: Human rights

Lead team/desk: Sustainable Investment team

Sector: Consumer discretionary

Region: UK

We began engaging with this UK company on labour issues in 2019. It had shown initial progress by providing more disclosure on modern slavery and we have continued to engage to shape this progress. In 2022, we engaged as the lead investor for the “Find It, Fix It, Prevent It” initiative. Later in the year, following the company’s publication of its annual Modern Slavery Statement, we requested additional transparency around the effectiveness of its modern slavery work and its operations in Germany and the Middle East.

We met with the company in December 2023 as part of our ongoing engagement on modern slavery. The discussion focused on assessing the company’s human rights policies in Germany and its Middle Eastern joint venture. We acknowledged the company completed a human rights risk review with a specific focus on the Middle Eastern joint venture, meeting one of our engagement objectives. We also sought greater clarity on the company’s management of risks around bonded labour in UK agricultural supply chains and remediation for affected stakeholders. We followed up the meeting by email. The company provided additional clarifications on modern slavery policies and steps taken to understand the risk profile of suppliers.

Over the course of this engagement, the company issued a new Modern Slavery Statement with more in-depth information on its supply chain due diligence and completed a human rights risk assessment focused on the Middle Eastern joint venture. Moving forward, we will continue to encourage the company to improve disclosure around labour risks, human rights policies, and human capital management practices, including encouraging the company to consider disclosing to the Workforce Disclosure Initiative (WDI).



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Working collaboratively across the industry

We recognise the need for industry collaboration to share perspectives on human rights and modern slavery issues.

- **Find It, Fix It, Prevent It**
We continue to engage as lead investor with a UK hospitality company as part of this initiative convened by the Churches, Charities and Local Authorities (CCLA) Investment Management. The initiative is designed to identify modern slavery risk in investee companies, improve governance and policies to mitigate the risk, and report on modern slavery in line with best practice. As part of this initiative, we also signed an investor letter to the Secretary of State for Environment, Food and Rural Affairs in response to the Independent Review into Labour Shortages in the food supply chain and outlined our support for clarity on the UK government's plans to respond to its recommendations.
- **UN Principles for Responsible Investment (PRI) Advance**
We continue to be a lead investor in this initiative. We have committed to leading on engagements with two companies and supporting engagements at another three companies.
- **Digital rights**
We joined and continue to support engagement issues around the topic of digital rights. We supported an engagement on content moderation led by the Swedish Council on Ethics, participated in collaborative engagement dialogues as part of the World Benchmark Alliance's collaborative initiative on ethical AI, and continued to support the digital rights workstream run by the Investor Alliance for Human Rights (IAHR).

i For more detail on the other human rights-related initiatives we are involved with, see **Appendix 4**.

Facilitating action on human rights: hosting a roundtable discussion on supply chain living wages

At the 12th UN Forum on Business and Human Rights (November 2023), we hosted a roundtable discussion in partnership with Unilever on the topic of living wages in supply chains. We gathered a small group of companies and investors for a roundtable discussion under Chatham House rules around the topic of supply chain living wages: experiences to date, how to overcome key challenges and the importance of the topic to investors.

While the issue of business and human rights has risen-up corporate and investor agendas in recent years, most of the action to date remains focused on lagging indicators and reacting to controversy or regulation. Substantial and widespread progress on addressing the specific conditions experienced by workers in global supply chains, and the risks this poses to business models, remains slower.

We sought to discuss the benefits and challenges companies have faced through an open and collaborative forum, as well as using our voice as investors to advocate for stronger disclosure and action from companies on this topic.





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Our voting activity

Voting is one of the most important ways investors in public investments influence how a company is run. Each year shareholders, including activists, put forward resolutions at company Annual General Meetings on anything from climate change to human rights to data privacy.

In 2023, we voted on all 53 human rights-related shareholder resolutions for which we were eligible to cast votes, of which we supported 27 (51%). This represents an increase in focus on human rights issues from investors, with 20 more resolutions compared to 2022. The percentage of human rights-related shareholder resolutions we voted “for” decreased compared to last year, but this ratio doesn't imply any specific trends.

i For more detail on **Key Performance Indicators** and previous year data, see page 24.

It is our responsibility to ensure votes are cast in the best interests of shareholders and our clients, so we do not treat resolutions as a statement of our general stance on an issue. The detail is critical, and we assess each resolution with our own fundamental research, taking into account relevant factors. Our Engagement Blueprint¹ sets out our approach and we outline our rationales for a number of related shareholder resolutions in our [voting season spotlight](#) blog.

