

SUSTAINABLE INVESTMENT REPORT

ANNUAL
REPORT
2020



Marketing material

Environmental, social and governance
is referred to as ESG throughout

Schroders

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INTRODUCTION

About Schroders

As a global investment manager we recognise we have an important part to play in shaping the future for all our stakeholders.

Our focus on doing the right thing for our clients, our people and wider society lies at the heart of our culture. We are committed to delivering sustainable value for our clients. Our purpose is to provide excellent investment performance through active management. Channelling capital into sustainable and durable businesses creates value and helps accelerate positive change. Funding the future is a privilege: we use it wisely and responsibly.

A year as challenging as 2020 offered a test of corporate character and a test of purpose. We met the challenge, as a corporate and as a steward of our clients' capital. We

honoured our pledge to integrate sustainability measures across our investment processes. We went further, building tools to assess the impact, both positive and negative, of the companies we invest in.

This is the foundation of how we invest: there is more than just the relationship between risk and return. A third dimension – impact risk – needs to be embedded into the investment process. Only by considering these three pillars together can we uncover an asset's real investment potential and achieve the best outcomes for our clients.



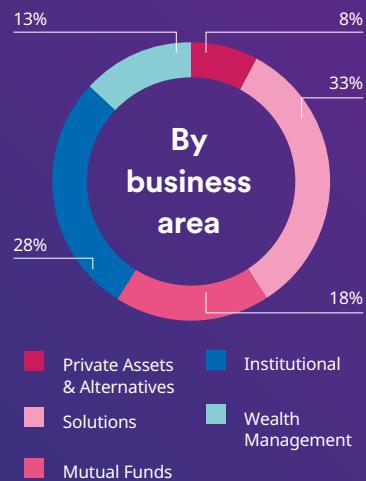
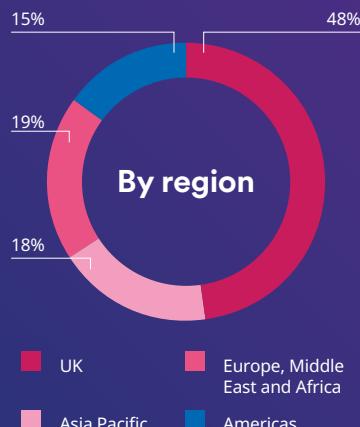
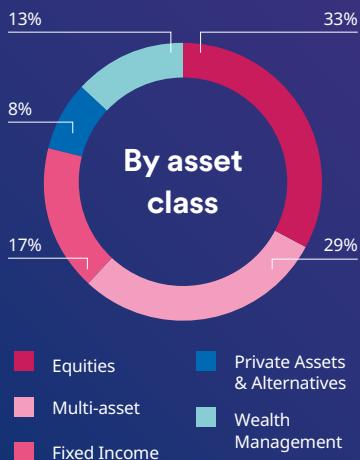
**Presence in
37 locations**



**£574.4 billion assets
under management**



**5,000+
employees**



Source: Schroders, as at 31 December 2020.



INTRODUCTION

A message from our Group Chief Executive

2020 was a truly transformative year. It fundamentally changed the way we live our lives – from how we shop and socialise, to how we do business.



Peter Harrison
Group Chief Executive

I believe 2020 also changed the way people feel about sustainability. They will no longer put up with empty words.

"We saw clear evidence during the year that society is increasingly demanding action on a host of pressing issues. People want to see change rather than simply hear of plans to implement it."

Indeed, the UN has called for the 2020s to be a "Decade of Action" so that we can meet the 17 Sustainable Development Goals by 2030 as originally envisioned.

At Schroders, we've always recognised that we have a responsibility to show our stakeholders that we are committed to taking action. In 2020, we achieved our commitment to integrate environmental, social and governance considerations across our investment teams.

This was just a step on the journey. The way we invest is changing, driven by a fundamental shift in how companies are being viewed and valued. Where once we considered only risk and return, we now assess a third dimension – impact risk. Our tools, such as SustainEx™, empower our portfolio managers to assess the true impact of each company; to understand their true profits, or their "impact-adjusted profits". Eventually, all investors will include this third dimension; our portfolio managers are already on that journey.

In 2020, there was much focus on the E in ESG and particularly on climate change. We've taken three major steps on this front that show how we're taking decisive action.

The first is that we've joined the Net Zero Asset Managers Initiative, the goal of which is to attain net zero greenhouse gas emissions by 2050 or sooner. It is part of a shared aim to limit global warming to 1.5°C above pre-industrial levels. There are 30 global asset managers involved, representing more than USD9 trillion in assets. Our involvement is incredibly important to us. It aligns with our aim to invest clients' capital in forward-looking companies with durable and sustainable business models, in order to achieve risk-adjusted returns in line with their objectives.

Secondly, we have pledged to set robust emissions reduction targets under the Science Based Targets initiative. The initiative provides companies with criteria to set a clearly-defined path to reduce their emissions. We were one of the first asset managers to join and expect others to follow.

The third is our appeal to the largest companies to publish detailed plans describing how they intend to transition, beyond simply showing long-term ambition. We have written to FTSE 350 companies but expect the same progress to be made elsewhere: we would like all medium and large companies, regardless of where they are listed or operate, to publicly disclose their plans for the decades ahead.

This gives a flavour of how we're navigating impact risk in one area. On all aspects of ESG, we want companies to go beyond reporting profits; in time, we want them to publish "impact-adjusted profits". Profit, after all, is only half the story. It's essential that how that profit is generated is part of the evaluation equation.

Societal and environmental challenges loom larger every day. I do believe that 2020 will go down in history as the year we started to make real and purposeful progress in tackling them.



A message from our Global Head of Sustainable Investment

While the world battled with the Covid-19 pandemic, sustainable investing continued its dramatic evolution.



Andrew Howard
Global Head
of Sustainable
Investment

We've seen a remarkable pick-up in interest in sustainability. Our annual global retail and institutional investor studies have consistently shown that investors expect sustainability will become more important over the next five years. Furthermore, 2020 saw record inflows into sustainability funds. Morningstar data shows that, during 2020, global sustainable assets under management increased by more than 60% to USD1.65 trillion.

Concern over environmental and societal risks has been rising. This was made clear by the World Economic Forum's global risks report, which ranked the top five global risks in terms of impact. A decade ago, economic concerns dominated the top risks. In this year's update, four of the five most likely risks identified by business leaders are environmental. The other is social, in the unsurprising form of infectious diseases.

"While the environmental aspect of ESG has long enjoyed a high profile, the Covid-19 crisis is turning the spotlight on the social element. 2020 was a year in which investors scrutinised companies' treatment of their employees, suppliers and customers."

We wrote an open letter to UK companies in April 2020 offering our support to sustainable businesses and asking them to prioritise their key stakeholders, and engaged hundreds of global companies on the

same principles. Interestingly, the Davos Manifesto 2020 launched before the pandemic struck called for a "better kind of capitalism" – stakeholder capitalism. This perspective has underpinned Schroders' approach to sustainability for more than 20 years.

We've often written that companies don't operate in a vacuum. They are part of the societies from which they draw their employees, to which they sell their products and under whose laws they compete. The crisis exposed those companies that approach shareholder value as a trade-off against the interests of a wider group of stakeholders, and those which recognise that long term, sustainable shareholder returns depend on strong stakeholder relationships.

As this focus on sustainability continues, we are shifting from "telling" our clients about our approach to "showing" them the evidence of what we have been doing. We use this report to demonstrate some of the main actions we have been taking. For those of us working in sustainable investment, it has been impossible to avoid the intensity of regulatory focus on our industry. That focus is most intense in the EU, but similar pressures are building globally. While we can – and do – question many of the details, the principles of consistency and transparency underpinning those regulatory efforts are accelerating a welcome shift toward sustainability. Rhetoric and ambition will continue to give way to action and evidence.

OUR JOURNEY

Today, our investment teams are fully integrating ESG factors into their decision-making. This fulfils our intention announced in November 2019. Emerging and intensifying social and environmental pressures are reshaping leadership across industries. Managing those disruptions requires a new lens for investment decisions. Companies' social and environmental impacts are integral to that understanding of risk, combined with the insights our investment teams bring regarding companies' management of those risks and opportunities. Understanding those economic impacts is therefore increasingly vital to effective investment decisions in order to deliver long-term performance for our clients.

Our integration section in this report includes a number of case studies that show how we have embedded ESG considerations across our investment teams. These will give you a better idea about what “full ESG integration” means in practice.

MEASURING IMPACT

It's no longer enough to just talk about impact, we have to measure and quantify that impact. This requires moving from a two-dimensional view of investing, trading off risk and return grounded in historical measures, to a three dimensional view – Asset Management 3.0 – which brings impact into that equation.

We do this with impactIQ, our set of award-winning tools that measure the impact companies have on society and the environment. These tools help our investment teams quantify the sustainability risks and impacts of assets we invest in, and help our clients to apply a similar lens to the portfolios we manage for them. They enrich our research process and enable our analysts and fund managers to ask questions of how a company is managing its business, the impact it has on society and stakeholders or how they contribute to sustainable themes.

SustainEx™, which we launched in 2019, is at the heart of how we measure impact. It puts an economic value on the impact that companies have on society. This allows us to assess the potential financial consequences the impact will have on their profitability.

But it's not only companies that create costs and benefits for society. Governments and countries do too. For this reason, we are extending SustainEx™ to incorporate impacts at a sovereign level. We go into more detail in our sustainability insights section.

20 YEARS OF ACTIVE OWNERSHIP

Our commitment to active ownership is integral to our investment principles. This means using the influence we have over the companies in which we invest to push them to prepare for the mounting changes in their industries. The pressure we can apply to the companies we own is as important a driver of sustainable investment returns as the companies we choose to invest in.

We recorded our first engagement in 2000. Since then, the industry backdrop and our approach to active ownership have changed markedly, as you'll see on page 26 where we take a look back over our active ownership journey.

As we all hope for a 2021 that's better than 2020, we look forward to continuing to lead the way toward a more sustainable investment future.





INTRODUCTION

2020 sustainability milestones

EXTERNAL RECOGNITION

A+

UN Principles for Responsible Investment rating for 6th consecutive year

A-

Carbon Disclosure Project rating



"Advanced ESG commitment level" awarded by Morningstar

1st

Cazenove Capital wins gold at the ESG Investing Olympics

100%

Green stars awarded for 100% of real estate funds submitted to GRESB

INVESTMENT MILESTONES

Full

ESG integration across our investments¹

£3.3bn

sustainable assets under management²

2,150+

engagements

99%

resolutions voted



Newly-appointed heads of sustainability for Europe and US



Sustainable product range spanning equity, fixed income and multi-asset

CORPORATE MILESTONES

Net Zero

Asset Managers initiative founding member



United Nations Global Compact signatory

£4.3m

raised through #CollectiveAction campaign

¹ For certain businesses acquired during the course of 2020 we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

² This captures only our sustainable fund range. Schroders also managed over £105bn in ethically screened assets as at 31 December 2020.



IMPACT/ESG MANAGER OF THE YEAR 2020



BEST INVESTOR ENGAGEMENT 2020



SUSTAINEX™ - AWARD FOR IMPACT MEASUREMENT/IMPACT REPORTING 2020





Integration in practice

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

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

At the end of 2020, we achieved our goal of becoming a fully ESG-integrated firm³. Integration will look different through the lenses of different asset classes, but we believe it is imperative to have a robust framework that allows for consistency where possible across the fundamental elements of how we assess investment opportunities. Schroders' sustainability accreditation, proprietary tools and collaborative platforms have allowed us to reach full integration in a consistent manner. While practical application may look different for, say, emerging market equity versus direct real estate, our stakeholder approach to sustainability is a clear and consistent theme that runs across our integrated strategies.

This section includes case studies to showcase how ESG factors are being considered in different parts of our business. We also reflect on our efforts to reach full integration, and what this means in practice going forward.

³ For certain businesses acquired during the course of 2020 we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.



Embedding ESG considerations: our journey so far

Schroders has a proud history of investing sustainably. Our long-term approach leads us to the belief that generating returns for our clients will be intrinsically linked to our ability to identify, measure and engage on the impacts of social and environmental change attributable to the companies in which we invest.



Stephanie Chang
Head of ESG
Integration

We launched Schroders' sustainability accreditation framework in 2017 to drive and monitor ESG integration across our investment processes. The goal was to achieve full ESG integration by the end of 2020. We have now met that target thanks to the collective efforts of our fund managers and analysts.

ESG integration means that our fund managers and analysts systematically and explicitly consider ESG factors alongside or within traditional financial analysis. It means a broader assessment of the world in which we operate: one which captures sustainability risks and opportunities in our investment decision-making.

HOW DOES THE ACCREDITATION PROCESS WORK IN PRACTICE?

In practice, the firm's sustainability accreditation process starts with a collaborative effort between the sustainable investment team and each of our 60+ investment teams. The goal is to map the end-to-end investment process, from idea generation to portfolio construction, to ensure sustainability risk considerations are integrated systematically and meaningfully into the relevant steps.

Our approach is holistic – we integrate ESG factors into established investment processes rather than create separate processes which run the risk of becoming an afterthought or a box-ticking exercise. It is also robust; teams articulate and demonstrate how relevant issues are identified, investments are examined, portfolio decisions are influenced and how they monitor and manage emerging sustainability risks.

The sustainable investment team provides specialist ESG thematic research, proprietary tools, and implementation support. Once the integrated approach has been agreed and implemented, a formal accreditation submission is made by the investment team and assessed by the sustainable investment team. This describes how ESG factors are incorporated into the team's investment philosophy and what it means in practice. Case studies must be provided to evidence that ESG integration is systematic and robust.

The accreditation of an investment team is agreed with senior members of the sustainable investment team. On an annual basis, accreditations are reviewed and refreshed. Over time, investment teams are expected to have deepened levels of ESG integration to ensure that we continue to evolve our approach and lead on best practices.

WHAT HAVE WE LEARNED ALONG THE WAY?

Ensuring that our 60+ investment teams, each with their own investment philosophy and approach, integrate ESG consistently across the firm has been a hugely rewarding journey for us as investors and we believe benefited our clients.

As active investors, ESG integration has been crucial in helping us differentiate ourselves in the search for superior investment performance. The lack of widespread ESG data availability and consistency means that our proprietary ESG research and tools position us strongly to systematically identify and understand material information about the assets in which we invest. At the same time, we can enable each investment team to customise its use of such research and tools.

Our proprietary tool CONTEXT has been fundamental in supporting consistent analysis across a large number of our investment teams. CONTEXT provides a structured approach to analysing a company's relationships across a wide range of stakeholders, such as communities, customers, employees, the environment, suppliers and regulators and governments.

For certain businesses acquired during the course of 2020 we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

Similarly, SustainEx™ has played an important role in measuring the social and environmental impact of the companies in which we invest and assessing our clients' portfolio level outcomes through that lens with a view to ensuring consistency of those outcomes. SustainEx™ measures the positive and negative impacts that a company may create on the environment and society, quantifying that impact in dollar terms.

For more information on our proprietary tools please visit our [website](#).

WHERE DO WE GO FROM HERE?

The "minimum bar" for ESG integration is being raised beyond simply understanding sustainability risk and opportunities. With an increasing focus on the impact of our investments, we believe that being able to measure that impact and the outcomes of our investment activity will only become more important to performance over time.

We are broadening our strong active ownership approach across our investment teams. Our fund managers and analysts are increasingly leading

on ESG engagements. With over 20 years of engagement, voting activity and related outcomes recorded by our sustainable investment team, we have enhanced our digital architecture to support our fund managers and analysts in recording their own engagements and tracking progress. Our role in facilitating change at the companies in which we invest represents a significant opportunity to create and secure the returns we seek for our clients as active investors. It is also a critical aspect of meeting our responsibilities as stewards of our clients' capital. With over 200 engagements logged by our fund managers and analysts in the second half of 2020 we are pleased with the initial roll out of this project.

The measurement, monitoring and reporting of ESG factors and outcomes at the portfolio level has gained traction. We have developed impactIQ, a set of tools combining a range of proprietary technologies driven by traditional and non-traditional data. These tools help our fund managers and analysts quantify the sustainability risks and impacts of assets in which we seek to invest. They enrich our research process and enable our fund managers and analysts to ask questions of how a company is managing its business, the impact this has on society and stakeholders or how they may be contributing to sustainable themes.

FIGURE 1: OUR IMPACTIQ TOOLS

 Measuring social impact <i>Measured using...</i>	 Contributing to key themes <i>Aligning to sustainability preferences using...</i>
 SustainEx Measuring impacts on the environment and society	 ThemEx Measuring companies' contribution to the SDGs

 Carbon VaR Calculating the impact of rising carbon prices on profits	 Climate alignment Measuring alignment to the temperature commitments of the Paris Agreement
 Physical risk Evaluating the costs of damage caused by climate change	

Source: Schroders. Climate-focused tools are highlighted in green.

CONCLUSION

Over the last few years, the concept of explicitly integrating ESG factors into our investment analysis and decision-making has been embraced by our fund managers and analysts. Now our investment teams have been through our accreditation process at least once, we believe that this leaves us in a much stronger position to generate risk-adjusted returns for our clients. We must, of course, keep evolving as client and regulatory expectations keep raising the bar.

Our focus increasingly turns to understanding, measuring and reporting on the impact of our investments and the associated risks and opportunities.



Equities

Global emerging market equities team

In the emerging market equities team, we use a combination of top-down country and bottom-up stock analysis in our investment process. ESG considerations are integrated at all stages.

In their bottom-up research, analysts complete a mandatory written ESG review for each company they cover. Reviews may result in adjustments to the cost of capital, provisions or cash flows. Where an explicit adjustment is not possible, ESG concerns will be reflected in a discount/premium applied to the initial fair value estimate. Significant ESG concerns will also affect the analyst's conviction in their recommendation.

"Engagement is a natural part of our investment process. We engage with companies to seek improvement in ESG performance and processes; to monitor developments in ESG practices, business strategy, and financial performance; and to enhance our analysis of risks and opportunities."

Schroders' sustainable investment team supports the investment team in this area.

The portfolio managers formally review portfolio-level ESG characteristics at a monthly sustainability risk meeting. This review includes two proprietary measures of sustainability risk, Carbon VaR and SustainEx™, as well as MSCI and Sustainalytics scores.

CASE STUDY: SELLING NORILSK NICKEL ON ESG CONCERN

Schroders' data insights unit (DIU) supports the emerging market equities team with ESG analysis on a project basis. For instance, geospatial and meteorological analysis by the DIU helped the investment team gain a better understanding of Russian assets in the Arctic circle and their vulnerability to climate change.

In May 2020, an ageing fuel tank at one of Norilsk Nickel's power plants in the Arctic circle collapsed, leaking 21,000 tons of diesel fuel into two Siberian rivers. The government declared a state of emergency and ordered an investigation.