Case study: How we voted on Rivian Automotive’s human rights policy

On 21 June, shareholders of Rivian Automotive, the US electric vehicle manufacturer, voted on a shareholder resolution asking the company to “adopt a comprehensive human rights policy which states the company’s commitment to respect human rights as outlined in the UNGPs and the ILO Declaration on Fundamental Principles throughout its operations and value chain.”

The proponent argued that its exposure to human rights-related risks is likely to grow as it expands globally.

The company argued that its Code of Business Conduct and Ethics provides a sufficient commitment to human rights, and as a company that is relatively newly public, it is at “the beginning stages of progressing these efforts”.

After examining this resolution, we decided to vote “**For**” based on the following analysis:

1. Is the resolution aligned to our Engagement Blueprint?

✔ **Yes**, within the “Human Rights” theme of our Blueprint. We believe that companies who proactively work to identify and address human rights-related risks are better placed to prevent salient risks to human rights and protect the long-term sustainability of our investments by decreasing the risk of associated operational, legal and reputational costs.

2. Is a resolution the best way to address the issue?

✔ **Yes**, we believe that shareholders are well placed to ask the company to publish a human rights policy, as the absence of this policy makes it difficult for shareholders to assess its operations and supply chain and how it mitigates associated risks.

3. Does the resolution add value to what the company is already doing?

✔ **Yes**, although the company’s Code of Business Conduct and Ethics highlights that the company respects human rights throughout its operations and global supply chain, the lack of a comprehensive policy makes it difficult for shareholders to understand how respect for human rights is implemented and enforced in practice. We believe adopting a human rights policy would help the company to address any human rights risks and mitigate operational, reputational and legal risks.

4. Does the resolution have the potential to cause unintended, damaging consequences?

✘ **No**, human rights policies are commonplace among large automakers, and although Rivian is a relatively young company, we do not believe it would face unintended consequences from adopting such a policy.



1. Engagement Blueprint: Our vision for active ownership of listed assets at Schroders.



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Our approach in Private Markets

We acknowledge that it is not only our investments in public companies which are exposed to human rights risks. We are reviewing our investment and engagement process and priorities for our private markets investments, which includes identifying opportunities to engage on material human rights risks and opportunities.

Schroders Capital encompasses private equity, private debt and credit alternatives, real estate and infrastructure. Our solutions business, which designs and delivers bespoke mandates, leverages our broad asset class knowledge and our sustainability and impact (S&I) expertise. Our breadth means we can invest in companies, real assets or pools of assets, either directly or indirectly. In real estate for instance, we predominantly acquire and manage buildings, but also invest indirectly through fund structures and via external managers for attractive yet niche specialist sectors.

In January 2024, we published our first Engagement Blueprint for Private Markets.¹ This document reflects the same engagement priority themes as for our listed assets, including human rights. Schroders Capital implemented the Group's Global Norms Framework in 2023, to support the identification of investments considered in breach of global norms, including human rights breaches, across our private markets business. Work is underway in 2024 to enhance this Framework to make it more pertinent to private markets.

i For more on global norms, see [page 7](#).

We consider human rights risks, including modern slavery as appropriate, across our private market investment businesses, focusing our pre-investment due diligence and ongoing engagement where the risk of modern slavery is most material. Here, we outline our approach to tackling modern slavery risk in our real estate hotels business, an area of our private markets business with known material risk of modern slavery.

i For Schroders Greencoat LLP's Modern Slavery Statement, see [here](#).

Schroders Capital Real Estate Hotels

The hospitality industry is considered potentially higher risk for modern slavery given the nature of services they provide and due to the complexity of supply chains. Our Schroders Capital Real Estate Hotels (SCREH) business has developed measures to manage this risk.

The SCREH team exercise ongoing oversight over the 39 hotels in the SCREH portfolios² through frequent visits and discussions with management and staff. Most of the hotels in the SCREH portfolios (76% by number of rooms) are managed or leased by large third-party hotel managers or companies, who publish details of their commitments, policies and actions on their websites or in their respective Modern Slavery Statements. SCREH oversee the compliance of these hotel managers and tenants with their contractual obligations. For the 13 hotels (24% by number of rooms) directly managed by SCREH, the team reviews the policies and procedures in place with the hotel management team including staff training, supply chain policies and whistleblowing.

In addition, since 2020, SCREH has maintained a sustainability programme (covering 17 of the 30 hotels with operating exposure³) to define sustainability ambitions and targets. The sustainability programme covers 12 topic areas (including human rights, working conditions and supply chain) with 40 associated Key Performance Indicators (KPIs). These KPIs were updated in early 2023.

1. Engagement Blueprint: Our vision for active ownership in private markets.
2. The SCREH portfolios are located in countries rated as lower risk for modern slavery by the Global Slavery Index.
3. Nine hotels in our portfolio are leased to third-party hotel companies, to which we have no operational control.