In early July, the national environmental watchdog imposed a record \$2.1 billion fine on the company. The analyst had previously applied an additional 2% cost of equity to his valuation model to account for the elevated environmental and governance risks at the company. He now includes the additional cost of the \$2.1 billion fine in the valuation, and has raised the cost of equity premium to 2.5%.

We held a small position in Norilsk in our core emerging market portfolios, which we sold in early June on learning of the diesel spill. The fund manager decided to sell the stock given the increased ESG concerns.

[Read more about our permafrost analysis and engagement in our Q4 report 2020](#)

Companies mentioned herein are for informational purposes only and are not a recommendation to buy or sell any security.



INTEGRATION IN PRACTICE

Fixed income

US municipal bonds team

"On the US municipal bonds team, we combine top-down macroeconomic views, traditional fundamental bottom-up credit research, cross-sector thematic investigations, and ESG analysis in our investment process."

Municipal bonds are debt securities issued by local authorities, most commonly found in the US. Funds raised from the bonds are used to fund projects, like building schools, updating water and sewer systems, expanding hospitals, and maintaining roads. Different municipalities across the diverse US are facing very different threats, are responding in different ways and are in different positions as a result. Understanding those positions is vital to gauge the long term financial health of those borrowers.

In response, we created our proprietary Municipal US Sustainability Explorer (MUSE) in collaboration with Schroders' data insights unit (DIU) and sustainable investment team. The tool gives analysts access to dozens of data points spanning ESG factors and allows them to assign an overall sustainability score to over 3,000 counties in the US. Analysts assign a two-part ESG score to the municipalities they cover, including a current quality score and a directional score.

We believe merging fundamental research and ESG factors provides greater insight, higher conviction, and a longer-term perspective on an issuer's sustainability risk.

For more information on MUSE, see p.50 of [our 2019 annual Sustainable Investment Report](#).

CASE STUDY: MUSE IN ACTION

With growing evidence of the importance of ESG factors to credit stability and performance, MUSE works to mitigate potential threats and generate alpha for investors.

California's 2020 wildfire season was another record setter, with 9,639 fires burning almost 4.4 million acres – an astounding 4% of the state's land. Using MUSE, we can determine the potential future risk of drought or wildfire in a particular area. Where MUSE identified higher wildfire risk in our California holdings, we found a low probability of a single event causing significant risk as they had large and diverse enough tax bases. The ability to weave environmental factors into our analysis helps us determine if we are being appropriately compensated for taking on any additional risk to the portfolio. When assessing future potential investments in California, we are vigilant over the size and diversity of their tax base.



INTEGRATION IN PRACTICE

Multi-asset

Multi-asset team (ex-Australia)

We integrate ESG across asset class research, asset allocation, portfolio construction and ongoing monitoring. Sustainability forms one of the four key pillars that underpin our philosophy in generating excess returns and/or mitigating risk (known as "risk premia"):

- Valuations are key – Valuations of asset classes matter just as much as individual stocks
- Path of returns matters – The macroeconomic environment needs to be taken into account
- Risk is multi-faceted – Risk requires quantitative techniques with forward-looking scenario analysis
- Sustainability – Through analysis of ESG factors we can improve investment decisions

The diagram below illustrates how ESG is embedded from both a top-down and bottom-up perspective throughout our investment process.

Proprietary tools such as CONTEXT and SustainEx™ are embedded within research and asset allocation, to understand implications for risk premia across asset classes and to flag sustainability risks.

CLIMATE RISK

Each year, Schroders' economics and multi-asset teams join forces to produce 30-year return forecasts for a range of asset classes around the world. Until now, these forecasts have been agnostic on the subject of climate change; there have been no adjustments for the costs associated with global warming. In 2020, for the first time, we incorporated the impact of climate change on our 30-year return forecasts. We use these asset class return forecasts adjusted for climate change in our construction process through our proprietary tool, Schroders Multi Asset Risk Technology (SMART). SMART offers portfolio managers a flexible approach to modelling and optimising multi-asset portfolios.

MEASUREMENT

We developed the concept of a sustainability budget, measuring the percentage of the capital allocation in the portfolio which integrates ESG factors or is managed with a sustainable approach⁴. The trade-offs involved in establishing a sustainability budget revolve around removing or reducing asset classes and company components that are not deemed sustainable from the universe available for investment. It provides the investment team with a flexible tool to monitor and measure the sustainability of the portfolio, while permitting other assets that are useful for diversification, tactical asset allocation and risk reduction.

FIGURE 2: ESG IS EMBEDDED FROM BOTH A TOP-DOWN AND BOTTOM-UP PERSPECTIVE THROUGHOUT OUR INVESTMENT PROCESS



Source: Schroders. For illustrative purposes only.

4 The full paper "Introducing a sustainability budget to asset allocation decision" is available on the UN PRI website.



Manager selection

Cazenove Capital

Cazenove Capital – Schroders' wealth management arm – and the third-party fund selectors within Schroders asset management teamed up to assess the sustainable investment practices of investment managers responsible for over £40 trillion of assets.

To help us and our clients assess whether managers are doing what they say, we have developed a comprehensive annual ESG manager questionnaire. This year's questionnaire was sent out to 180 investment managers. These are managers that we have chosen to invest with on behalf of our clients⁵.

The questionnaire covers 50 questions across four pillars as illustrated in Figure 3.

Responses are analysed and managers receive a score from 1 to 5. Those scoring a 5 are considered "leaders" in sustainable investment. Those scoring a 3 or 4 are categorised as "acceptable" while those that score a 1 or 2 are deemed "laggards".

The results of the 2020 ESG manager questionnaire showed that over two thirds of our managers met or exceeded our expectations. We continue to focus on improving the 32% of managers that fell short, and many of our engagements have resulted in us applying

a 'positive momentum indicator' to these managers which is encouraging.

Our biggest takeaway from the 2020 questionnaire results, was that many of our managers do well on the 'Credentials' and 'Capabilities' pillars – for example having joined the UN Principles for Responsible Investment (UNPRI) and other industry initiatives, and having built out resource and implemented robust ESG policies.

However, many fell short on 'Culture' and 'Stewardship', which are both vital and difficult to examine through existing public surveys and questionnaires. Over 50% of managers had no incentives for senior management linked to ESG targets; 57% had boards with less than a third of seats held by women; and disappointingly only 40% of managers had a climate action or carbon emissions policy in place. This suggests that despite three-quarters of our managers being signatories to the UNPRI, and having significant ESG resources, the extent to which ESG influences company culture is still limited.

Our aim this year will be to raise standards across the board and to put more emphasis on outcomes rather than processes to ensure that managers are focusing on the impact of their investments, as well as identifying the risks.

FIGURE 3: OUR FOUR PILLARS



Source: Cazenove Capital.

CASE STUDY: MAKING A NET ZERO COMMITMENT

As significant investors in third-party funds, our teams committed to work in partnership with our underlying asset managers on decarbonisation goals consistent with an ambition to reach net zero emissions by 2050 or sooner, engaging with them on these goals at both a corporate level and with the individual managers of the strategies we hold. To this end, we contacted all 180 of our managers at the end of 2020 to ask if they have or intended to make a net zero commitment. Over 50% have now responded – of those, 14% have made a commitment, 10% intend to make one before COP26, and 62% are considering one, whilst only 14% have not considered one yet. These initial findings are encouraging and we will continue to use our influence to push for change.

⁵ Schroders has implemented appropriate Chinese walls to ensure the safety of the data of these managers.

FIGURE 4: SUSTAINABILITY IS INTEGRAL TO OUR INVESTMENT PROCESS THROUGHOUT AN ASSET'S LIFECYCLE



Source: Schroders.



Real estate

Direct real estate team

"We believe it is our responsibility as real estate investors to understand the environmental, social and economic impacts of our investments in order to deliver resilient, long-term returns and manage exposure to material risks."

Our Real Estate with Impact approach is founded on four pillars of impact which we use to consider impacts for funds and assets. Our pillars of impact – People, Planet, Place and Prosperity – are referenced to the UN Sustainable Development Goals as illustrated in Figure 4. These pillars recognise the contribution of the built environment and our responsibilities as real estate investors to society, the environment and economies.

We consider sustainability from due diligence for new portfolio acquisitions through asset management and to sale. All aspects of a building are considered and together inform investment decisions and management of sustainability risk and opportunities.

Our approach is to understand, and where feasible, improve the sustainability credentials of all assets. The following paragraphs outline our progress and activity throughout 2020.

E - NET ZERO CARBON PATHWAY:

We have been seeking to reduce energy with targets on a country basis for some time. In December 2020 we published our net zero carbon pathway for our assets and portfolios. Our current energy and carbon targets expire in March 2021, enabling us to set new targets in the context of net zero during 2021. Our net zero carbon pathway is available on our [website](#).

S - IMPACT MEASUREMENT:

We have developed an impact measurement framework to assess social as well as environmental impacts we have across our portfolios. This framework acts as a baseline for our impact contributions across funds in Q1 2020. We will run the assessment with an evolved set of metrics in Q1 2021 to evaluate our progress.

G - INVESTOR REPORTING:

We provide investors with annual sustainability reports for our funds, setting out strategy, actions, progress against targets and environmental performance data. This year's reports set out our actions to integrate the recommendations of the Task Force on Climate-Related Financial Disclosures. The format of our annual fund reports are aligned to real estate industry sustainability reporting standards, and the quality of our reporting is recognised by our achievement of a Gold Award Best Practice Sustainability Reporting for one of our listed trusts for the past three years from the European Public Real Estate Association.

We also participate in the Global Real Estate Sustainability Benchmark "GRESB" which is the global standard for assessing the ESG performance of real estate funds and companies. We have participated in GRESB since 2011 and achieved Green Stars for all funds submitted to GRESB in 2020.





Private assets

Schroder Aida – infrastructure equity

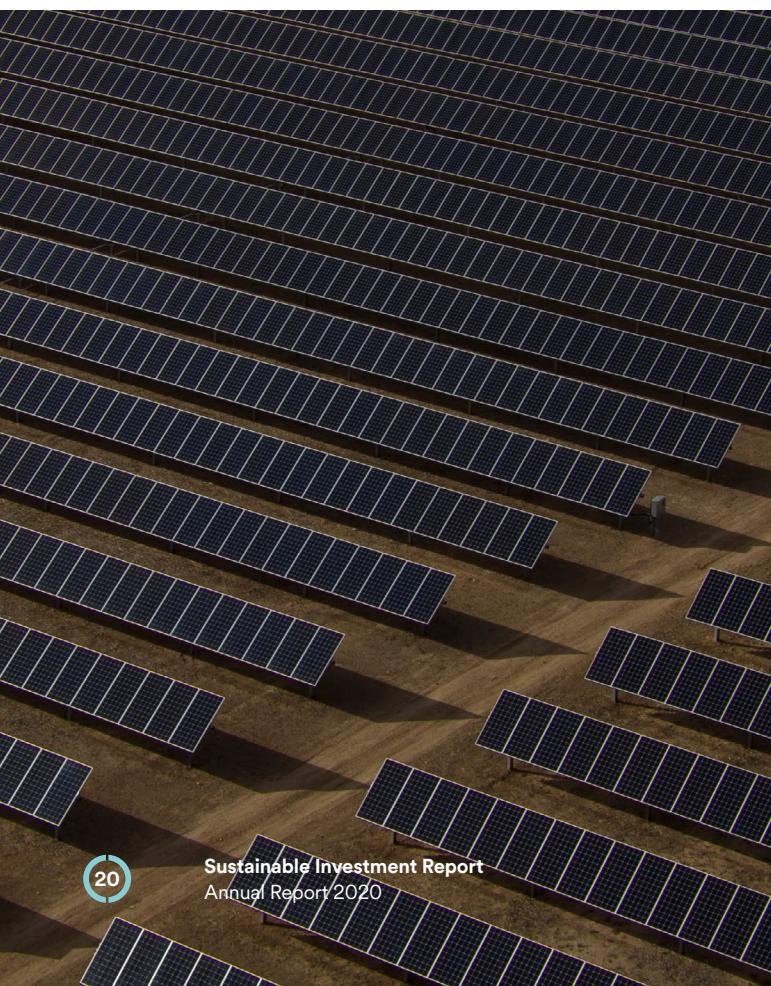
The infrastructure equity business's investment strategy centres on investing in companies that own and / or operate infrastructure assets and activities. As a long-term investor, ESG analysis is fundamental to the investments we make.

Our mission is to invest in infrastructure which is a core part of local communities and essential for the growth and development of the region. Our investment philosophy and approach must confirm that the asset is essential to the community, capital intensive, has a long economic life, is often a natural or regulated monopoly and has low obsolescence/technology risk.

Our mission statement is "essential infrastructure, sustainable performance". We are currently focused on three key trends that contribute to a sustainable future:

- Accelerating the ecological and energy transition
- Developing the digital economy through the deployment of new equipment and technology
- Investing in mobility solutions to prepare for the city of tomorrow

For each opportunity, we analyse the potential sustainability risks and opportunities associated with the asset and underlying activities.



Sustainable Investment Report
Annual Report 2020

We use Schroders' proprietary tool CONTEXT when a new investment is considered to determine key ESG trends in the relevant sector and guide our analysis of sustainability risk, ensuring we are asking the right questions.

Then, a proprietary tool that Schroder AIDA has developed with Deloitte, gives an ESG ranking based on the impact and sustainability risk of the investment. The tool considers the asset's contribution to the Sustainable Development Goals and to the three key trends described above.

Final investment recommendations to the Investment Committee are accompanied by detailed research notes, which include a mandatory section on sustainability.

This sustainability section includes an environmental analysis, a social analysis and a governance analysis.

Our environmental analysis looks at the likelihood and impact of sustainability risks (such as climate related risks).

Social analysis focuses on factors such as the company's health and safety policy, and the social climate of the company – how its operations may impact civil and local community regulations and whether there is support for the activities of the company.

Our governance analysis includes the assessment of factors such as presence and efficiency of risk, audit, and HR committees; political instability; and consensus on regulation.

We also regularly monitor the ESG performance of our investments, tracking them against indicators bespoke to each project.

CASE STUDY: ESG MONITORING IN PRACTICE

We collaborated with the management of a logistics company for strategic commodities and agreed to measure their progress against workdays lost due to accidents in the year, how much hazardous waste they are producing and the level of emissions of certain organic chemicals at their operating sites. These relate to the context of the operations and focus on areas that are both material and relevant for the company and where there is room for improvement.



INTEGRATION IN PRACTICE

Commodities

Commodities team

The commodities team aim to provide investors with focused, actively managed exposure to commodities, primarily delivered via exposure to listed commodity derivatives.

The team uses fundamental analysis to identify investment opportunities, which in turn is supported by quantitative, technical and sentiment analysis. Commodities are also appraised for ESG factors during both the fundamental and quantitative stages of the process. Our ESG commodities analysis presently covers all commodities that are part of our investment universe.

THE TYPE OF ESG FACTORS WE EXAMINE

ESG factors pertain to the sustainability of commodity projects, crop growth, mining conditions, use of water and carbon intensity, among others. All these factors have an influence on global supply-demand balances; therefore, it is essential to integrate such ESG analysis into the investment process, in order to correctly identify both risks and opportunities to single commodities as well as the broader commodity sectors.

IMPACT SCORING

The team approaches ESG analysis from a fundamental perspective. Each commodity will be assigned an ESG score reflecting the extent to which ESG factors will impact supply and demand.

The score comprises quantitative and qualitative influences. The quantitative component is assigned a score derived from Schroders' proprietary sustainable

investment tool, Country CONTEXT, which helps identify ESG factors most relevant to commodity investments.

The qualitative component looks at both supply and demand. A supply score is assigned based on how commodities are produced and the extent to which the production process entails social or environmental impacts which could undermine supply going forward (for example, potential environmental impacts in Indonesian nickel mining).

A demand score is assigned reflecting the team's long-term demand outlook for each commodity from an ESG standpoint. We look at how commodities are used and the degree to which those markets are driven by environmental or social trends like climate change, political instability, and changing demographics as potential risks to supply-demand going forward.

Bringing these components together an overall ESG score is assigned to each commodity. For example, the total ESG score for nickel is 18.25, driven by both a high supply score, as a large proportion of supply is not considered sustainable, and a high demand score, driven by high nickel usage in the energy transition.

ESG factors impact the size of portfolio holdings via an investment scorecard which summarises the team's investment process through different pillars of analysis: fundamentals, quant, charts, sentiment and ESG. The ESG scores reflect the impact of ESG factors for each commodity/sector in the long-term.





Active ownership

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

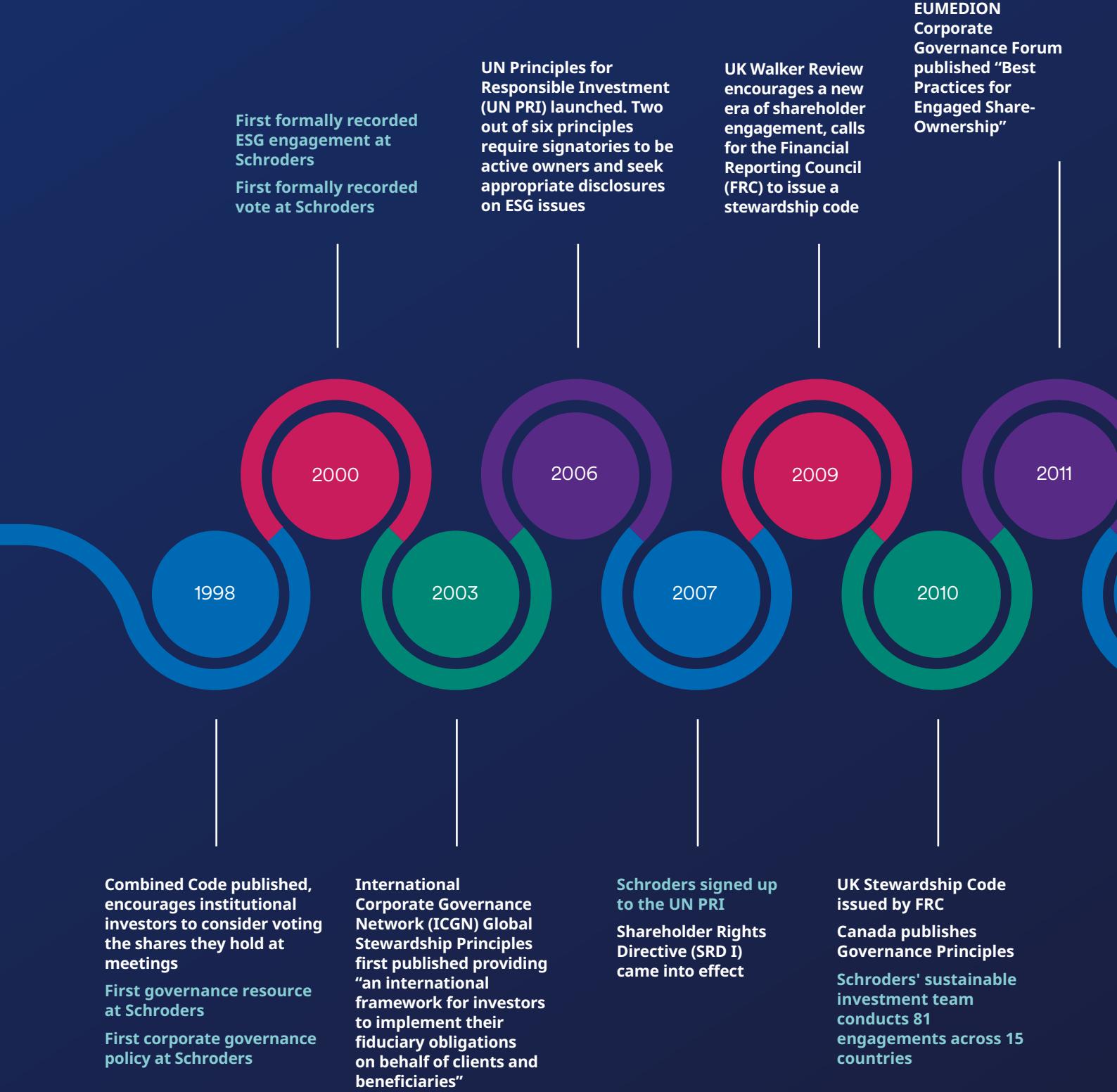
Effective and responsible active ownership has long been part of Schroders’ approach. We believe we have certain responsibilities as investors and as guardians of our clients’ assets. That’s why we seek to actively influence corporate behaviour to ensure the assets we invest in are managed in a sustainable way. This means not just looking at what our investments are doing, but how they’re run day-to-day. This helps us better protect and enhance the value of our clients’ investments.

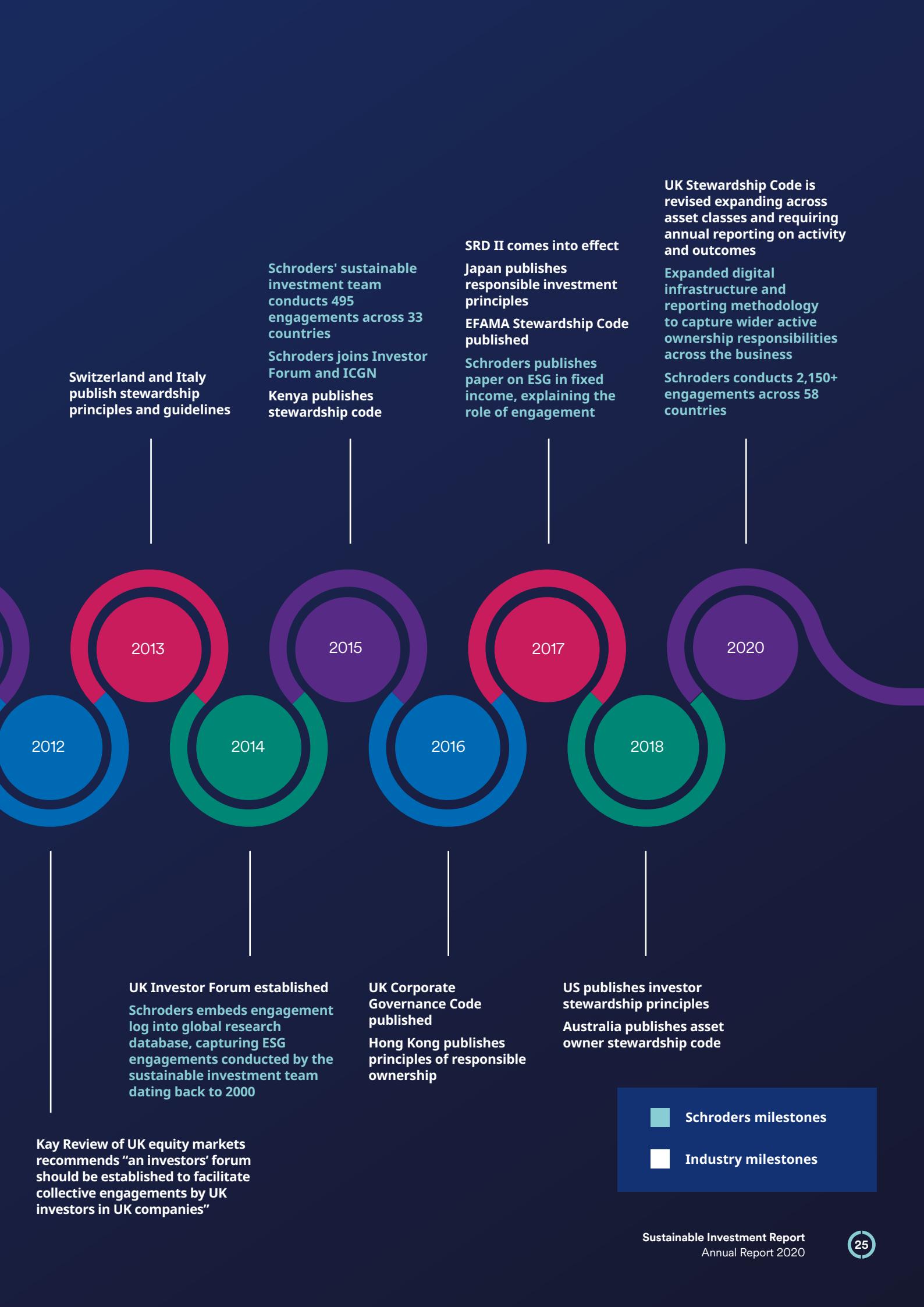
Companies are at the centre of our framework and we monitor their abilities to navigate stakeholder relationships. Schroders firmly believes companies that are well governed, operate transparently, responsibly and sustainably will support the long-term health of the company and increase stakeholder value.

The overriding principle governing our approach to voting is to act in line with our fiduciary responsibilities in what we deem to be the interests of our clients. We aim to support company management of investee companies; however, we will oppose management if we believe that it is in the best interests of our clients.

This section details our approach to corporate engagement on ESG-specific issues and our proxy voting activity.

Timeline of key events over 20+ years







The evolution of Schroders' approach to active ownership



Elly Irving
Head of Engagement



Daniel Veazey
Head of Corporate Governance

Meeting with investee companies has been a feature of our investment processes for decades. For us, it's the best way to get to know a company inside-out and form a high-conviction view on its prospects as an investment.

Influencing company practices and ensuring stakeholders are duly considered is what we call active ownership.

THREE ELEMENTS TO ACTIVE OWNERSHIP

Active ownership can be described in three ways: dialogue, engagement and voting. Schroders has been tracking voting and engagements since 2000, and this 20-year milestone offers an opportunity to look back on what we have learnt over the last two decades.

THE EARLY DAYS: A NARROW FOCUS ON UK COMPANIES AND DISCLOSURE-RELATED ENGAGEMENTS

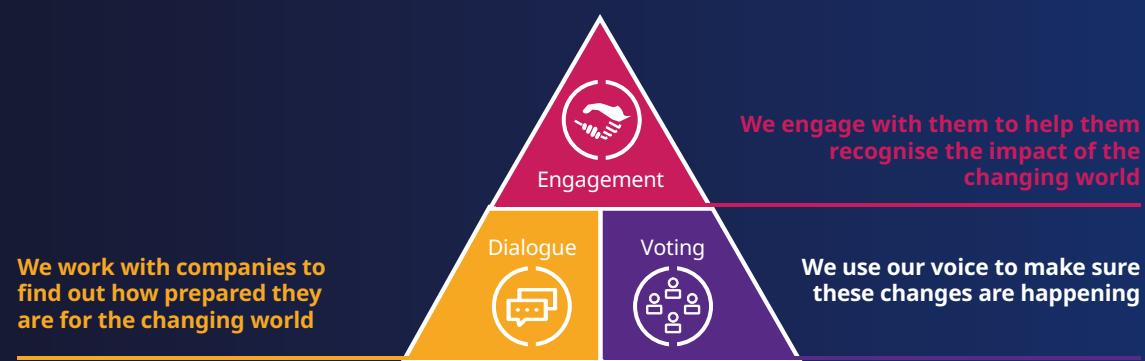
In 2000, our focus was on our largest holdings, where we believed we could have the greatest impact. We created a voting universe of companies in the FTSE 350 (excluding investment trusts, index or tracker funds), any company outside the FTSE 350 in which we were a major shareholder (defined as a top 10 shareholder) and all extraordinary general meetings (EGMs).

That year we voted on less than 750 holdings, honing in on companies' use of capital invested and shareholder rights. We were also interested in whether a company had a policy based around management's strategic direction and leadership in place.

As for engagements, we recorded 16 ESG company discussions in 2000, solely with UK listed companies. These focused on disclosures, requesting companies to develop an environmental or social responsibility policy and consider setting carbon emissions targets. We also pushed for stronger governance practices and questioned companies' response to environmental disasters. This corporate behaviour and effective oversight has become engrained across company meetings today.

In 2004, we reassessed our voting universe and began to vote all proxies globally. We published an updated corporate governance policy that was global in nature and highlighted our areas of focus.

FIGURE 5: THE ACTIVE OWNERSHIP SPHERE



Source: Schroders. For illustrative purposes only.



THE GROWTH PHASE: A GLOBAL PERSPECTIVE AND MOVING BEYOND DISCLOSURES

With greater disclosure comes the ability to understand how companies consider stakeholders and manage the subsequent risks and opportunities. Our engagement discussions therefore became much more focused on driving change and holding companies to account.

Our solid track record of engagement and voting meant we were well prepared for the important changes ushered in just before the new decade. It was becoming increasingly important that we demonstrate how we act as interested owners thanks to the launch of the 2009 Walker Review and the subsequent introduction of the Financial Reporting Council (FRC) UK Stewardship Code.

We published our first compliance statement with the Code in 2009. In 2016, when the FRC began reviewing the quality of responses, we were delighted to be assessed as a Tier 1 signatory.

WHERE WE ARE TODAY

In the last few years, we have witnessed explosive growth in ESG awareness and active ownership. Companies and investors began allocating significant resources dedicated to sustainability, resulting in even greater disclosure, more data and a better understanding of companies' relationships with stakeholders. This combination has helped lead to better integration of sustainability factors into investment decisions.

Mirroring this explosive growth has been the expansion of Schroders' engagement strategy beyond just the sustainable investment team. Our fund managers and analysts also take the lead on engagements since they have an in-depth knowledge of the companies under their coverage. This can be done either in collaboration with, or independently of, the sustainable investment team. We have built a number of tools to help our broader team of investors identify material issues on which to engage their companies and helped develop engagement strategies for individual investment teams. We also launched a new technology platform to help

them track engagements and monitor progress.

This full sphere of our influence is reflected across a tiered structure, as you will see in the case studies featured in our quarterly reports and across the following pages. The topics we engage on span a wide range of stakeholders, with a global reach of 58 countries in 2020. Our engagements have an ever-growing focus on outcomes and how they may influence future engagement and investment decisions.

CASE STUDY: 2000 - BALFOUR BEATTY (ACHIEVED)

While we had been engaging with companies well before 2000, this is among the first engagements we formally recorded in the beginning of our journey to systematically monitor progress. Corporate responsibility (CR) was not yet mainstream; according to the Global Reporting Initiative's (GRI) reporting database, only 48 organisations globally published a report based on the GRI standards in 2000. This is in comparison to over 7,200 in 2017 alone.

The GRI no longer publish this data but by 2019, according to the Governance & Accountability Institute, 90% of the S&P 500 published a corporate social responsibility report.

Our engagement with Balfour Beatty involved communicating our environmental and social concerns associated with the Ilisu Dam project, offering guidance in drafting governance policies and commenting on draft policies (training, board level etc.). Upon reviewing the engagement in the following years, the company had amended its policies to reflect our recommendations and published its first report with targets in March 2001 and appointed a CR manager in 2002.

LOOKING AHEAD

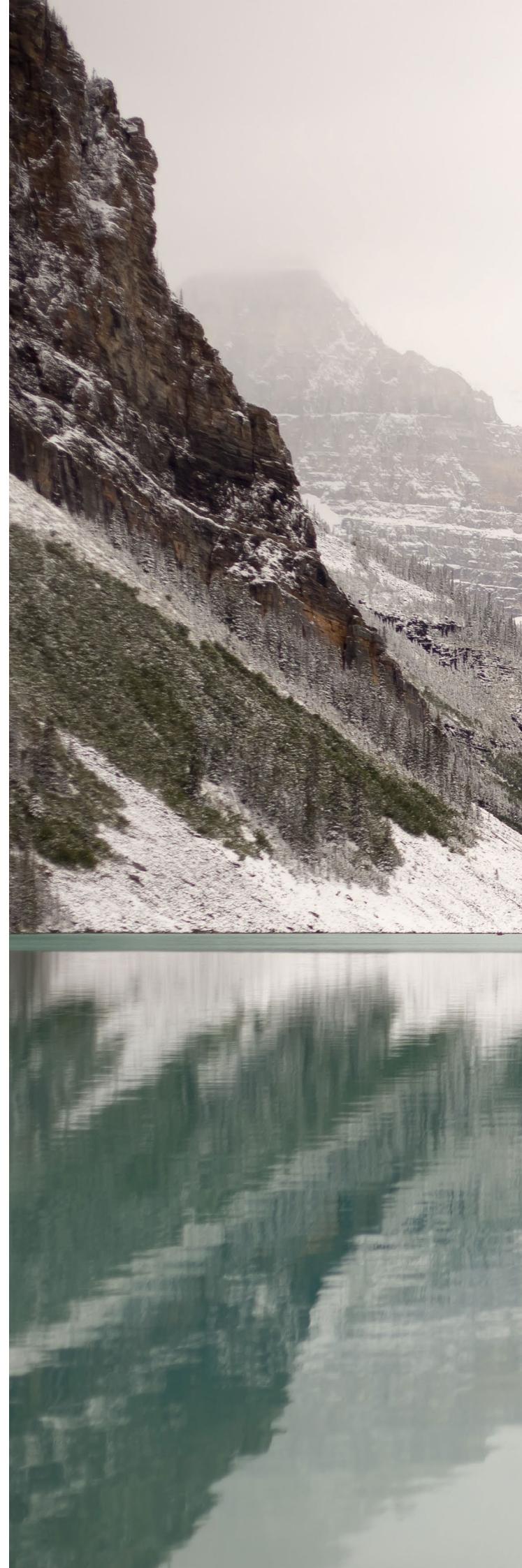
As we look forward, focusing on the long-term future of companies ensures that we hold companies accountable to best practice. How we report on this will be key to long-term success. Our continually evolving approach allows us to focus on influencing company practices with the objective of helping companies transition to a more sustainable future.

Recognising the wide range of assets we hold and the historic equity engagement bias we've had, we have extended our influence to our credit holdings. We continue to work with investment teams across the firm, including those in non-traditional asset classes, to build on their existing engagement work and strengthen our active ownership strategy across all asset classes.

CASE STUDY: 2010 – CHINA RESOURCES POWER (ACHIEVED)

At the time, China Resources Power was high risk among the global electric utility industry due to its coal exposure. Like many of its peers in the region, the company also did not publish a CR policy. With 96% of its installed capacity in coal, it was materially exposed to the Chinese government's increasing focus on reducing carbon emissions and improving the carbon efficiency of its economy. We contacted the company to discuss these points in more detail.

The company responded in 2011 and we reviewed the publicly available data again. It set an annual coal consumption reduction target of 2% a year. It stated that it would be producing its own CR report, but had not yet been forthcoming. Whilst we had some evidence of CR it was not enough for us to classify the engagement as fully achieved. We engaged further in 2012 to encourage further transparency. By 2013, the company had produced a CR report fulfilling our request which provided health and safety, water management and emissions data. At this stage, we rated this engagement as "achieved" given the significant increase in disclosure on the areas we requested.







ACTIVE OWNERSHIP

The full spectrum of active ownership

Our tiered approach to reporting

1

TIER 1:

Led by the sustainable investment team. Our 5+ year engagement and strategy with Amazon is a great example of how we may escalate in circumstances of unsatisfactory progress. Read the full story in our [Q3 report](#). For some engagements we are supported by fund managers and analysts across the business. Our case study on thawing permafrost in our [Q4 report](#) explores how the expertise of our Data Insights Unit and emerging market equities team play a key role in contributing to the success of this research and resulting engagement.

2

TIER 2:

Led by investment teams across Schroders our fund managers and analysts record and monitor their engagements in the same level of detail as the sustainable investment team. For example, climate risk poses material risk in the China property sector, but the quality and quantity of ESG disclosures are poor. In 2020, our Asian credit team developed quantitative questions focused on the most material topics – safety, green buildings, energy consumption, water consumption and alignment to China's net zero target by 2060. The results will provide a standardised dataset that will be updated regularly.

3

TIER 3:

Broader in scope, this involves communicating our expectations of companies at scale and collaborating with industry peers, recognising that there is strength in numbers. For example, as highlighted by our CEO's open letter to companies published in the Financial Times at the start of the pandemic, we encouraged companies to protect their stakeholders and provide flexibility to their employees, customer and suppliers. We closely monitored how companies were treating employees at a time of national lockdowns, remote working and disruption to daily lives.

Recognising that in the right circumstances, there may be a greater opportunity for change, we regularly engage collaboratively. In the first half of 2020, we participated in a project led by Churches, Charities and Local Authorities (CCLA) engaging FTSE 100 companies on mental health. As a member of the FTSE 100, Schroders was both a participant and a recipient of the engagement request. As a company it gave us confidence that we had strong practices in place, whilst benchmarking against peers gave us insight and an opportunity to learn from emerging best practice around how companies were managing labour practices and protecting employees' mental health during the pandemic.

4

TIER 4:

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

5

TIER 5:

Promoting sustainability at a market level through industry involvement and public policy contribution offers the widest global scope of influence. Of course, with such wide scope comes limitations in the accuracy of quantifying this influence, but by no means diminishes its importance. For example, we were part of the CDP's non-disclosure engagement campaign at the beginning of 2020. The campaign resulted in a 20% response rate, the highest in the campaign's history.

NARROW SCOPE

BROAD SCOPE





Our approach to engagement

2020 in numbers

Our tiered approach to engagement reporting allows us to capture the full sphere of our influence. In 2020, we held over 2,150 sustainability-focused engagements (tiers 1-3 in the table below), interacting with over 1,490 companies across 58 countries. Our voting activity, other company meetings where sustainability may not be the primary focus, and our efforts to help shape industry best practice, are reflected in tiers 4 & 5. Please see p. 38 for more detail on our approach to voting.