The two most relevant KPIs regards modern slavery are for all hotels in the sustainability programme to have:

- incorporated human rights criteria within all employment and sourcing policies by 2025; and
- a modern slavery policy and mandatory training in place for all staff.

By the end of 2023, 100% of hotels in the sustainability programme had completed both KPIs. Furthermore, 100% of hotels had a responsible purchasing policy in place (another KPI), that adheres to all aspects of the sustainability programme, with the intention to use this to guide new purchasing decisions.

We continue to monitor these KPIs and the hotels' action plans on a quarterly basis.

Innovate: developing products and solutions

We have investment strategies and are developing innovative solutions designed to deliver superior investment performance through investing in companies that are helping, or expected to help, people thrive in society. The focus of these investment strategies is on companies that demonstrate strong of improving labour practices and principles. Using our proprietary tools (such as SustainEx™ and ThemEx™), we can construct portfolios and monitor companies that meet our criteria on human rights; diversity, equity and inclusion; and human capital management.

We will continue to monitor opportunities for creating investment products centred around positive societal impact.





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Acting on modern slavery: our own operations

Inspire: leading by example in our own corporate actions

Our people


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

- elimination of all forms of forced or compulsory labour
- effective abolition of child labour
- elimination of discrimination in respect of employment and occupation
- freedom of association and the effective recognition of the right to collective bargaining; and
- a safe and healthy working environment.

In keeping with our Equal Opportunities Policy, we are also committed to providing equal employment opportunities and combatting all forms of discrimination. Our October 2023 pulse survey results¹ showed that 87% of our people agree that we are committed to inclusion and diversity in the workplace.

We manage the risk of modern slavery in our workforce by making sure that the people we hire have the right to work in the relevant country and that their basic rights as workers are protected. We conduct pre-employment checks, including right to work checks, primarily through a global third-party provider.

We commit to providing fair wages and benefits and a secure working environment for our people. In addition to complying with all applicable minimum wage laws in all jurisdictions in which we operate. We are an accredited living wage employer in the UK (including the London Living Wage) and we are certified in the US to the Tier II² Living Wage for US standard. During our salary budget setting process, we are mindful of the continued impact of heightened inflation and cost of living pressures on our junior employees and continue to target a significant proportion of our salary budget towards this population.

 For more detail on our living wage accreditations, see [Appendix 4](#).




We protect health and safety at work, promote wellbeing and a culture that fosters workplace flexibility and recognises and encourages the need for work/life balance. In 2020, we published a Flexible Working Charter to offer our employees the opportunity to choose optimal working patterns to suit their client, team and personal needs.

Our Wellbeing framework focuses on building a healthy culture, relationships and ways of working. Monitoring indicators against each of these allow us actively to support the people and teams who need it. Our "wellbeing community" is one of the largest voluntary communities at Schroders. Our local Wellbeing Hubs map out the extensive support and benefits available to our employees. This includes guidance tailored by specific career and life events including divorce, infertility, menopause and financial concerns.

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

Employee voice

We engage with our people through a variety of channels including our regional and global Employee Forums. Our Global Employee Forum is chaired by the Senior Independent Director and meets regularly during the year to discuss relevant issues. Our work to build worker voice mechanism channels and a strong feedback culture has paid off, with 73% of our employees (in our October 2023 pulse survey) agreeing that we ask for and receive regular feedback. This pulse survey also revealed that 82% agreed that the firm does an excellent job in keeping our people informed about matters affecting them via our various internal channels.

 For more detail how we engage our people, see our [Schroders plc 2023 Annual Report and Accounts](#).

1. Survey results do not include Schroders Greencoat.
2. Tier II is achieved by ensuring we are paying a living wage in each US state where we have employees.



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Our supply chain

We rely on a global network of external service providers for goods and services to supplement and contribute to our own infrastructure and investment management capability. We take a risk-based approach to the sourcing, onboarding and monitoring of our suppliers. We recognise the widely held view that most global companies will have modern slavery somewhere in their supply chain. As such, we are committed to maintaining appropriate controls and monitoring to support prevention of any form of modern slavery taking place in our supply chain.

Our responsible procurement framework

In 2023, we spent approximately £665 million with over 5,600 suppliers¹ globally. As the chart on page 6 shows, 32% of our suppliers are based in the UK, which accounts for 63% of our total spend. Our primary categories of spend are Human resources (HR); Information services; Technology; Financial services; and Professional services, which collectively make up approximately 75% of our total supply chain spend.