Tier	Scope	Number of engagements
1	In-depth, sustainable investment team-led engagements	233
2	Analyst/fund manager-led engagement	388
3	Collaborative engagement and communicating expectations at scale	1,535
4	Influence through actively voting on all holdings and conducting company meetings	15,300
5	Industry involvement and public policy influence	>25,000

Source: Schroders as at 31 December 2020.

FIGURE 6: COMPANY ENGAGEMENT BY REGION



Source: Schroders as at 31 December 2020.

WHY DO WE ENGAGE?

When engaging our purpose is to seek additional understanding, share our expectations or, where necessary, to seek change that will protect and enhance the value of investments for which we are responsible. The following four attributes are critical to the success of our engagement approach:

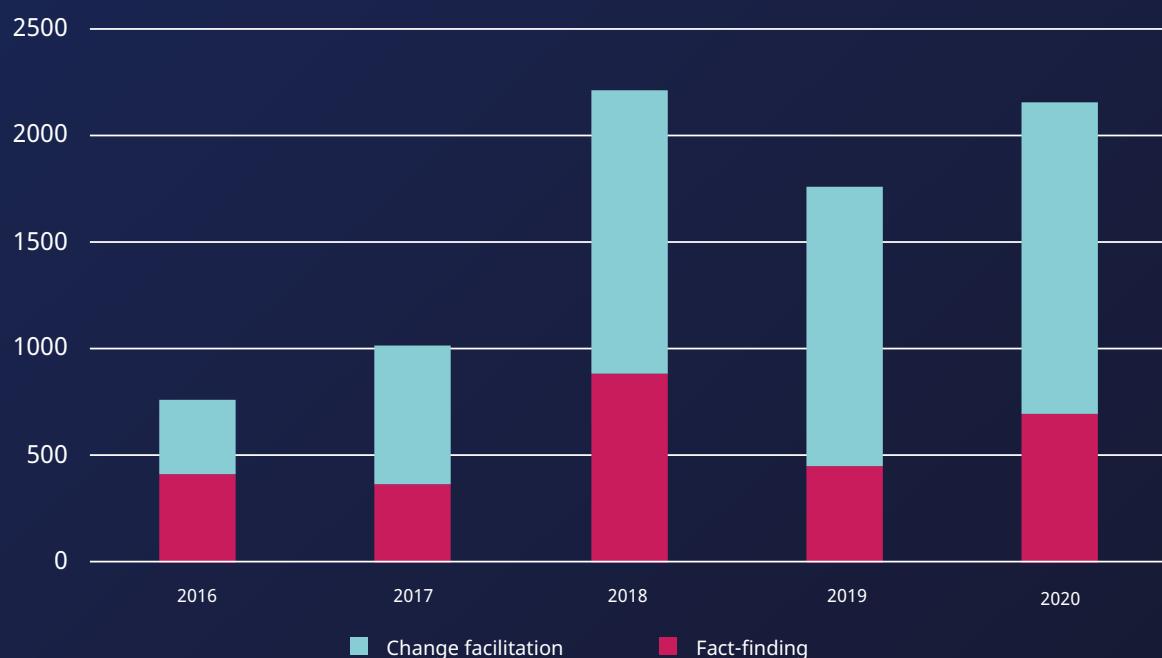
- 1. Knowledge:** We leverage the knowledge of our analysts and portfolio managers to really understand which sustainability issues matter to long-term performance.
- 2. Relationships:** We have built strong, long-standing relationships with the companies in which we invest, with our engagement history dating back to the year 2000.
- 3. Impact:** The insight gained through engagement can directly influence the investment case.

- 4. Incentive:** We have the power to reduce or even sell out of a holding if engagement is unsuccessful, or the option to avoid investing at all.

We focus on issues material to the long-term value of our investee holdings across a range of asset classes. These include a full range of stakeholder issues from employees, customers, and communities to the environment, suppliers and regulators. The governance structure and management quality that oversee these stakeholder relationships are also a key focus for our engagement discussions. These issues may be identified through our thematic research, company level investment research, stakeholder scores within our proprietary tools or responding to controversies.

We divide our engagement into two categories: fact finding and change facilitation. Figure 7 below shows how this has been split over the past five years.

FIGURE 7: ESG ENGAGEMENT OVER THE PAST FIVE YEARS



Source: Schroders as at 31 December 2020.

HOW DO WE ENGAGE?

Our engagement activities are undertaken by our portfolio managers, financial analysts and the sustainable investment team.

An engagement generally begins with a process of enhancing our understanding of the company and helping the company to understand our position on the particular position on a topic. The extent to which we expect to effect change depends on the specific situation, the amount that we own and where we sit in the capital structure.



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

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

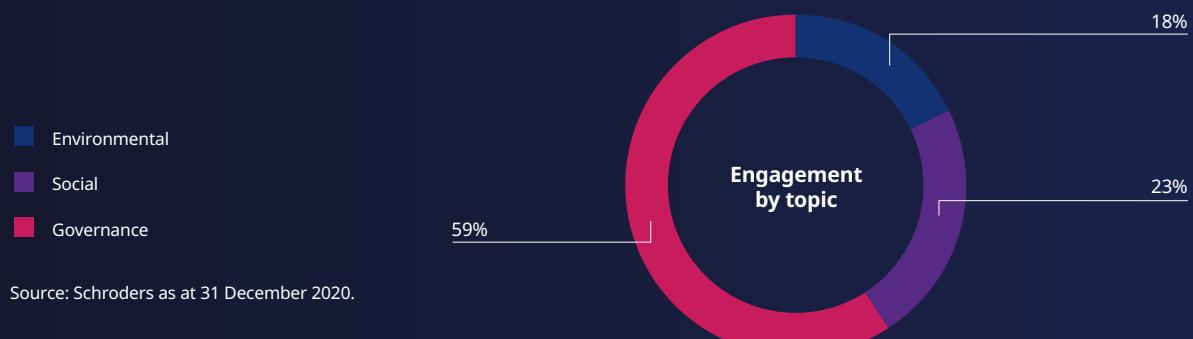
Due to the impacts of the Covid-19, many of our meetings became video calls.

FIGURE 8: COMPANY ENGAGEMENT BY TYPE IN 2020



Source: Schroders as at 31 December 2020.

FIGURE 9: COMPANY ENGAGEMENT BY TOPIC IN 2020



Source: Schroders as at 31 December 2020.

HOW DO WE PRIORITISE ENGAGEMENT?

Our engagement activities are prioritised based on several factors:

- The materiality of our exposure to the individual companies, either by the total size of assets invested on behalf of clients or by the percentage exposure to an individual asset
- Whether there have been controversies or we know about poor stakeholder relationships
- Whether the firm is considered an ESG laggard

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

WHAT ISSUES DO WE ENGAGE ON?

Our engagement activity covers numerous companies, sectors and regions across a range of issues. Figure 9 breaks down our engagements by overall topic and Figure

10 provides an indicative list of the specific issues we engaged on during 2020, with the top ten issues in blue.

During the year, we focused on a number of topics. We engaged with a large number of companies on issues highlighted in the multi-region, multi-sector thematic research produced by our Sustainable Investment analysts. Themes such as gender diversity in the workforce, modern slavery, single use plastics, and thermal coal (among other climate change issues) featured heavily in our 2020 engagement activity. We also identified key governance issues such as excessive executive remuneration and engaged with all the holdings where the issues were applicable. Using the results from our global investor studies (Figure 11) we can ensure that our engagement priorities remain aligned to the interests of our clients.

The appendix on page 60 provides a full list of the companies we engaged with in 2020.

FIGURE 10: COMPANY ENGAGEMENT BY TOPIC IN 2020

Environmental	Social	Governance
Biodiversity	Customers	Accounting practices
Climate change	Data security	Auditors
Environmental capex	Diversity	Board committees
Environmental policy/ strategy	Health and safety	Board structure
Environmental products and services	Human capital management	Business integrity
Environmental supply chain	Human rights	Corporate strategy
Forests	Labour standards	ESG governance and sustainability strategy
Green bond issuance	Product safety	Financial policy
Pollution	Social policy/ strategy	Governance oversight
SDG bond	Social products	Related party transactions
Transparency and disclosure	Supply chain management	Remuneration
Waste management	Transparency and disclosure	Shareholder rights
Water management		Succession planning
		Transparency and disclosure
		Voting

Source: Schroders as at 31 December 2020. Top 10 popular topics are highlighted in blue.

FIGURE 11: SCHRODERS INSTITUTIONAL INVESTOR STUDY 2020

Please rank in order of importance the areas that you believe it is important for investment managers and asset owners to engage on

Attention to environmental issues (e.g. climate change, emissions, use of fossil fuels)	#1
Corporate strategy	#2
Accounting quality	#3
Human rights	#4
Supply chain management	#5
Diversity	#6
Remuneration	#7
Bribery and corruption	#8
Cyber security	#9
Labour rights	#10

Source: Schroders Institutional Investor Study 2020.

HOW DO WE TRACK AND MONITOR PROGRESS?

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

WHAT ARE THE OUTCOMES OF OUR ENGAGEMENT?

We log all instances where we have requested change at companies on ESG-specific issues. We review company progress on an annual basis.

We categorise progress in five ways:

1. Achieved
2. Almost

3. Some change

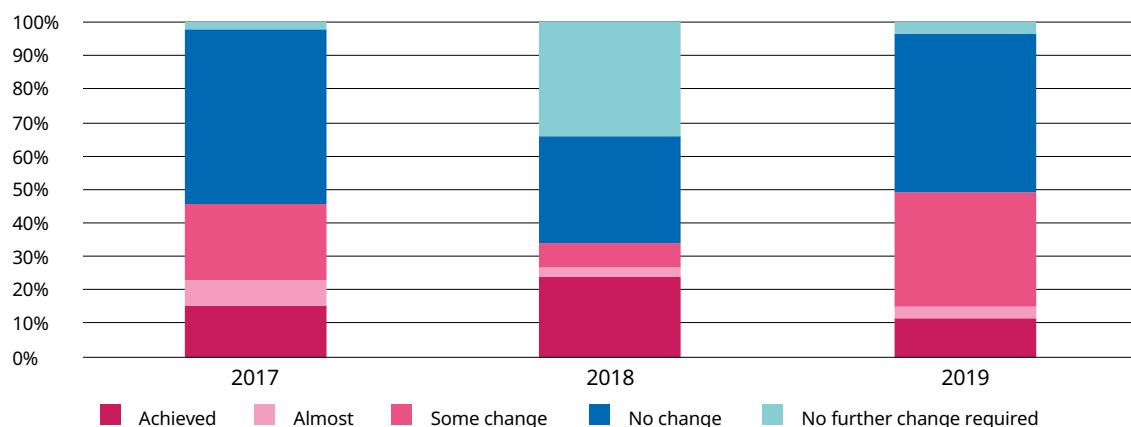
4. No change

5. No further change required⁶

We recognise that these success factors may be subjective, and that Schroders' influence may not have been the sole driving force for this change. However, we believe it is important to track companies' progress and measure the outcomes of our engagement. We review requests for change a year after they have been made, and subsequently on an ongoing basis, recognising that key strategic changes will take time to implement into a company's business process. We realise that effective engagement requires continuous monitoring and ongoing dialogue. Where we have engaged repeatedly and seen no meaningful progress, then we will escalate. This can include voting against management at a company's annual general meeting (AGM).

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

FIGURE 12: EFFECTIVENESS OF REQUESTS FOR CHANGE



Source: Schroders as at 31 December 2020.

⁶ This category is used if, for example, a company has divested the business in question, or if the company has provided a valid reason for not implementing the change requested.





Our approach to voting

WHY DO WE VOTE?

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

As outlined across the previous pages, engagement on environmental and social factors is a critical part of our process. The same is true across governance factors. We ensure that there is an ongoing dialogue, and form long-term relationships that reflect an in-depth understanding of companies. Corporate governance best practice is an evolving area and we want to encourage rather than mandate improvements. We take a proactive approach in engaging with our significant holdings to convey our reasoning and policies prior to voting at general meetings.

It is our policy to vote on all resolutions at all AGMs/EGMs globally except where there are restrictions that make it onerous or expensive to vote compared with the benefits of doing so. For example, shareblocking practice whereby restrictions are placed on the trading of shares which are to be voted upon.

Further information on our voting policy and monthly disclosure of our global voting can be found on our [website](#). This includes a short reasoning behind situations where we have voted against management, which we hope provides helpful clarity.

In 2020, we voted on approximately 99% of total resolutions, and instructed a vote against management at 36% of meetings. In total, we voted on over 6,500 meetings.

WHERE DO WE VOTE?

As a global investor, Schroders votes across all regions in which we invest. The majority of voting is conducted from our London office; however our offices in Australia, Japan, Taiwan and Indonesia make their own voting decisions. We try to ensure a consistent house view is given to companies, but in order to maintain the necessary flexibility to meet client needs, these local offices may determine a voting policy regarding the securities for which they are responsible. Japan and Australia have their own voting policy, both of which are publicly available. Figure 14 represents our regional voting activity in 2020.

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

FIGURE 13: VOTING ACTIVITY 2016-2020

Year	Meetings	Resolutions	% of resolutions voted with management	% of resolutions + abstentions against management
2020	6,518	68,992	87%	13%
2019	5,876	61,156	87%	13%
2018	5,227	56,510	86%	14%
2017	5,378	62,058	82%	18%
2016	5,168	61,114	84%	16%

Source: Schroders as at 31 December 2020.

FIGURE 14: GLOBAL VOTING

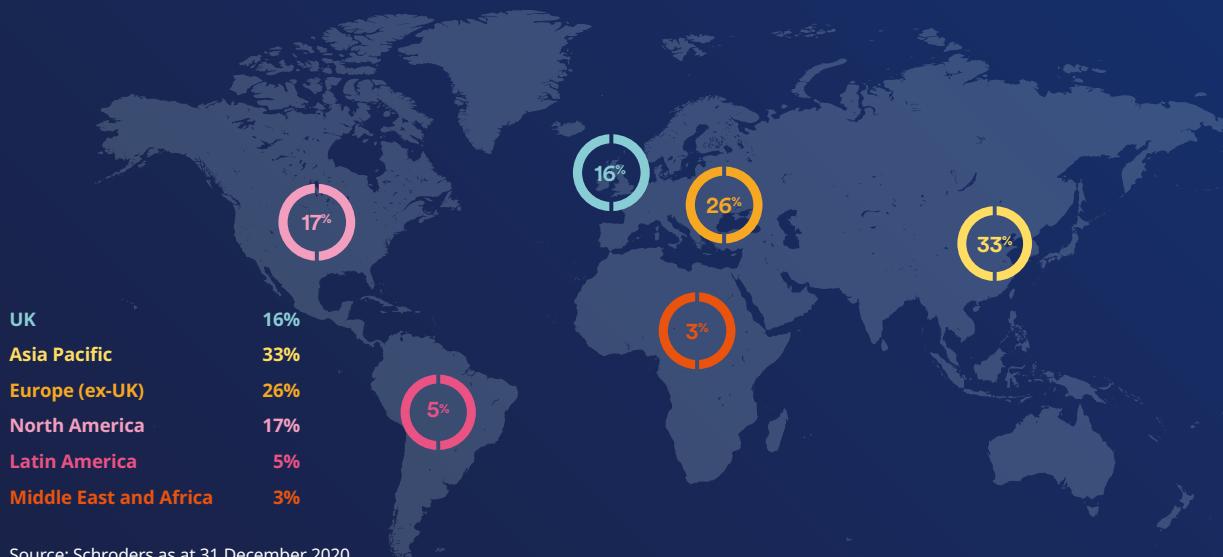
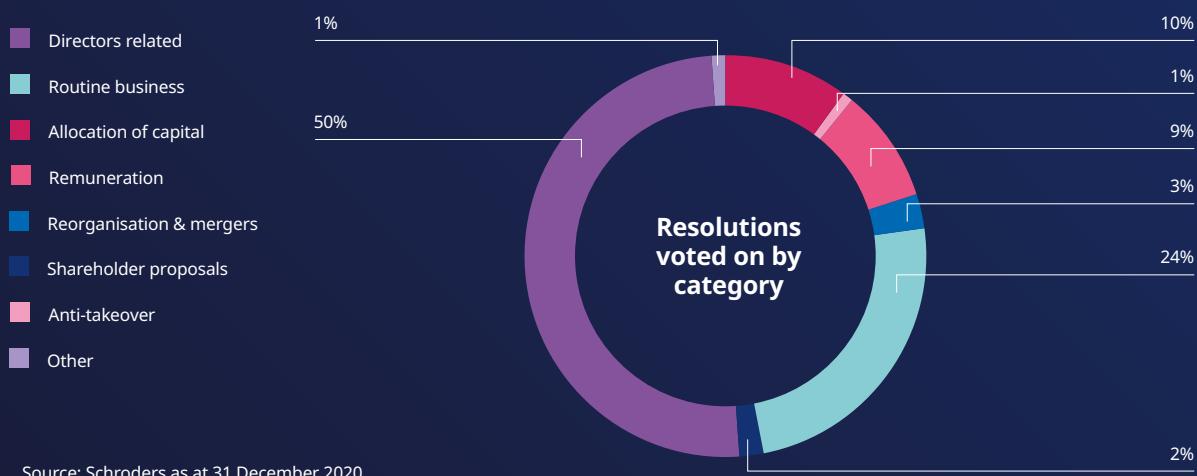


FIGURE 15: 2020 BREAKDOWN OF RESOLUTIONS VOTED ON BY CATEGORY



WHAT ISSUES DO WE VOTE ON?

Schroders will engage and vote on any issue affecting the long-term sustainable value of a company in which we are invested. Figure 15 shows the resolution breakdown of topics that we vote on. The majority are targeted around issues required by local stock exchange listing requirements (e.g. director elections, acceptance of reports and the allocation of income, approval of remuneration policies and reports). We also actively engage and vote on shareholder resolutions and have dedicated sustainable investment analysts who use their expertise to make these voting decisions.

HOW DO WE MAKE OUR VOTING DECISIONS?

Our sustainable investment team assesses both management and shareholder proposals on a case-by-case basis. This ensures we have a complete understanding of the company and its circumstances, the progress of associated engagements and local standards and regulation.

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



WHEN DO WE VOTE AGAINST COMPANY MANAGEMENT?

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

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

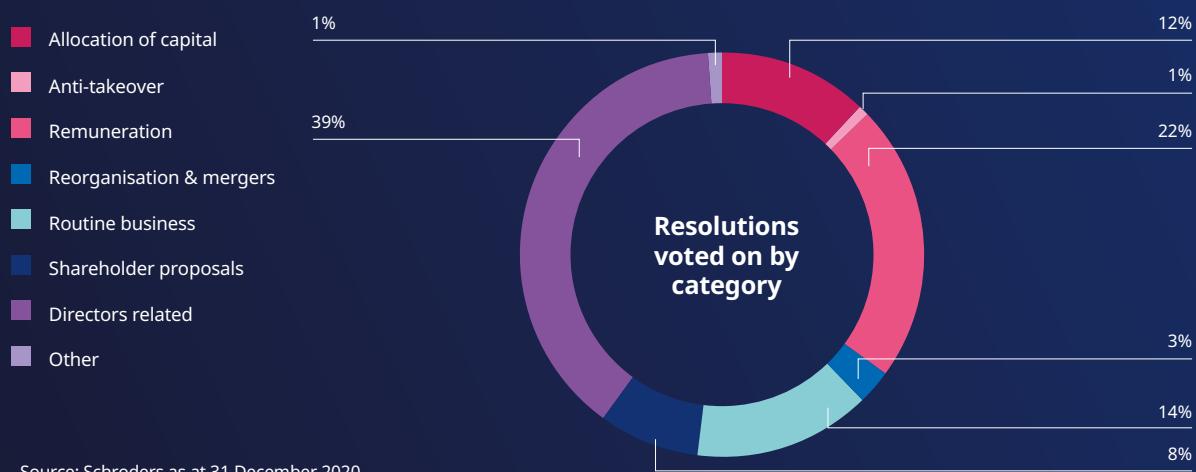
Where we plan to vote against the management of a company we have been in dialogue with, we will ensure management is made aware of our concerns and our voting intention prior to casting our vote.

For all companies where we have voted against a management recommendation we inform them of our decision, the reason behind it and invite future dialogue.

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

Reflecting the growing number of environmental and shareholder resolutions, in 2020 we introduced new policies to address such issues. For example, we will generally vote against directors at companies where we feel that climate change is a major risk and the boards cannot demonstrate publicly that they are preparing sufficiently for it. Where we consider companies' business practices may be unsustainable we regularly engage with management teams to better understand their plans, and to promote more responsible behaviour, and if we believe the action taken is not appropriate will vote against individual directors. We invite you to read the new additions to our [ESG policy](#).

FIGURE 16: 2020 BREAKDOWN OF RESOLUTIONS VOTED AGAINST MANAGEMENT BY CATEGORY





ACTIVE OWNERSHIP

Collaborative engagement

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

We review collaborative engagements on a case-by-case basis to ensure that the objectives of such engagements are aligned with our ESG policy. Below we outline some of the key collaborative initiatives we have been involved in during 2020.

BOARD SUCCESSION AND CORPORATE STRATEGY

As part of the Investor Forum, we led on an initial engagement with Pearson, reiterating to the chairman the desire to move faster in finding a new external chief executive (CEO) as investors felt that the succession timetable was too slow. After several letters were sent in collaboration with the forum, the company announced a new CEO in August 2020.

We also engaged collaboratively with Aviva. Following concerns around strategic direction and governance oversight, the original objectives of the engagement were to challenge the company to refresh their corporate strategy and to ensure an acceleration of board and chair succession. With the change of CEO following rapidly on the heels of the appointment of the new Chair in 2020, we felt it was clear that the company had fully understood the messages from investors regarding the need for change. The company statement quotes the new CEO saying, "We will look at all our strategic opportunities, and at pace."

MODERN SLAVERY

We supported the Find It, Fix It, Prevent It modern slavery initiative that targeted FTSE 350 companies that failed to comply with the UK Modern Slavery Act. The objective of the engagement was to encourage companies to make the required changes to their Modern Slavery statements. We were actively involved in refining the target list and the letter. As at 31

December 2020 the majority of companies contacted are now compliant with the Modern Slavery Act. We will continue to monitor changes and review progress against those still failing.

We also supported a global collaborative engagement to address concerns about an increase in bonded labour in the Middle East since the global pandemic started. A Covid-related migrant labour crisis, reported by various media outlets, highlighted that migrant workers have paid high recruitment fees to secure jobs in the middle east but many jobs in construction, extractives and hospitality have come to a halt during Covid-19 with no wages being paid, leaving hundreds of thousands workers stranded and unable to repay recruitment fees. This bonded labour is a form of modern slavery. Find It, Fix It, Prevent It and ethical supply chain specialist Impactt have conducted desk-based research to identify companies operating in high risk sectors who have operations in the UAE. As a result we contacted 37 companies with exposure to this risk to understand how they're supporting migrant workers.

In 2020, we became part of the Investors Against Slavery and Trafficking Asia Pacific (IAST-APAC) coalition. In the first phase of the initiative, we wrote to the 100 largest companies in Australia, encouraging them to examine broad supply chain risks of labour exploitation.

EMPLOYEE MENTAL HEALTH DURING COVID-19

Together with a number of other investors we contacted FTSE 100 companies to encourage them to put measures in place to help support employees' mental health during the Covid-19 pandemic. In particular, we asked companies to consider training for line managers, increased flexibility in both working patterns and performance appraisals, and providing support systems.

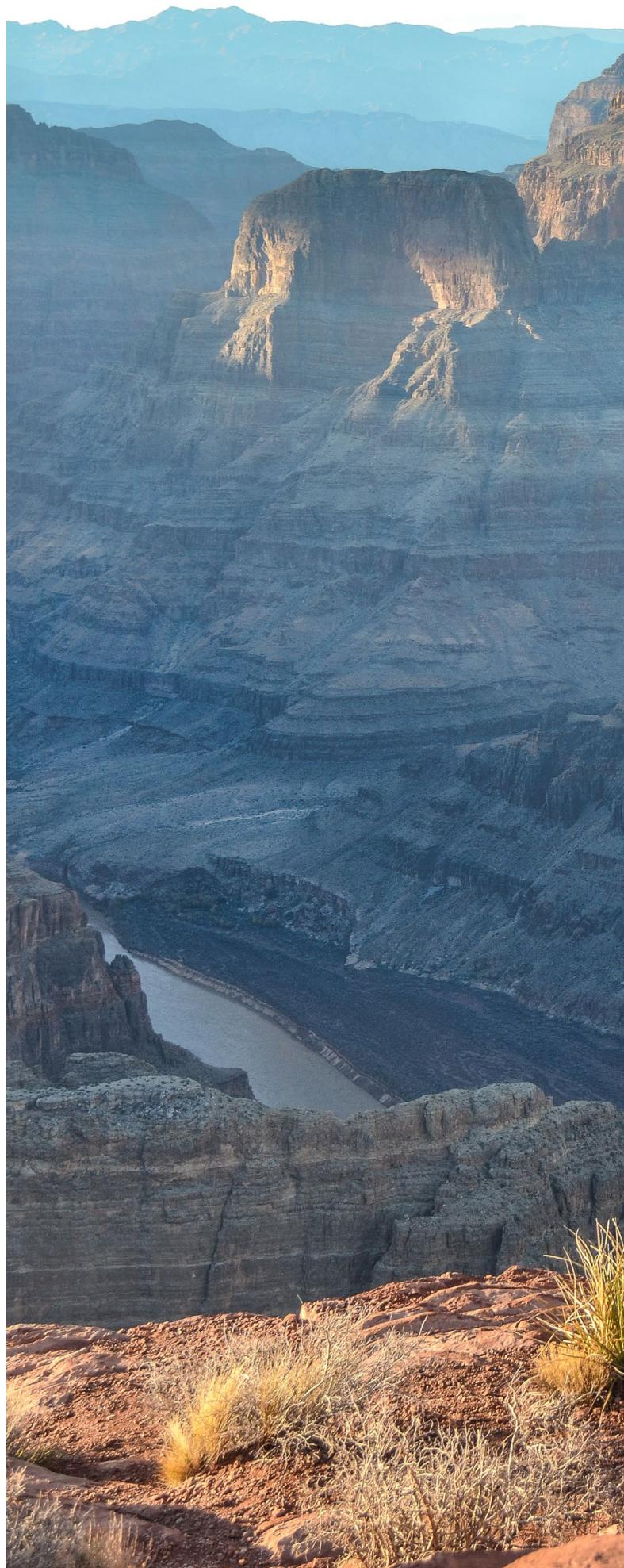
WASHING MACHINES AND WATER IMPACTS

We joined a collaborative engagement with 17 asset managers and asset owners specifically targeting Sustainable Development Goal 14 – life below water. Thirty-five percent of micro plastics come from washing synthetic materials and this engagement targeted washing machine manufacturers, asking that they fit filters to products to minimise the environmental impact.

WORKER SAFETY IN THE US PROTEIN SECTOR

We supported a small collaborative engagement led by the ICCR (Interfaith Center on Corporate Responsibility) on worker safety in the US protein sector during Covid-19.

The Covid-19 pandemic brought increased focus to how company employees are protected at work. And one industry in particular has been put under great scrutiny: the US meat processing industry. Media stories highlighted concentrations of outbreaks with the workers of one meat processing firm accounting for 55% of infections for an entire state. Twenty thousand meat workers across 216 US plants became ill with Covid-19. Given the immediate concerns with this sector we joined 20 other investors from across the US and Europe to collectively raise our concerns at two of the largest US meat companies in which we have been long term holders in the bonds; JBS and its listed subsidiary Pilgrim's Pride. You can read about the engagement in full in our [Q3 sustainable investment report](#).





RISKS IN THE PROTEIN SUPPLY CHAIN

The burgeoning plant-based foods market is predicted to capture between 10% to 60% of the total meat market over the next 10-20 years. As investors in the food sector, we believe that it is crucial for companies to adopt a comprehensive, global, evidence-based approach to diversifying their protein offerings in order to mitigate supply chain risks and to capitalise on changing consumer preferences. As part of our ongoing collaborative initiative with Farm Animal Investment Risk and Return (FAIRR) on sustainable proteins, we reached out to 18 global food retailers and manufacturers to seek an update on their strategic approach to:

- A. Transitioning their product portfolio (towards lower impact and more sustainable sources that include plant-based and/ or alternative proteins), to support a dietary transition in line with a 1.5-degree world; and
- B. Their method for tracking and measuring exposure to animal and plant-based proteins.

INDIGENOUS COMMUNITY RIGHTS

We joined an initiative to write to leading mining companies about their indigenous communities practices, led by the Church of England Pensions Board. The letter requested further information on actions companies have undertaken to manage risks in light of the destruction of Juukan caves in Australia. While this example arose in Australia, the principles apply to projects globally. Specifically, the letter requested transparency on:

1. Approach to relationships with indigenous stakeholders including standards adhered to, policies and implementation;
2. Governance, oversight and key performance indicators;
3. Specific actions taken to manage risks across business (e.g. reviewing existing agreements);
4. Disclosure; and
5. Where relevant, the company's position regarding legislative changes in Australia on the protection of indigenous communities.

Responses are being gathered from companies with the group's intention to initiate further dialogue that will include input from community representatives as well as the companies.



Industry involvement and public policy

We support, and collaborate with, several industry groups, organisations and initiatives.

These are important in improving responsible investment standards across sectors, establishing a consistent dialogue with companies, and in promoting the ongoing development and recognition of sustainability and ESG within the investment industry. We also work with international and regional trade associations, that we are members of, to develop their submissions on various regulatory issues around the world. A full list of organisations and initiatives of which Schroders is a member or signatory is available on our [website](#).

"We believe that working with peers and policymakers on sustainability and ESG issues is an important activity. We regularly respond to public consultations both as a firm and working with investor groups."

COMMITTEES OR INITIATIVES PROMOTING RESPONSIBLE INVESTMENT

UN Global Compact

In January 2020, we became signatories to the UN Global Compact. As a signatory we will disclose annually our communication on progress (COP), including:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e. disclosure of any relevant policies, procedures, activities) that the company has taken (human rights, labour environment, anti-corruption).

- A measurement of outcomes (i.e. the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Our initial letter of commitment is available [here](#). Our first COP will be published in April 2021.

Net Zero Asset Managers Initiative

In December 2020, we joined 29 other global asset managers representing more than \$9trillion of assets in launching the Net Zero Asset Managers Initiative. As part of the initiative we have committed to:

- Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management;
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner; and
- Review our interim target at least every five years, with a goal of ratcheting up the proportion of assets covered until 100% are included, as efforts to structurally decarbonise economies play out.

Climate Financial Risk Forum (CFRF)

Schroders actively contributes to the disclosure and innovation technical working groups of the CFRF. The CFRF, co-chaired by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA), builds capacity and shares best practice across financial regulators and industry to advance our sector's responses to the financial risks from climate change.

In 2020, the CFRF published a guide to climate-related financial risk management. The guide aims to help financial firms understand the risks and opportunities that arise from climate change, and provides support for how to integrate them into their risk, strategy and decision-making processes.

Committee on Climate Change

As part of the Committee on Climate Change low carbon finance advisory group, Schroders contributed to the development of a set of policy recommendations. The recommendations can be used by UK government to ensure the flow of capital and to align financial markets and the UK climate goals to decarbonise the economy by 2050.

Investor Forum

We participated in a workshop on working practices in the construction sector. Two corporates presented their approach to monitoring labour standards; Marshalls and Land Securities. A collaborative investor initiative, led by CCLA called Find It, Fix It, Prevent It was also discussed, which we then went on to participate in. More details on this initiative and our governance-related engagements are available on p. 39

Linklaters Non Executive Masterclass

Schroders spoke at a dedicated ESG session as part of a series of roundtables for non-executive directors (NEDs) run by Linklaters. The audience hosted a wide range of NEDs from financial institutions and corporates. We discussed recent developments in UK and EU climate policy and the potential impacts on companies, shared our perspectives on current and future ESG best practice, and explained how institutional investors can help Board move towards best practice, encouraging further dialogue and engagement between companies and investors.

Sustainability Accounting Standards boards (SASB)

Established in 2011, SASB is an independent, private-sector standards setting organisation based in San Francisco, California. In 2019, Schroders was invited to become a member of the exclusive SASB Investor Advisory Group (IAG). SASB established the IAG in 2016 to provide investor feedback and guidance for the organisation, and to demonstrate investor support for a market standard for investor-focused sustainability disclosure. In 2020, we spoke at the annual SASB IAG on the importance of ESG data and disclosure in financial analysis.

Investor Stewardship Group (ISG)

In March 2018, we became endorsers of The Investor Stewardship Group, a collective of some of the largest US based institutional investors and global asset managers. The ISG was formed to bring all types of investors together to establish a framework of basic standards of investment stewardship and corporate governance for US institutional investors and boardroom conduct. The result is the framework for US Stewardship and Governance comprising of a set of stewardship principles for institutional investors

and corporate governance principles for US listed companies. In 2020, we joined the ISG ESG working group. We collaborated with the working group on ESG standards in the market.

FrenchSIF

Schroders became a member of FrenchSIF in 2019. In 2020 we participated in a sub-group aiming to assess the existing references in impact measurement, define the rules/expectations/principles for a “robust” impact measure and its ultimate objective, to propose a common definition of an impact measure.



Hong Kong Green Finance Association (HKGFA)

HKGFA's provides greater access and opportunities for Hong Kong's financial institutions to participate in green financing transactions locally, in mainland China and in markets along the Belt & Road. This is in line with the global trend of implementing the UN Sustainable Development Goals and the Paris Agreement. Schroders actively participates in two working groups: ESG Disclosure and Integration, and Green Bonds and Product Innovation.

Asia Investor Group on Climate Change (AIGCC)

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

Responsible Investment Association of Australasia (RIAA)

The RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

CONSULTATIONS AND SHAPING BEST PRACTICE

Focusing capital on the long term (FCLT)

FCLT is a non-governmental organisation (NGO) dedicated to encouraging long-term behaviours in business and investment decision-making.

Schroders is a member of the group advising on long-term incentive plans and potential changes to industry views. FCLT Global expects that tailored changes can make a meaningful difference in rewarding long-term behaviours. The project has two phases, the first discerning a longer-term standard for each of the common elements in compensation plan design and, the second, evaluating the correlation between long-term performance and use of long-term stock awards as a form of compensation.

Institutional Investors Group on Climate Change (IIGCC)

We responded to a consultation on the IIGCC's proposed net zero investment framework. Overall, we agree with the intention behind the framework and its combination of top down and bottom up targets to drive ambition while driving "real world" emissions reductions. We commended their consideration of science-based net zero pathways in its approach to ensure alignment with other initiatives and not to cause additional burden for investors. We also

expressed our concerns towards practical application of some aspects of the framework, such as the current limitations of meaningful scope 3 emissions data.

CFA

We responded to the CFA Institute ESG Disclosure Standards for Investment Products consultation. Our response supported the need for an internationally recognised reporting standard, but we encouraged the CFA to ensure alignment between existing and emerging local and international regulation and standards that are working towards a common goal. Our response is available on the CFA website.

London Stock Exchange and FTSE Russell

Schroders had a one-to-one call to discuss how to better support companies and investors with the company data they provide. We also discussed adapting and improving the data produced by the Transition Pathway Initiative (TPI) in terms of risk management measurements and carbon performance aligned to different temperatures, and outlined our approach to climate change analysis and engagement more broadly.

Center for Audit Quality

We participated with other institutional investors on an ESG research project coordinated by the Center for Audit Quality.

Public companies, investors, regulators, and policymakers are all showing increased interest in developing uniform and reliable standards for ESG reporting. The Center for Audit Quality (CAQ), a non-profit advocacy organisation dedicated to enhancing investor confidence and public trust in the global capital markets, assembled a panel of 16 senior institutional investors to gauge their opinions of ESG reporting. Respondents were recruited specifically for their knowledge of ESG reporting. Participants included investors from institutions representing US asset owners (both equity and credit), US pension fund asset owners, and labour union asset owners. Respondents included CEOs, CFOs, and ESG researchers, analysts, and portfolio managers at investment institutions.

FinDatEx

FinDatEx (Financial Data Exchange Templates) was established by representatives of the European financial services sector industry with the view to coordinate, organise and carry out standardisation work to facilitate the exchange of data between stakeholders in application of European financial markets legislation, such as MiFID II.

Schroders is a member of the working group tasked



with designing the technical templates needed to facilitate the exchange of data between stakeholders in application of European financial markets legislation.

PUBLIC POLICY

Below we outline Schroders' contribution to public policy developments in 2020, both directly and through contributing to responses submitted by industry bodies such as the Investment Association (IA) and the European Fund and Asset Management Association (EFAMA).

European Commission

Comprehensive consultation on the review of the Non-Financial Reporting Directive – view Schroders' response [here](#).

Draft delegated acts on the integration of sustainability factors under MiFID (product governance) – view Schroders' response [here](#).