Our established policy framework governs our approach to the selection, onboarding, management and reporting across our global supply chain. Fundamental to our supply chain oversight is performing both initial and ongoing supplier criticality assessments to enable us to focus efforts on those areas presenting the greatest potential risk. These assessments consider the service and the aggregated supplier risk, based on financial, regulatory and reputational risks.

We expect all our suppliers to operate in a responsible, ethical, open and transparent way, fully compliant with all applicable laws and regulations.

i For more information on our policies and standards see **Appendix 3**; for more information on our initiatives and memberships, see **Appendix 4**.

Our Supplier Code of Conduct² sets out the high standards and behaviours we expect from our partners and covers human rights; ethical sourcing; bribery and corruption; the environment; diversity and inclusion; health and safety; and living wages. As part of the annual review, as well as improving the layout and language accessibility, we made the following updates relating to our expectations on human rights and modern slavery in 2023:

- to support collective bargaining and freedom of association
- to support the adoption of a living wage in their own supply chains
- to use our Safecall whistleblowing process to report any concerns.

We request that all of our critical suppliers attest to our Supplier Code of Conduct (or provide a suitable equivalent) through our annual review and monitoring process. During 2023, to enhance this, we also introduced this requirement into our supplier onboarding workflow steps for all new suppliers (with which we spend more than £50,000). This is administered by our Supplier Oversight team.

Our Supplier Oversight team is responsible for the screening and monitoring of supplier risk, providing timely escalation as required to subject matter experts across the organisation. The KPI table on page 24 shows a decrease in the percentage of critical suppliers that have attested to our Supplier Code of Conduct (or provided a suitable equivalent) in the last couple of years.

We have ongoing discussions with those suppliers yet to confirm their position and are developing the appropriate approach to continued engagement to maintain appropriate oversight of critical suppliers' conduct. Embedding the Supplier Code of Conduct attestation into our onboarding workflow will strengthen our due diligence process and enable improved, centralised reporting.

The Supplier Oversight team also screens suppliers for potential risks associated with modern slavery using a third-party database. This is performed prior to onboarding a new supplier and subsequently monitored on an ongoing basis. There were no alerts linked to modern slavery or human rights for our supply chain during 2023.

For our part, Schroder Investment Management Limited has been a signatory of the UK's Prompt Payment Code since 2015 and is committed to the principles regarding the treatment of suppliers. These include paying suppliers on time, providing clear guidance on terms with our suppliers and encouraging our suppliers to adopt the code.



1. This number includes parent companies and entities we have business relationships with. It excludes our intermediaries.
2. Schroders Supplier Code of Conduct.



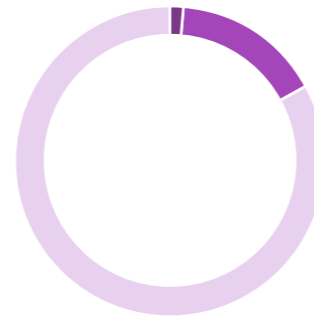
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Our supply chain modern slavery risk assessment and engagement process

Slave Free Alliance (SFA),¹ with whom we commenced a three-year partnership in 2022, continue to support our efforts to enhance our approach to managing and mitigating modern slavery risk in our supply chain. In 2023, we updated our supplier risk assessment model using updated data from the 2023 Global Slavery Index² vulnerability index, prevalence index rank and government response rating; the relevant country's ranking in the 2022 Trafficking in Persons Report;³ and the 2022 International Trade Union Confederation's Global Rights Index.⁴ Alongside these indices, SFA supported us to attribute an industry risk to our spend categories (based upon academic research, media sources, the Ethical Trading Initiative Base Code and their own experience). The risk methodology data will be reviewed annually and updated if necessary, or if any new data becomes available.

In 2023, our risk assessment identified that none of our existing suppliers were considered potentially "very high risk". 1.2% of our supply chain⁵ were identified as potentially "high risk". After applying a spend threshold⁶, we asked 34 suppliers to complete an enhanced due diligence assessment through a "business transparency" questionnaire. This new questionnaire, developed with SFA and colleagues from local offices, requires information about the supplier's company; their workforce and workers' rights; relevant policies; risk mitigation processes; and details of staff training where applicable, to demonstrate compliance with the minimum standards set out in our Supplier Code of Conduct.⁷ We also performed a desk-based review of the companies' publicly available policies and relevant documents.

Supply chain modern slavery risk



Key

- Very high risk 0.0%
- High risk 1.2%
- Medium risk 15.2%
- Low risk 83.6%

So far, we have received responses from 28 suppliers:

- 19 of these suppliers provided sufficient information to give us comfort on the suppliers' business processes and supply chain management (with guidance from SFA).
- We have ongoing engagement with nine suppliers to address any queries based on the information they have provided, or to gather more information to make a more informed assessment.
- We are working with our supplier managers to obtain responses from the six suppliers who have yet to respond to our requests.

We will provide an update on this in our 2024 Modern Slavery Statement.

Each year, we have evolved and enhanced our approach to supplier due diligence. Our initial efforts adopted a highly risk-averse approach, whereby we extended a supplier assessment to a significant number of suppliers (for example, approximately 700 in 2020) to enable us to understand our potential risk profile and target our efforts accordingly. Taking this knowledge forward and with the benefit of guidance from SFA, we have refined our approach and developed a significantly improved understanding of our inherent risk profile. Subsequently, this has meant more targeted enhanced due diligence consisting of in-depth engagement with fewer suppliers. The effectiveness of this new approach will be reviewed before considering the merits of extending to a wider section of suppliers. The number of modern slavery engagements with suppliers over the past four years in the KPI table on page 24 reflects this progression.

We aim to work collaboratively with our suppliers. When required, we will continue to share our approach and provide practical guidance in support of their efforts to better manage human rights risks within their businesses and supply chains. If suppliers do not engage after repeated requests or satisfy us that they are managing these risks sufficiently, we will escalate to our CFO and GSI Committee to agree appropriate actions. This could include termination of the contract with the supplier.

We will automatically exclude any organisation if it or its associated individuals have been convicted of slavery, servitude, forced or compulsory labour, child labour or an offence in human trafficking within the last five years.

Looking ahead, we plan to integrate the modern slavery risk assessment and enhanced supplier due diligence with existing due diligence processes to embed this capability to assess and monitor potential higher risk suppliers within our Supplier Oversight team.

1. <https://www.slavefreealliance.org/>
 2. Latest available GSI data published in 2023, is 2021 data.
 3. <https://www.state.gov/reports/2022-trafficking-in-persons-report/>
 4. https://www.ituc-csi.org/IMG/pdf/2022_ituc_rights_index_exec_summ_en.pdf
 5. The risk assessment was undertaken in Q3 2023 and used the latest data available. Entities were rolled-up to their parent companies.
 6. Supplier spend of less than £5,000 was excluded (as advised by SFA).
 7. Schroders Supplier Code of Conduct.





Key Performance Indicators

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

 For some case study examples, see pages 17-19.

KPIs¹ that summarise some of our activities and progress for 2023 are listed here. We have also included comparison metrics since 2020, as we recognise it is important to show our continued effort and progress.

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

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Business area	KPI	2023	2022	2021	2020
Speak up	Number of instances of modern slavery (or wider human rights issues) reported in our business or supply chain through our grievance mechanisms	0	0	0	0
The investments we manage	Total number of human rights-related engagements across our clients' investment portfolios	152	132	34	164
	Number of independent human rights-related engagements	146	130	33	47
	Number of human rights-related engagements through collaboration (for example, with non-governmental organisations or other asset managers)	6	2	1	117
	Total number of human rights-related shareholder resolutions we voted on	53	33	27	20
	Percentage of human rights-related shareholder resolutions we voted "for"	51%	82%	96%	40%
Our employees	Completion rate from modern slavery e-learning	100%	99%	100%	100%
Our supply chain	Percentage of critical suppliers that have agreed to our Supplier Code of Conduct (or provided an appropriate equivalent)	94%	93%	100%	100%
	Number of modern slavery engagements with suppliers	34	97	438	718
	Number of suppliers who have adopted our approach and/or agreed to corrective actions	0 ²	N/A	41	0

1. Data excludes Benchmark Capital (and subsidiaries) and Schroders Greencoat.

2. Discussions with nine suppliers are ongoing (as of 23 April 2024). We will provide an update in our 2024 Modern Slavery Statement.



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Future plans

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

In 2024, we will focus on the following:

The investments we manage

Our clients

- Regularly refreshing our risk assessment and detection capabilities to make sure we are scanning for emerging threats.
- Updating our Financial Crime control framework to address new threats.

Insights, Influence, Innovate

- Refreshing our modern slavery metric to capture company-level exposure and management insights.
- Producing top-down research to capture and assess the differences in CAHRA risks on a country-by-country basis.
- Rolling out the internal process to identify and prioritise companies for engagement on human rights with our investment teams.
- Deepening the focus of our human rights-focused engagements, supported by the continued development of internal human rights engagement toolkits.
- Continuing to consider how we can enhance our consideration of human rights issues in our approach to voting.
- Continuing to work actively with collaborative engagement organisations to further implement our human rights engagement strategy.
- Enhancing our approach to global norms within our private markets business.