Draft delegated acts on the integration of sustainability factors under MiFID (organisational and operational requirements) – view Schroders' response [here](#).

Draft delegated acts on the integration of sustainability factors under UCITS – view Schroders' response [here](#).

Draft delegated acts on the integration of sustainability factors under AIFM – view Schroders' response [here](#).

Commission Delegated Regulation on a climate change mitigation and adaptation taxonomy – view EFAMA's response [here](#).

Renewed sustainable finance strategy – view Schroders' response [here](#).

European Securities and Markets Authority

Consultation on draft regulatory technical standards

on ESG disclosures regulation – view Schroders' response [here](#).

Financial Reporting Council (FRC)

The Financial Reporting Council is an independent regulator in the UK and Ireland, responsible for regulating auditors, accountants and actuaries, and setting the UK's Corporate Governance and Stewardship Codes. In 2020, the FRC hosted a webinar and Q&A session to gauge views on the new stewardship code ahead of reporting next year and to discuss their review of early reporting.

Schroders was showcased as best practice using multiple case studies in the review of early reporting. We also actively contributed to the Q&A to share our views on best practice, our approach and areas for growth and improvement.

IFRS Foundation

We responded to the IFRS Foundation's consultation on sustainability reporting. Similar to the CFA consultation, our response supported the need for an internationally recognised reporting standard, however we encouraged collaboration between the IFRS Foundation and existing standard setting initiatives such as TCFD and SASB to achieve that. Our response is available on the IFRS website.

Monetary Authority of Singapore Environment Risk Management Guidelines (MAS EnRM Guidelines) Working Group

These guidelines set out MAS' expectations on environmental risk management for all fund management companies and real estate investment trust managers. Schroders was part of a select group of fund managers that worked closely with MAS to debate, draft and review the guidelines.

Sustainability insights

Better investment insights come from creative and innovative research.

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

To fully understand a company's potential you need to look beyond the annual report. Analysis of how companies deal with all their stakeholders – such as customers, clients, and employees – are all vital clues to a company's long-term ability to grow and deliver consistent returns.

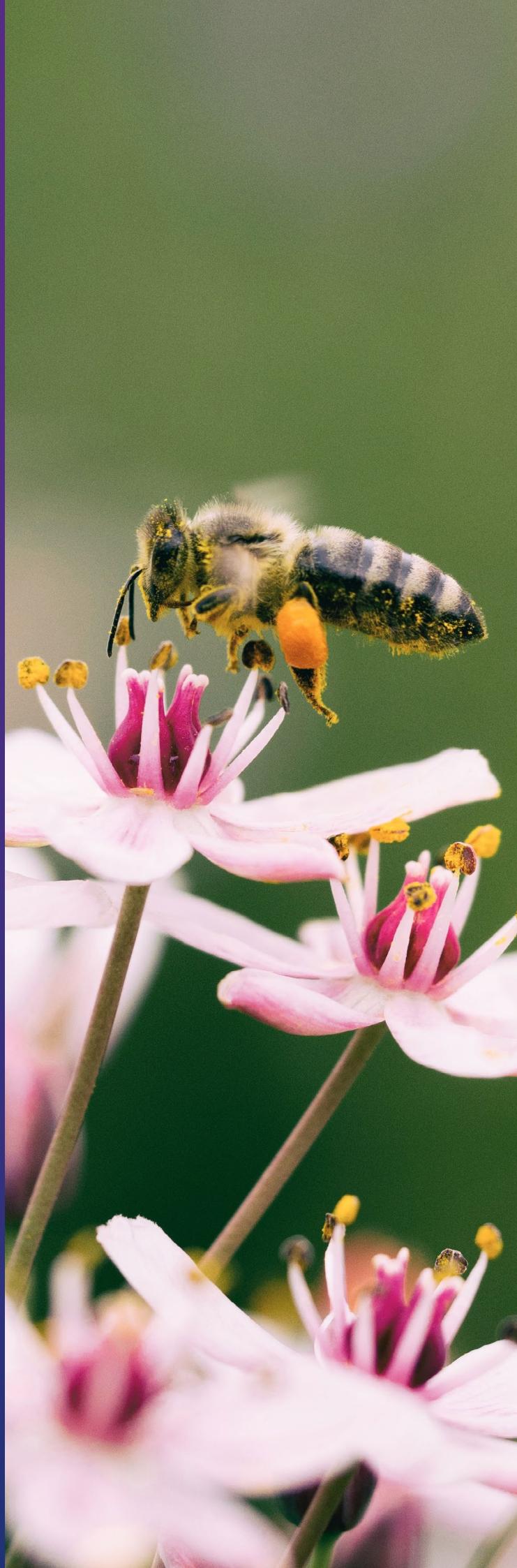
Schroders' sustainable investment team produces insightful multi-sector and multi-region research on a range of ESG issues. During 2020, we examined topics such as:

- Climate change (including carbon capture and storage and permafrost)
- Plastics
- Regulation (topics included EU Green Deal, Farm to Fork Strategy, social and environmental implications of a Biden presidency)
- Political lobbying
- Palm oil

We also publish papers to help educate clients and the broader public. During 2020, we published the following papers:

- Demystifying stewardship: how is it really done?
- Can you really invest sustainably and still get a good income?
- What are the UN's Sustainable Development Goals? A quick guide
- Gearing up against greenwashers: investors seek clarity on sustainability terminology
- Proxy voting: how we influence corporate behaviour around the world

In the following section we highlight climate change and the extension of one of our existing proprietary tools to include country analysis.





SUSTAINABILITY INSIGHTS

Expanding SustainEx: how we're measuring the social and environmental impact of countries

In 2019, we launched our proprietary impact measurement tool SustainEx™. It measures the costs or benefits companies impose on society for which they are neither penalised nor compensated financially. Using the same logic, we have now developed Sovereign SustainEx. This extends our analysis to the country-level to help us quantify the positive and negative impacts countries have on the rest of the world. It is designed to help our analysts and fund managers measure and manage these social and environmental impacts and risks more effectively.



Andrew Howard
Global Head
of Sustainable
Investment

WHAT IS SOVEREIGN SUSTAINEX?

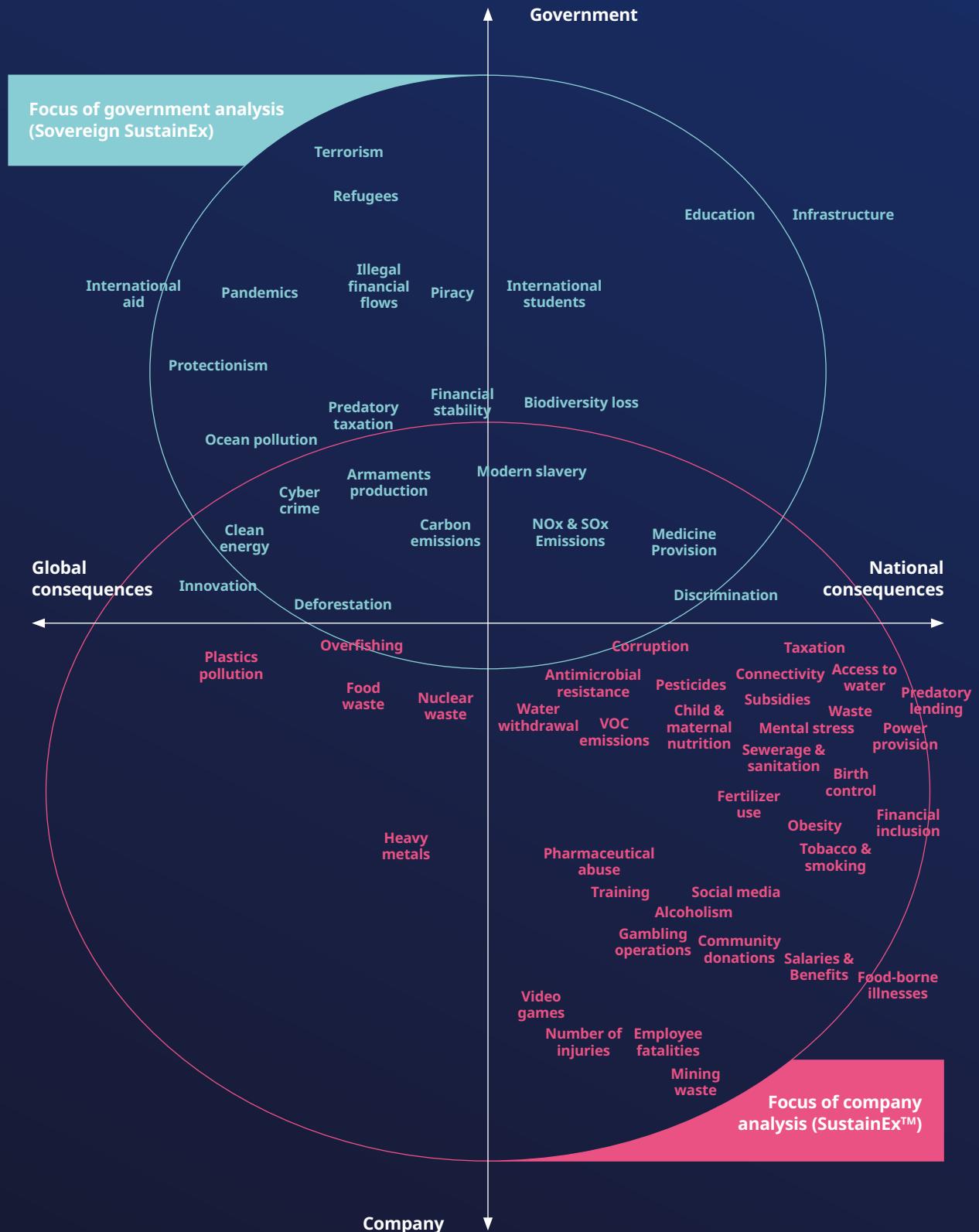
Sovereign SustainEx is a tool which measures the global costs and benefits arising from specific activities, and how countries contribute positively or negatively to these. For example, cyber crime is a significant and growing cost to the global economy, particularly as more of the world's population moves online and commerce becomes increasingly digital. According to some estimates, the global cost of cybercrime is just over 1% of global GDP. On the other hand, foreign aid - typically from developed to developing governments and countries – represents an international transfer of wealth to alleviate social challenges and support sustainable development.

Our country-focused SustainEx framework examines 26 measures of social and environmental impacts attributable to sovereigns, leveraging the insights of over 750 academic and industry studies to quantify the global costs and benefits we have identified. We apply the resulting analysis to over 150 governments.

The framework is designed to be:

- **Comprehensive:** It includes as wide a range of environmental and social externalities that are relevant to countries as feasible. We do not impose our own views of materiality; the relative importance of each issue is calibrated through the analysis of economic externalities.
- **Objective and transparent:** All of the modelling is grounded as far as possible in objective measures and academic or industry analysis. This analysis and any assumptions made are well defined and transparent.
- **Consistent and systematic:** Conclusions are based on systematic and objective analysis; our judgement may influence the framework but not the application to individual investments.

FIGURE 17: IMPACTS SPANNING LOCAL AND GLOBAL ISSUES



Source: Schroders. For illustration only.

MAPPING THE RANGE OF IMPACTS

The impacts we have identified are based on our own analysis, drawing as far as possible on existing frameworks, including the UN Sustainable Development Goals (SDGs) and The Economics of Ecosystems and Biodiversity (TEEB) initiative.

In Figure 17, we show the range of impacts included in SustainEx™ across both country and company analysis. We plot the impacts to show the extent to which companies or countries are likely to be held accountable and the extent to which the impacts are national or global. Over time, we intend to include other measures and refine our modelling.

TRANSLATING IMPACTS TO COSTS

We translate all of the impacts we have identified into economic costs or benefits, measured in monetary terms. This quantification relies on systematic analysis of global impact costs or benefits, country exposures and impact attribution. There are three broadly-defined models to translate externalities into social or environmental impacts, as outlined in Figure 18. We use consistent assumptions across sovereign and corporate securities where measures overlap, to enable comparability.

Global value: attributing impact in proportion to countries' share of the activity

Where impacts are most robustly estimated at a global level, we attribute the total cost or benefit to countries in proportion to their share of the activity.

For example, biodiversity loss is among the top global risks to society. According to the OECD, natural forests

declined by 6.5 million hectares per year between 2010 and 2015 (in total, an area larger than the UK), and natural wetlands declined by 35% between 1970 and 2015. Over 30% of corals are now at risk from bleaching, and 60% of vertebrate populations have disappeared since 1970. Land use change, over-exploitation of natural resources, pollution, invasive alien species and climate change underpin the threat.

Biodiversity protection is fundamental to achieving food security, poverty reduction and more inclusive and equitable development. We calculate a country's contribution to biodiversity by combining their land area with a ranking of their protection of ecosystems. Each country's share of that total is multiplied by the global annual cost of biodiversity loss attributed to public sectors.

Unit activity: combining country output with unit impact estimates

Some social and environmental impacts are measured in terms of the impact of a unit of activity, such as the damage caused by each tonne of carbon dioxide released.

We estimate the cost of each country's carbon footprint by using consistent assumptions for the cost of carbon across countries. Based on the academic studies we have examined, we arrive at an average cost of \$85 per tonne of carbon emitted. Our analysis of the impacts of countries on carbon emissions uses the estimated annual emissions (in tonnes) attributable to countries' public sectors rather than national emissions to avoid attributing costs already attributed to companies.



FIGURE 18: THREE APPROACHES TO QUANTIFYING IMPACTS

Type	Summary	Requires	Calculation
 Global value	Estimated annual global social burden/impact, allocated to countries in proportion to their share of activity	Define activity responsible for impact	Share global cost between countries based on their activity share
 Unit activity	Estimated impact of individual actions multiplied by country activity	Quantify or estimate level of activity for each country	Multiply level of activity by the social costs of that activity
 Monetary	Costs are estimated directly based on the monetary value of country actions	Determine relationship between public benefit or cost and private spending	Calculate social costs or benefits based on country spending on that activity

Source: Schroders.

Monetary: examining the monetary value of countries' action

Our final approach to estimating countries' costs or benefits is based on how much countries spend on that particular activity.

For example, education. There is a clear relationship between those countries which have invested most heavily in education and those which have benefited from the most rapid economic growth. To the extent that education focuses on younger cohorts, the benefits of that investment will emerge in the future, while underinvestment represents a drag on future development.

To arrive at the social benefit of education, we calculate the difference between average public spending on education per capita under 20 and the

required level implied by each country's income, multiplied by the population under 20.

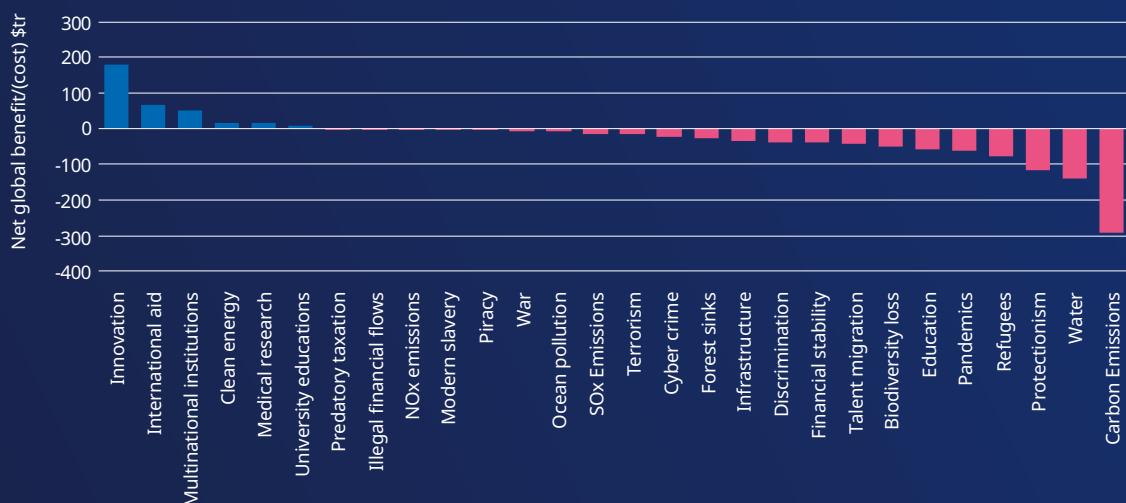
BRINGING THE ANALYSIS TOGETHER

Aggregating the analysis for the 175 countries assessed, the chart above (Figure 19) plots the most positive to most negative overall impacts.

The most important – by the magnitude of their impact – are generally unsurprising. The largest global cost comes from the environmental damage caused by carbon emissions, followed by lower productivity and growth as a result of discrimination. Meanwhile, the knowledge advancement arising from innovation and talent migration provide the most significant benefits.



FIGURE 19: RANKING COUNTRIES' OVERALL SOCIAL AND ENVIRONMENTAL IMPACTS BY MEASURE



Source: Schroders, based on latest data available as at 31 January 2020. For illustrative purposes only.

HOW CAN SOVEREIGN SUSTAINEX BE APPLIED?

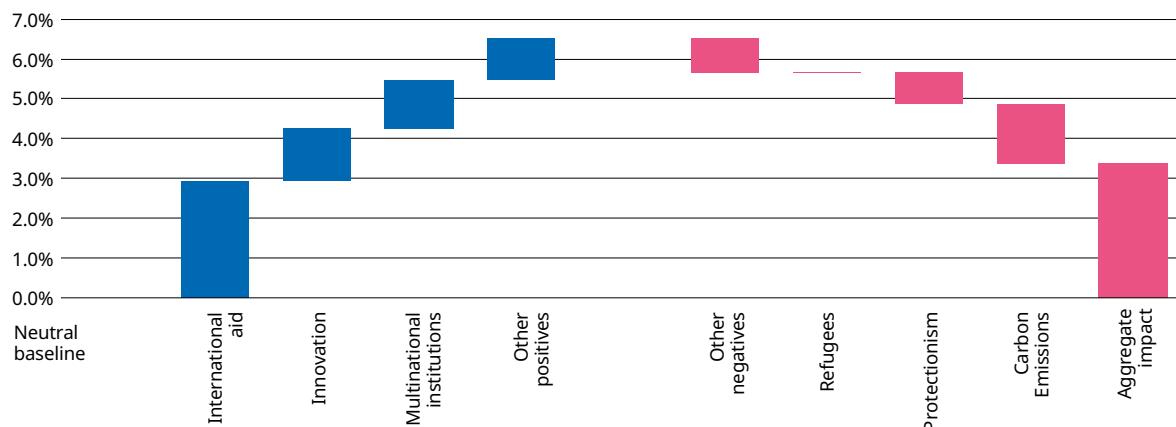
As an investment tool

By using an objective, transparent and robust methodology grounded in academic research and industry analysis, Sovereign SustainEx provides our analysts and fund managers with a consistent measure that is comparable across countries. It helps them to

identify the countries facing the most significant risks and to understand where those risks stem from.

To assess whether a country has a net positive or negative impact on the rest of the world, we sum its impact across all of the measures identified in our framework. An example of the output is shown in Figure 20.

FIGURE 20: AGGREGATING POSITIVE AND NEGATIVE IMPACTS FOR A COUNTRY

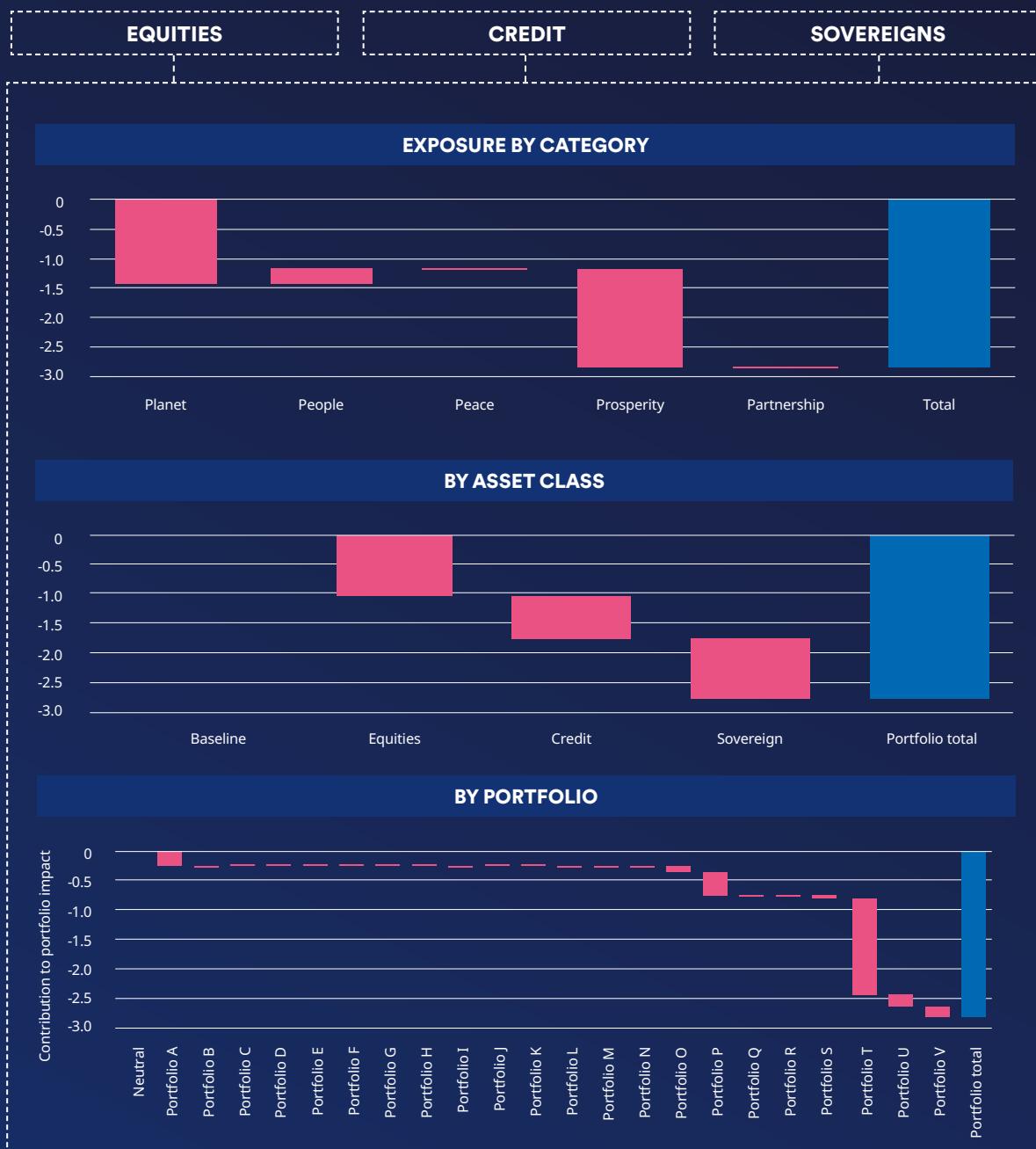


Source: Schroders. For illustration only.

To assess portfolio impact

Increasingly, investors want to understand the social and environmental impact of their entire investment portfolio, spanning asset classes. Our Sovereign SustainEx™ framework can be used to assess portfolio level impact across a range of sovereign assets (e.g. an emerging market debt fund), or combined with SustainEx™ to measure the impact of an equity, credit and sovereign portfolio (see Figure 21). By providing the flexibility to apply different lenses to the outputs, investors are able to focus on the priorities that are most important to them.

FIGURE 21: ASSESSING THE IMPACT OF A DIVERSIFIED PORTFOLIO



Source: Schroders. For illustration purpose only; not recommendation to buy or sell in any categories mentioned above.



Reflections on climate change

Climate change will be a defining driver of the global economy, society and financial markets in the future, and investors will be unable to avoid its impacts. While some progress has been made, the investment industry still has a lot of work ahead to align strategies and portfolios for the disruption the low carbon transition implies.



Andrew Howard
Global Head
of Sustainable
Investment

2021 will be a pivotal year in the investment industry's focus on climate change. Policy action has toughened sharply in 2020 and momentum is likely to continue this year given the incoming US administration's focus on the issue and the focus COP26 provides for new national commitments. So far, over 110 countries have set a net zero target for 2050. Together, they represent more than 65% of global emissions and over 70% of the world economy. While the details on how countries plan to achieve their ambitious goals will be key, trillions of dollars have already been earmarked for green investments as part of Covid-19 recovery plans.

"Schroders has long recognised the importance of climate change as an investment issue."

We voted on our first climate change resolution in 2000 and recorded our first company engagement on the topic in 2002. In 2007, we launched our Global Climate Change strategy, which invests in companies that recognise the threats of climate change and embrace the challenges, or that form part of the solution to the problems linked to climate change. At that time, climate change was low on political, company and investment agendas. Now, climate change dominates headlines and is recognised by world leaders as the largest global risk in terms of likelihood.

OUR COMMITMENTS FOR OUR OWN BUSINESS

- Carbon neutral operations: since January 2019 we have been running our global operations on a carbon neutral basis. To accomplish this, we have partnered with ClimateCare, experts in providing verified carbon offset services, who finance international projects to offset our residual greenhouse gas emissions

- [RE100](#): we are committed to using only renewable electricity globally by 2025
- [Task Force on Climate-related Financial Disclosures \(TCFD\)](#): we were early and vocal supporters of the TCFD reporting framework and have committed to using that framework in our own reporting
- [Net Zero Asset Managers Initiative](#): we committed to support the goal of net zero greenhouse gases (GHG) emissions and the ambition to reach net zero emissions by 2050 or sooner across managed assets

OUR ACTIVITY AS AN INVESTOR

- Engaging with companies and pushing for best practice: We are committed to working with the companies in which we invest to ensure they are assessing, minimising and disclosing climate risks and opportunities. While our 20 years of engagement records demonstrate that this commitment is not new to us, our expectations of investee companies and the relevance of material climate-related disclosure are both rising rapidly. Our CEO, Peter Harrison, wrote to [FTSE 350 companies](#) early in 2021 asking them to produce and publish detailed, costed, transition plans
- Educating companies: we organise events for non-executive directors to educate them on the impacts climate change will have on all business models and to urge them to take action
- Industry groups and collaborative initiatives: we support a number of groups and initiatives such as the Carbon Disclosure Project (CDP), Climate Action 100+ initiative, the Paris Pledge for Action, Transition Pathway Initiative and the 2018 Global Investor Statement on Climate Change
- Client education: we publish thought pieces on a range of climate topics and regularly hold roundtables and webinars
- Product solutions for clients: our Global Climate Change strategy is one of the market's longest standing climate strategies and has grown to over \$3 billion. In recent years, we have launched several other fossil fuel free and low carbon solutions, including our Global Energy Transition and QEP Global ESG ex fossil fuels strategies.

OUR INVESTOR TOOLKIT

We have invested heavily in proprietary research and tools to help our analysts and fund managers across asset classes to better understand the risks climate change poses to investments and integrate them into their investment decision-making. A summary of each is provided below.

- [Climate Progress Dashboard](#): monitors change indicators across the four categories that have the most influence on limiting global temperature rises: political change, business and finance, technology solutions and entrenched industry (i.e. fossil fuel use)
- [Carbon VaR](#): measures the impact of rising carbon costs on a company's profitability, using an estimating process to capture the three key variables of emissions, price and changing demand. Unlike carbon footprint measures, Carbon VaR focuses on companies' business models and profit drivers rather than purely environmental measures
- [Physical risk](#): measures the risks to the value of companies' assets from rising physical damage caused by rising global temperatures and weather disruption
- [Stranded assets risk](#): assesses the impact on the value of the reserves fossil fuel producers own but would be unable to develop if the global economy transitions toward a 2°C pathway
- Climate change growth model: measures the positive or negative impacts on companies' value from the faster or slower growth in demand for different products and services resulting from a low carbon transition
- Long term asset return forecasts: our global economics team has adjusted its 30-year asset return forecasts to reflect the physical and transition risks of climate change

LOOKING FORWARD

If the world is to meet the Paris goals and limit global warming to 1.5 degrees, significant changes need to happen in every corner of the economy. We recognise the important role that we play as investors and that there is more that we can do.

"We will continue to actively engage with public policymakers and those companies exposed to climate change risks but lagging best practice. We will also support appropriate climate resolutions, vote against the Chair where necessary, and back suitable global initiatives to press for action."

"As data and disclosures continue to improve, we will refine and enhance our climate toolkit for our investors to help them assess company and portfolio alignment to net zero emissions, and to better manage climate risks and evaluate opportunities."





APPENDIX

Appendix

Sustainability at Schroders: governance, resources and expertise

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

Schroders' first dedicated ESG resource was hired in 1998. Today, Schroders' sustainable investment team comprises 21 specialists with over 200 years of combined investment experience. The team use their knowledge and expertise to deliver and develop sustainability research and tools, support integration across investment teams, drive and support active ownership activity and work closely with clients to deliver sustainable solutions that meet their needs.

Importantly the team is supported by a network of collaborators across the business, driving sustainability best practice across our investments. The sustainable investment team also works in partnership with Schroders' data insights unit, using analytics and machine learning to uncover sustainable investment opportunities and drive alpha.

Governance and oversight

ESG Executive Committee	ESG Steering Committee	CR Committee
Overall responsibility for Schroders' sustainability strategy.	Oversight and delivery of Schroders' sustainability strategy	Aligning sustainable/responsible corporate and investment activity

sustainable investment team

21 specialists with 200+ years' investment experience.

Research & tools	Integration	Active ownership	Product
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Network of collaborators

50+ Sustainability Investment Champions	30+ Sustainability Distribution Champions	25+ Data Insights Unit
Drive ESG best practice on investment desks	Local market sustainability ambassadors	Harnessing unstructured data to enhance sustainability insights

Source: Schroders as at 31 December 2020.



APPENDIX

Compliance with UN PRI

UN PRI PRINCIPLE	HOW WE COMPLY	WHERE TO FIND EVIDENCE
1. We will incorporate ESG issues into investment analysis and decision-making processes	<ul style="list-style-type: none">- Full ESG integration- Integration assessed and monitored using accreditation framework- Dedicated firm-wide ESG policy- Dedicated sustainable Investment team- Investment champions to support firm-wide integration efforts- Long-standing ESG training programme for financial analysts and portfolio managers- Proprietary investment-driven ESG analysis tools for our investors- All ESG research shared on our proprietary global research platform	<p>p. 11 - 21</p> <p>p. 12 - 13</p> <p>ESG Policy</p> <p>p. 57</p> <p>Schroders' sustainability web pages</p>
2. We will be active owners and incorporate ESG issues into our ownership policies and practices	<ul style="list-style-type: none">- Engaging with companies and actively voting at AGMs for several decades- Dedicated active ownership policy- Global voting strategy, aiming to vote on all resolutions in line with firm-wide ESG policy and best interests of clients- Dedicated corporate governance team to analyse and vote on resolutions globally- External engagements conducted by ESG & financial analysts, both bilaterally and collaboratively- Digital infrastructure to effectively record engagements and monitor progress- Dedicated active ownership pages including investee expectations	<p>p. 24 - 39</p> <p>ESG Policy</p> <p>p. 38 - 40</p> <p>Case studies in quarterly and annual sustainable investment reports</p> <p>Schroders' sustainability web pages</p>
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest	<ul style="list-style-type: none">- Active engagement with companies to encourage greater transparency- Participation in collaborative disclosure initiatives to improve disclosure standards such as TCFD & CDP	<p>p. 32 - 36</p> <p>p. 41 - 47</p>

UN PRI PRINCIPLE	HOW WE COMPLY	WHERE TO FIND EVIDENCE
4. We will promote acceptance and implementation of the principles within the investment industry	<ul style="list-style-type: none"> - Members, leaders and participants of various forums and networks - Collaboration with other investors to promote and develop responsible investment principles and practices, including the PRI, International Corporate Governance Network, The Asia Investor Group on Climate Change, and Responsible Investment Association of Australasia - Sponsorship and support of responsible investment initiatives, including hosting conferences, seminars and workshops - Submissions to regulators, trade associations, legislators and other bodies - Working with clients who are considering becoming members of the PRI to help them understand the benefits and practicalities of membership - Publicising responsible investment events to clients and encouraging attendance - Trustee training and ongoing client education on responsible investment and ESG trends 	Schroders' sustainability web pages p. 42 - 47
5. We will work together to enhance our effectiveness in implementing the principles	<ul style="list-style-type: none"> - Collaboration with other investors, sharing information and exchanging our views - Active participation in industry networks such as the PRI, International Corporate Governance Network, Asian Corporate Governance Association, UK Sustainable Investment and Finance Association, Hong Kong Green Finance Association and CDP - Responding to industry & public policy consultations directly and via group initiatives such as the IA and EFAMA 	p. 42 - 47
6. We will each report on our activities and progress towards implementing the principles	<ul style="list-style-type: none"> - Integration case studies reported across asset classes at least annually - Engagement and voting case studies and progress reported at least quarterly - Regular research and insight papers on ESG and responsible investing published - Best practice case studies included in reports and publications 	<p>p. 14 - 21</p> <p>Quarterly and annual sustainable investment reports</p> <p>Schroders insights</p>

Companies engaged during 2020

Company	E	S	G
Consumer Discretionary			
888	✓		
Accor	✓	✓	
Ace Hardware Indonesia		✓	
Adidas		✓	
Advtech		✓	
Amazon	✓	✓	
Anta Sports		✓	
Antena 3		✓	
Aristocrat Leisure		✓	
Barratt Developments	✓	✓	
Bayerische Motoren Werke	✓	✓	
BCA Marketplace		✓	
Bellway	✓	✓	
Berkeley	✓	✓	
Booking		✓	
Bovis Homes	✓	✓	
Brembo		✓	
Bridgepoint Education		✓	
Burberry	✓	✓	
Cairo Communications		✓	
Carnival	✓	✓	
Centre Testing International	✓		
Cheesecake Factory		✓	
China Dongxiang		✓	
Chipotle Mexican Grill		✓	
Cia Hering		✓	
Coats		✓	
Compagnie Financiere Richemont		✓	
Compass	✓	✓	
Consorcio ARA		✓	
Continental	✓	✓	
CVC Brasil Operadora e Agencia de Viagens		✓	
Cyrela Brazil Realty		✓	
Daily Mail and General Trust		✓	
Daimler	✓	✓	
Dalata Hotel Group		✓	

Company	E	S	G
Debenhams			✓
Denso		✓	
Dillards			✓
Dollarama			✓
Dongfeng Motor			✓
Dunelm Group	✓	✓	
EG Global Finance			✓
Electrolux			✓
Euromoney		✓	
Expedia			✓
Faurecia		✓	✓
Ferrari			✓
Fiat Chrysler		✓	✓
Folli Follie			✓
Ford Motor	✓	✓	
Ford Otosan			✓
Fulham Shore			✓
Future			✓
Games Workshop		✓	
Gap			✓
General Motors	✓	✓	✓
Gentex		✓	
Grupo Televisa			✓
GVC			✓
H & M Hennes & Mauritz			✓
Halfords			✓
Hangzhou Robam Appliances			✓
Hanon Systems			✓
Headlam			✓
Henry Boot			✓
Hermes			✓
Hi-Lex			✓
Hilton Worldwide			✓
Howden Joinery		✓	✓
Husqvarna			✓
Hyundai Mobis	✓	✓	✓
Hyundai Motors		✓	
IMA Industria Macchine Automatiche			✓

Company	E	S	G
Inchcape		✓	✓
Informa		✓	✓
Intercontinental Hotels		✓	✓
ITV		✓	✓
J D Wetherspoon		✓	
JD Sports Fashion		✓	
Kering			✓
Lagardere			✓
Lear			✓
Li Ning			✓
Linamar			✓
London Quadrant	✓		
LPP			✓
LVMH Moet Hennessy Louis Vuitton			✓
M J Gleeson			✓
Magazine Luiza			✓
Mahle Metal Leve			✓
Mandarin Oriental International			✓
Marks and Spenser	✓	✓	✓
Marriott International		✓	✓
Maruti Suzuki India		✓	
McCarthy & Stone			✓
McDonalds		✓	
Media Nusantara Citra			✓
Mediaset			✓
Mediaset Espana Comunicacion			✓
Metropole TV			✓
Mitchells and Butlers		✓	
Modern Times			✓
Moncler			✓
Motherson Sumi Systems			✓
Multichoice			✓
NACCO	✓		✓
Namco Bandai		✓	
Netflix	✓	✓	✓
New Oriental Education	✓		
Next		✓	
Nielsen			✓
Nokian Tyres			✓
Nordstrom			✓
Ocado		✓	✓
Omnicom Group			✓

Company	E	S	G
Pacific Textiles Holdings	✓		✓
Paddy Power Betfair			✓
Pearson			✓
Pendragon			✓
Persimmon			✓
Pets at Home	✓	✓	✓
Peugeot			✓
Photo-Me International			✓
Prada			✓
Premier Investments			✓
Prosus			✓
PVH			✓
PVR			✓
Rank			✓
REA Group			✓
Redrow			✓
RELX			✓
Renault	✓	✓	
Restaurant Brands International			✓
Restaurant Group			✓
Rightmove			✓
Rocket Internet			✓
Royal Caribbean Cruises			✓
Ruths Hospitality			✓
Schaeffler			✓
Schibsted			✓
Sega Sammy			✓
Shenzhou International			✓
SJM			✓
SMCP			✓
Sodexo			✓
Sok Marketler Ticaret			✓
Sportech			✓
Sports Direct			✓
Starbucks			✓
Starts Corporation	✓	✓	✓
Stella International			✓
Superdry			✓
Taylor Wimpey			✓
Technogym			✓
Ted Baker			✓
Telenet			✓