Our own operations

Our employees

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

Our supply chain

- Embedding the enhanced due diligence process into our Supplier Oversight team.
- Exploring external tools and expertise to screen suppliers and assess risk more effectively.
- Reviewing and improving our due diligence processes for higher risk suppliers, leveraging SFA guidance.
- Continuing to support our higher risk suppliers by providing advice and guidance to maximise their modern slavery controls.





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Consultation

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

Approval

This Statement has been approved by the Boards of Schroders plc; Benchmark Capital Limited; Best Practice IFA Group Limited; Fusion Wealth Limited; Schroder & Co. Limited; Schroder Australia Holdings Pty Limited; Schroder Corporate Services Limited; Schroder Financial Services Limited; Schroder Investment Management Limited; Schroder Investment Management Australia Limited; Schroder Investment Management North America Limited; Schroder Investment Solutions Limited; Schroder Pension Management Limited; Schroder Real Estate Investment Management Limited; and Schroder Unit Trusts Limited between 7 May and 24 June and will be reviewed and updated annually. For our 2023 Modern Slavery Statement, please [click here](#).

22 May 2024

Peter Harrison
Group Chief Executive, Schroders plc



1. There is a period of onboarding and transition when we acquire a new business.



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Appendix 1: Summary Modern Slavery Act disclosures

Below, we outline the sections of our Statement that address our actions to meet the recommended reporting criteria as required by the UK *Modern Slavery Act 2015*. We have also aligned this with the core mandatory criteria required by the *Australian Modern Slavery Act 2018* (Cth).

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UK Modern Slavery Act	Australia Modern Slavery Act	Schroders response	Page
Organisation's structure, its business and its supply chains	The identity of the reporting entity	Our organisation	5
	The structure, operations and supply chains of the reporting entity	Our global business footprint	6
Policies in relation to slavery and human trafficking	Risk assessment and management; parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	Appendix 2: Entities in scope of UK and/or Australian modern slavery reporting legislation	29
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Due diligence processes in relation to slavery and human trafficking in its business and supply chains	The risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities it owns or controls	Understanding modern slavery risks for our business	11
		Insights	12
Training and capacity building on modern slavery and human trafficking available to its staff	The actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address these risks, including due diligence and remediation processes	Our supply chain	22
		Speak Up	9
Effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators it considers appropriate	How the reporting entity assesses the effectiveness of actions	Insights	12
		Influence	14
The process of consultation with any entities the reporting entity owns or controls, any other information that the reporting entity, or the entity giving the Statement, considers relevant	The process of consultation with any entities the reporting entity owns or controls, any other information that the reporting entity, or the entity giving the Statement, considers relevant	Inspire	21
		Building employee engagement and awareness of modern slavery	8
		Our governance	7
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Appendix 2: Entities in scope of UK and/or Australian modern slavery reporting legislation

Entities covered by this Modern Slavery Statement

Schroders plc

Benchmark Capital Limited

Best Practice IFA Group Limited

Fusion Wealth Limited

Schroder & Co. Limited

Schroder Corporate Services Limited

Schroder Financial Services Limited

Schroder Investment Management Limited

Schroder Investment Management North America Limited

Schroder Real Estate Investment Management Limited

Schroder Unit Trusts Limited

Entities voluntarily included in this Modern Slavery Statement

Schroder Australia Holdings Pty Limited

Schroder Investment Management Australia Limited

Schroder Investment Solutions Limited

Schroder Pension Management Limited

Entities producing a separate Modern Slavery Statement

Schroders Greencoat LLP¹

1. Schroders Greencoat Modern Slavery Statement is available here.



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Appendix 3: Our policies and standards

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

Relevant documents are outlined below.¹ The contents of these are guided by international principles and applicable laws and regulation.

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

	Relevant document	Purpose
Corporate	Group Financial Crime Policy (summary available on request)	Establishes the framework that sets procedures for the prevention of financial crime following a risk-based approach. We only provide financial services to clients who meet our Group standards including those who meet our Group Financial Crime Risk Appetite.
	Group Human Rights Position Statement	Sets out our Group position in relation to the respect of human rights. The statement includes the policies, processes and measures we have in place to assess and manage modern slavery risks across our business.
	Group Nature and Biodiversity Position Statement	Sets out our position on nature and biodiversity, taking into account the human rights and social impacts associated with deforestation and our plan to tackle these impacts with our investee companies.
The investments we manage	Group Whistleblowing Policy (available on request)	Sets out the internal procedure for reporting and investigating concerns without fear of reprisals or detrimental treatment. We have also extended access to our independently-operated Whistleblowing hotline to any external party.
	Engagement Blueprint	Lays out our expectations of the companies in which we invest. Human rights and human capital management are two of our priority themes for engagement.
	Engagement Blueprint for private markets	Demonstrates our engagement priorities for our private markets business. Reflecting our Engagement Blueprint for listed assets, human rights and human capital management are two priority themes.
	Environmental, Social and Governance (ESG) and Stewardship Policy	Outlines our principles and practices regarding sustainable investing in Schroders' Wealth Management processes and strategies.
	Group Sustainable Investment Policy	Establishes our overall approach regarding to sustainable investing. This policy applies to our public markets, wealth management, solutions and private markets investment teams.
	Group Exclusion Policy	Sets out details of investments that cannot be made in Schroder-managed portfolios, reflecting sustainability criteria, and the process and responsibilities governing its implementation.
	Voting Guidelines	Focused on how we vote at shareholder meetings of investee companies that are publicly quoted. The underlying principles guide our decision making when voting at investee entities in other asset classes.
	Schroders Capital Real Estate Sustainability Policy	Outlines our principles and practices regarding sustainable investing in Schroders Capital Real Estate business, including human rights.
	Schroders Investment Management Australia Exclusion Policy	Sets out details of the main groups of securities excluded from investment portfolios directly managed by Schroder Investment Management Australia Limited.
	Schroders Investment Management Australia Corporate Governance and Proxy Voting Policy	Sets out how we use our voting ability to influence matters on corporate governance and where we have the ability and authority to vote.
Schroders Investment Management Australia Principles of Internal Governance and Asset Stewardship Policy	Outlines our policies and frameworks in place to enable us to act in the best interest of our clients.	

1. Some policies may not apply to all Group entities or business areas.



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	Relevant document	Purpose
Our people	Employee Handbooks (internal use only)	These set out the terms and conditions of employment at Schroders. They also clarify employees' responsibilities to the business, immediate colleagues and other employees. Employee Handbooks are tailored to individual countries and their policies.
	Equal Opportunities, Bullying, Harassment, Respect and Dignity at Work (internal use only)	Outlines our approach relating to equal opportunities, bullying, harassment, respect and dignity in the workplace.
	Flexible Working Charter (internal use only)	Outlines our approach to flexible working.
	Grievance Policy (internal use only)	Designed to provide a framework for the quick and effective resolution of difficulties that may arise in the workplace through open and honest communication and discussion between colleagues.
	Group Personal Data Policy (internal use only)	Summarises the obligations imposed upon all Schroders Group companies and employees by data protection laws and covers the rights of individuals with respect to their personal data.
	Group Health and Safety Policy (summary available on request)	Highlights our commitment in ensuring employees and other stakeholders are provided with a safe and healthy working environment.
Our supply chain	Inclusion and Diversity Policy (internal use only)	Supports and is aligned with our Equal Opportunities Policy and a range of other policies we have implemented to create an inclusive environment for everyone. Suppliers are also required to provide information on their effort to promote a diverse workforce and create an inclusive environment for their employees as part of due diligence.
	Supplier Code of Conduct	Outlines the standards and behaviours we expect from suppliers. Suppliers must be able to demonstrate compliance with this Code.
	European Third Party Oversight Policy (internal use only)	Supplementary policy regarding third parties to capture additional European regulatory reporting requirements.
	Group Procurement Policy (internal use only)	Outlines the procedures and minimum standards to be applied when procuring from third party suppliers.
	Outsource and Supplier Oversight Policy (internal use only)	Outlines the framework and standards to be applied to the outsourcing of services and the management of Schroders suppliers.
	Responsible Contractor Policy (US) (internal use only)	Outlines the additional standards and behaviours we expect from suppliers in the US. Suppliers must be able to demonstrate compliance with this Code in addition to our Supplier Code of Conduct.



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Appendix 4: Human rights-related initiatives and memberships

We support and actively engage with a range of human rights-related initiatives, memberships and organisations to help lead progress towards respecting human rights.¹ Examples include:

Initiative/organisation	Abbreviation	Summary
Churches, Charities and Local Authorities (CCLA) Migrant Seasonal Workers statement		We signed a new collaborative statement led by CCLA. The statement called for UK retailers and firms in and directly sourcing from UK agricultural supply chains to protect seasonal migrant workers from paying recruitment fees leaving them in danger of debt bondage. In 2023, we have continued endorsing the recommendations related to the access of migrant labour through an improved seasonal worker scheme and its enforcement, and the need for a workforce data strategy to ensure a sustainable pipeline of agricultural workers and resources.
Financial Services Council	FSC	Sets mandatory standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. We are members of their ESG Working Group, assisting with the development of policies and best practice for assessing and reporting on a range of sustainability issues, including modern slavery and human rights risks throughout the industry.
Find It, Fix It, Prevent It	-	Find It, Fix It, Prevent It is an investor-led initiative, convened by CCLA Investment Management Limited, to engage with companies in high-risk sectors, or have supply chain risks, in order to improve governance and policies to mitigate the risk of modern slavery and report in line with best practice. In 2023, we responded and were assessed as a corporate on their new modern slavery benchmark, where we achieved a Tier 2 ranking. We led engagement with a UK hospitality company on modern slavery. We also signed a public policy letter to an MP and DEFRA around the UK's seasonal migrant labour scheme.
Investors Against Slavery and Trafficking (Asia Pacific)	IAST	In 2020, IAST convened to engage with companies in the Asia-Pacific region with the aim of finding, fixing and preventing modern slavery, labour exploitation and human trafficking.
Investor Alliance for Human Rights	IAHR	We are a member of this non-profit collective action platform for responsible investment that is grounded in respect for people's fundamental rights. The initiative focuses on the investor responsibility to respect human rights, corporate engagements that drive responsible business conduct, and standard-setting activities that push for robust business and human rights policies. In 2023, we continued our role as a supporting investor in the digital rights workstream.
Living Wage Employer (accredited by the Living Wage Foundation)	-	We are an accredited Living Wage employer. The Living Wage Foundation encourages employers to provide a decent standard of living by paying the real living wage, adopting living hours and living pensions as well as wider good employment practices.
Living Wage For US		We are a certified Living Wage Employer in the US. This is achieved by ensuring we are paying a living wage in each state where we have employees. Living Wage for US aims to overcome the barriers and create the incentives to enable employers to pay Living Wages, affording a decent quality of life for working families.
Mayor of London's Good Work Standard	GWS	We are an accredited employer at the "Excellence" level. The Mayor's Good Work Standard sets the benchmark for the best employment standards for London employers. By achieving the Good Work Standard, employers of all sizes and sectors signal their commitment to healthy, fair and inclusive workplaces.
PRI Advance		We signed onto this collaborative engagement initiative focusing on human rights and social issues. In 2023, we were lead investor for two companies and support investor for three companies in this collaborative engagement.

1. Membership or participation of an initiative may not apply to all Schroders entities.



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Initiative/organisation	Abbreviation	Summary
Responsible Investment Association of Australasia	RIAA	RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. We are participants in the Human Rights working group, which aims to develop capabilities for assessing and respecting human rights and mitigating human risks in investment, as well as to facilitate the sharing of leading practice knowledge and resources pertaining to human rights and investment decision-making and engagement. The group also designs and delivers significant human rights research, implementation and advocacy opportunities as relevant, through collaboration with other RIAA working groups and industry forums.
Slave Free Alliance	SFA	SFA is a social enterprise and part of global anti-slavery charity Hope for Justice. We became a member of SFA in 2022 to support our business operations and supply chain activities. In 2023, SFA supported us in refining our supplier risk assessment process, conducting enhanced due diligence on our higher risk suppliers and delivering a training session for our Group Procurement team.
UK Prompt Payment Code	–	Schroder Investment Management Limited has been a signatory of the UK's Prompt Payment Code since 2015, which is designed to encourage prompt payment between businesses, particularly from larger to smaller businesses. We are committed to the principles regarding the treatment of suppliers. These include paying suppliers on time, providing clear guidance on terms with our suppliers and encouraging our suppliers to adopt the Code.
UN Global Compact	UNGC	As a signatory to the UNGC we support and integrate its ten principles covering four areas – human rights, labour, environment and anti-corruption – into our business strategy. We annually disclose our implementation of the ten principles including human rights, labour and anti-corruption through our Communication on Progress.
United Nations Principles for Responsible Investment	UN PRI	As signatories to the UN PRI, we are committed to providing transparency on the actions we are taking across our business on responsible investment including human rights.
Workforce Disclosure Initiative	WDI	We are investor members of the WDI, which was developed by ShareAction in collaboration with investors. The initiative aims to improve corporate transparency and accountability on workforce issues, provide companies and investors with comprehensive and comparable data and help increase the provision of good jobs worldwide. In 2023, we responded as a corporate to the WDI survey and asked some of our investee companies, through engagement, to respond to the survey. We also participated in a WDI webinar about social disclosure standards for the International Sustainability Standards Board.



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Forward-looking statements

This report may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “sees”, “believes”, “expects”, “aims”, “confident”, “will have”, “will be”, “will ensure”, “likely”, “foresee”, “estimates” or “anticipates” or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Nothing in this report should be construed as a forecast, estimate or projection of future financial performance.

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