Company	E	S	G
Television Francaise 1			✓
Tesla Motors		✓	
Thomas Cook			✓
Tianneng Power International			✓
Tofas			✓
Tokyo Broadcasting System		✓	
Toyota Motor		✓	
Trinity Mirror			✓
Tui		✓	
URBI			✓
Valeo		✓	
Veoneer		✓	
Vestel Elektronik			✓
Vitec Group			✓
Vivendi Universal			✓
Volkswagen		✓	✓
Walt Disney			✓
WH Smith		✓	
Whitbread		✓	✓
William Hill		✓	✓
William Lyon Homes			✓
Wolters Kluwer			✓
WPP		✓	✓
Xingda International			✓
Xinyi Glass			✓
Yum China Holdings	✓	✓	
YUM! Brands		✓	
ZEAL Network			✓
Consumer Staples			
Accrol			✓
Alimentation Couche-Tard			✓
Anheuser-Busch InBev	✓	✓	
Asian Citrus			✓
Associated British Foods		✓	
Astra Agro Lestari			✓
Beiersdorf		✓	✓
Bell			✓
BIM Birlesik Magazalar	✓	✓	✓
Brahma - Ambev			✓
BRF Brasil Foods	✓	✓	
British American Tobacco	✓	✓	✓
Britvic			✓

Company	E	S	G
Carrefour	✓		✓
Casino, Guichard-Perrachon et Cie	✓	✓	
Changshouhua Food			✓
China Mengniu Dairy		✓	
China Resources Beer			✓
Coca Cola		✓	✓
Coles		✓	✓
Colgate Palmolive			✓
Colruyt			✓
Conagra		✓	✓
Costco Wholesale		✓	✓
Cranswick		✓	✓
CVS Health			✓
Dairy Crest			✓
Dairy Farm International			✓
Dali Foods			✓
Danone		✓	✓
Diageo		✓	✓
Dino Polska			✓
Eastern			✓
Elior			✓
Embotella Andina			✓
Essity		✓	✓
Estee Lauder		✓	✓
Fujian Sunner Development			✓
General Mills		✓	✓
Glanbia			✓
Greencore		✓	✓
Greggs		✓	✓
Gruma			✓
Grupo Nutresa		✓	✓
Henkel			✓
Hilton Food			✓
Hypermarcas			✓
Imperial Brands			✓
J Sainsbury		✓	✓
Japan Tobacco		✓	
JBS		✓	✓
Kellogg			✓
Kerry Group		✓	✓
Kesko			✓
Kimberly Clark			✓

Company	E	S	G
Kimberly-Clark de Mexico			✓
Koninklijke Ahold Delhaize	✓		✓
Kraft Heinz Foods	✓		✓
Kroger Co	✓	✓	✓
Lindt and Spruengli		✓	
L'Occitane International			✓
L'Oreal		✓	
Magnit			✓
Marine Harvest		✓	
MARR			✓
Minerva			✓
Nestle	✓	✓	✓
Pepsico			✓
Philip Morris			✓
Pilgrim's Pride		✓	
Pz Cussons		✓	
Raia Drogasil			✓
Reckitt Benckiser		✓	✓
São Martinho			✓
Scandinavian Tobacco			✓
Shanghai Milkground Food Tech			✓
SSP		✓	✓
Stock Spirits			✓
Tate & Lyle			✓
Tesco	✓	✓	✓
Thai Beverage			✓
Tiger Brands			✓
Tingyi			✓
Tsingtao			✓
Tyson Foods	✓		✓
Ulker Biskuvi			✓
Unilever	✓	✓	✓
Vietnam Dairy Products Joint Stock			✓
Vilmorin & Cie			✓
Walgreens Boots Alliance			✓
Walmart	✓	✓	✓
Want Want China	✓		
Wesfarmers		✓	
Wm. Morrison	✓		✓
Woolworths	✓		✓
X5			✓
Energy			

Company	E	S	G
Adaro Energy	✓		✓
Alliance Resource	✓		✓
Arch Coal	✓		✓
Athabasca Oil			✓
Baker Hughes	✓		
Banpu	✓		✓
Bharat Petroleum			✓
Bogdanka	✓		✓
Bonavista Energy			✓
BP		✓	✓
Cabot Oil & Gas			✓
Cairn Energy			✓
Canacol Energy			✓
Cheniere Energy			✓
Chevron Texaco			✓
China Coal Energy	✓		✓
China Shenhua Energy	✓	✓	✓
CNOOC	✓		✓
Coal India	✓	✓	✓
Consol Energy	✓		✓
Contura Energy	✓		✓
Delta Dunia Makmur	✓		✓
Drilling Company of 1972			✓
Energy Fuels	✓		✓
ENSCO			✓
Ente Nazionale Idrocarburi		✓	
Equinor	✓	✓	✓
Erg			✓
Euronav			✓
Exxon Mobil		✓	✓
Gazprom		✓	✓
Gaztransport et Technigaz			✓
Geo Energy Resources	✓		✓
Guanghui Energy	✓		✓
Hallador Energy	✓		✓
Halliburton	✓	✓	
Hargreaves Services		✓	✓
Harum Energy	✓		✓
Helmerich & Payne		✓	
Hindustan Petroleum			✓
Hunting			✓
Idemitsu Kosan	✓	✓	✓

Company	E	S	G
IHC Caland			✓
Indika Inti Energi	✓		✓
Indo Tambangraya	✓		✓
Inner Mongolia Yitai Coal	✓		✓
Jastrzebska Spolka Weglowa	✓		✓
JXTG		✓	
Koninklijke Vopak	✓	✓	
Lamprell			✓
Lotos			✓
Lukoil PJSC	✓		
Lundin Petroleum	✓		
Marathon Petroleum			✓
Motor Oil			✓
National Oilwell Varco		✓	
Natural Resource Partners	✓		✓
Neste Oil		✓	
New Hope	✓		✓
NexGen Energy	✓		✓
Nordic American Tanker			✓
Novatek	✓		
Occidental Petroleum			✓
OMV		✓	
OMV Petrom			✓
Peabody Energy	✓		✓
Petrobras			✓
Petrobras Distribuidora			✓
Petrofac	✓	✓	✓
PGNiG			✓
Phillips 66		✓	
PKN			✓
Premier Oil		✓	
President Energy			✓
PTT	✓		✓
Repsol		✓	
Rosneft	✓		
Rowan Companies			✓
Royal Dutch Shell		✓	✓
Saipem	✓		
Sasol	✓		✓
SBM Offshore	✓		
Schlumberger	✓	✓	
Semirara Mining Corp	✓		✓

Company	E	S	G
Shaanxi Coal Industry			✓
Shanxi Lu'an Environmental Energy	✓		✓
Shanxi Xishan Coal and Electricity Power	✓		✓
Tambang Batubara Bukit Asam	✓		✓
TECHNIPFMC	✓		✓
Tenaris			✓
Terracom	✓		✓
Thai Oil			✓
Total			✓
Towngas China			✓
Tupras			✓
United Energy			✓
Whitehaven Coal	✓		✓
Wintershall Dea			✓
Wood		✓	✓
Woodside Petroleum	✓		✓
Financials			
3i		✓	✓
ABN AMRO		✓	
ACE			✓
Admiral			✓
ADO Properties			✓
Agile		✓	✓
Agricultural Bank of China			✓
Akbank			✓
Al Rajhi Bank			✓
Allianz			✓
Allied Irish Banks			✓
American Express			✓
American Financial			✓
Amlin			✓
Amundi			✓
Arab National Bank		✓	
Aroundtown			✓
Arrow Global			✓
Arthur J Gallagher			✓
Ashmore		✓	✓
ASR			✓
Assicurazioni Generali		✓	✓
Assura			✓
Aviva		✓	✓
AXA			✓

Company	E	S	G
Ayala Land			✓
Bajaj Finance			✓
Bajaj Finserv			✓
Banca Farmafactoring			✓
Banca Generali			✓
Banca IFIS			✓
Banco Bradesco			✓
Banco De Oro	✓		
Banco de Sabadell	✓		✓
Banco do Brasil Seguridade			✓
Banco Santander	✓		
Bangkok Bank	✓		✓
Bank Danamon			✓
Bank Hapoalim		✓	✓
Bank Leumi			✓
Bank Mandiri	✓		✓
Bank Muscat			✓
Bank of America	✓		✓
Bank of China	✓		✓
Bank of Communications	✓		
Bank of Ireland	✓		
Bank of the Philippine Islands	✓		✓
Bank Panin			✓
Bank Rakyat Indonesia			✓
Banque Saudi Fransi			✓
Barclays	✓	✓	✓
BBGI			✓
BBVA	✓		
Beazley		✓	✓
Beijing Capital Land	✓		
BlackRock			✓
BR Properties			✓
Brewin Dolphin		✓	✓
British Land		✓	✓
Bromford Housing Association	✓		✓
Brooks Macdonald			✓
Bure Equity			✓
CaixaBank	✓	✓	✓
Caledonia Investments			✓
Canadian Imperial Bank of Co			✓
Capital One Financial			✓
CapitaLand			✓

Company	E	S	G
CapitaMall Trust			✓
Catalyst Housing			✓
CenterState Banks			✓
Central China Real Estate			✓
Cerved Information Solutions			✓
Chang Hwa Bank			✓
Cheung Kong Property			✓
China Aoyuan Property			✓
China Construction Bank			✓
China Evergrande			✓
China Fortune Land			✓
China Huarong Asset Management			✓
China Jinmao			✓
China Overseas Grand Oceans			✓
China Overseas Land & Investment			✓
China Pacific Insurance			✓
China Resources Land			✓
China SCE Property			✓
China Trust			✓
China Vanke			✓
CIFI			✓
Citigroup			✓
City Developments			✓
Clarion Housing		✓	✓
Close Brothers			✓
CLS			✓
CMC Markets			✓
CNP Assurances			✓
Coface			✓
Comerica			✓
Commerce Bancshares			✓
Commerzbank			✓
Country Garden		✓	✓
CPI Property Group			✓
Credit Agricole		✓	✓
Credit Suisse		✓	✓
Credito Emiliano			✓
Danske Bank			✓
DBS Bank			✓
Derwent London			✓
Deutsche Bank		✓	✓
Deutsche Boerse			✓

Company	E	S	G
Deutsche Postbank			✓
Digital Realty Trust			✓
Direct Line Insurance		✓	✓
Dubai Islamic Bank			✓
Emirates	✓		
Equity Bank			✓
Equity Lifestyle Properties	✓		✓
Erste Bank	✓		✓
esure			✓
Fantasia	✓		
Finance Street	✓		
First Abu Dhabi Bank	✓		✓
First Merchants			✓
First Midwest Bancorp			✓
FirstCash	✓	✓	
FirstRand Bank			✓
Fonciere des Regions			✓
Fujian Sunshine	✓		
Future Land	✓		
Future Land Development	✓		
Gecina			✓
Gemdale	✓		
Global Logistics Properties	✓		
Goldman Sachs			✓
Goodman HK Finance	✓		
Grainger		✓	✓
Grand City Properties			✓
Great Portland Estates	✓		
Greenland	✓		
Greenland Hong Kong	✓		
Greentown China	✓		
Groupe Bruxelles Lambert			✓
Grupo Financiero Inbursa			✓
Guangzhou R&F property	✓		
Gulf Bank			✓
Haitong International Securities			✓
Haitong Securities			✓
Hammerson			✓
Hang Lung			✓
Hargreaves Lansdown	✓		
Hastings			✓
Heimstaden Bostad			✓

Company	E	S	G
Heritage Financial			✓
Hithink Flush Information Network			✓
Hong Kong Exchanges and Clearing	✓		✓
HSBC	✓	✓	✓
Huntington Bancshares	✓		
Icade Emgp			✓
ICBC			✓
IG	✓	✓	✓
IGM Financial			✓
Industrial and Commercial Bank of China	✓		
Industrivarden			✓
ING Groep	✓		
Intact Financial			✓
Intermediate Capital		✓	✓
International Personal Finance			✓
Intesa Sanpaolo	✓		
Invesco			✓
Investec			✓
Investor			✓
Invitation Homes	✓		
IRB Brasil Resseguros			✓
Jiangsu Zhongnan Construction	✓		
Jinke Property	✓		
JP Morgan Chase	✓		✓
Jupiter Fund Management		✓	✓
Just Retirement		✓	✓
Kaisa	✓		
Karbon Homes	✓		
Kasikornbank	✓		
KBC			✓
Kerry Properties			✓
KeyCorp			✓
Komercki Bank			✓
Kookmin Bank			✓
Kuwait Finance House			✓
KWG Property	✓		
Lancashire			✓
Land and Houses			✓
Land Securities			✓
Landmark Infrastructure Partners	✓		
Lazard			✓

Company	E	S	G
Legal & General		✓	
Libra (Longhurst Group) Treasury	✓		
Lloyds Banking		✓	✓
Logan Property	✓		
Londonmetric Property			✓
Longfor Properties	✓		✓
LSE		✓	✓
M & T Bank			✓
M&G		✓	
Mabanee			✓
Man			✓
Mapfre			✓
Metrobank			✓
Mirvac			✓
Mitsubishi Estate			✓
Mitsubishi UFJ Financial	✓		
Mitsui Fudosan	✓		
Mizuho Financial	✓		
Modern Land	✓		
Monks Investment Trust			✓
Munchener Rückversicherungs-Ges			✓
NASDAQ			✓
National Bank of Kuwait	✓		✓
Natixis			✓
NatWest	✓		✓
New China Life Insurance			✓
NEX	✓		✓
Nexity			✓
NN			✓
Nordea Bank	✓		✓
Notting Hill Housing Trust	✓		
OceanFirst Financial			✓
OneSavings Bank		✓	✓
Optivo Finance	✓	✓	✓
Oversea-Chinese Banking	✓		
Overseas Chinese Town	✓		
Paragon Group of Companies	✓		✓
Partners			✓
Pekao			✓
Phoenix	✓		
Phoenix Mills			✓
PICC Insurance			✓

Company	E	S	G
Ping An Insurance			✓
PKO Bank			✓
Plus500			✓
Poly Property			✓
Poly Real Estate		✓	✓
Powerlong Real Estate		✓	
Provident Financial			✓
Prudential			✓
Prudential Financial			✓
Public Bank			✓
Public Financial			✓
PZU			✓
Qatar National Bank			✓
Quilter			✓
Raiffeisen Bank		✓	✓
Rathbone Brothers			✓
Redsun Properties			✓
Regions Financial			✓
Rexford Industrial Realty			✓
RMB			✓
RoadKing Infrastructure			✓
Ronshine China			✓
Royal & Sun Alliance Insurance			✓
Royal Bank of Canada		✓	✓
S & U			✓
Safestore Holdings			✓
Saga			✓
Samba Financial			✓
Sampo			✓
Sanctuary Capital			✓
Sanlam			✓
Sanne			✓
Santander Polska			✓
Savills			✓
Scentre			✓
Schwab, Charles			✓
Segro			✓
Shaftesbury			✓
Shimao Property			✓
Shin Kong Financial			✓
Shinhan Financial			✓
Shopping Centres Australasia			✓

Company	E	S	G
Shui On Land	✓		
Siam Commercial Bank	✓		
Sichuan Languang Development	✓		
Sino-Ocean	✓		
Skandinaviska Enskilda Banken		✓	
SOHO China		✓	
South State	✓	✓	
Sovereign Housing Capital	✓	✓	✓
Spar Nord Bank		✓	
St Jamess Place Capital		✓	
St. Modwen Properties		✓	
Standard Bank Investment	✓		
Standard Chartered		✓	✓
Standard Life		✓	
Sumitomo Mitsui Financial	✓		
Sun Communities	✓		
Sun Hung Kai Properties	✓	✓	
Sunac China	✓		
Supalai		✓	
Svenska Handelsbanken		✓	
Swedbank		✓	
Swiss Prime Site		✓	
Swiss Reinsurance		✓	
Sydbank		✓	
Taiwan Fire & Marine Insurance		✓	
TBC Bank	✓	✓	
Terreno Realty	✓		
Times Property	✓	✓	
Topdanmark		✓	
Torchmark		✓	
Toronto Dominion Bank		✓	
TP ICAP		✓	
Tritax Big Box REIT		✓	
Tryg		✓	
Turkiye Garanti Bankasi		✓	
Turkiye Sinai Kalkinma Bankasi		✓	
Unicredit	✓		
Union Bank of Switzerland (UBS)	✓		
Unite Group		✓	✓
United Overseas Bank	✓		
UOL		✓	
Valley Bank		✓	

Company	E	S	G
Vicinity Centres			✓
Vonovia			✓
Warsaw Stock Exchange			✓
Wells Fargo			✓
Wendel Investissements			✓
Weyerhaeuser		✓	✓
Wharf Real Estate Investment			✓
Wiz Solucoes e Corretagem de Seguros			✓
WM Housing		✓	
Workspace		✓	✓
Yango		✓	
Yanlord Land		✓	
Yapi Kredi Bankasi			✓
Yuexiu Property		✓	
Yuexiu REIT		✓	
Yuzhou Properties		✓	
Zenith Bank			✓
ZhongAn Online P & C Insurance			✓
Zions Bancorporation			✓
Health Care			
Aier Eye Hospital		✓	
Alcon	✓	✓	✓
Ambu			✓
Amgen	✓		✓
AstraZeneca		✓	✓
Bayer	✓	✓	✓
Becton, Dickinson & Co			✓
Biohaven Pharmaceutical	✓	✓	✓
Bormioli Pharma	✓		
Boston Scientific			✓
Bristol Myers Squibb			✓
BTG			✓
Centene			✓
Cheplapharm Arzneimittel			✓
Coloplast			✓
Consun Pharmaceutical			✓
CSL		✓	✓
Danaher	✓	✓	✓
DaVita			✓
Dechra Pharma		✓	✓
Dentsply Sirona	✓	✓	✓

Company	E	S	G
DexCom		✓	✓
DiaSorin			✓
Edwards Lifesciences			✓
Elekta			✓
Eurofins Scientifi			✓
FAES Farma			✓
Fresenius			✓
Fresenius Medical Care			✓
Galencia Sante			✓
Genus		✓	
Georgia Healthcare			✓
Gerresheimer	✓	✓	✓
Getinge		✓	✓
GlaxoSmithKline		✓	✓
Hikma Pharmaceuticals	✓	✓	✓
Illumina			✓
Incyte			✓
Indivior			✓
Innoviva			✓
Ipsen			✓
Jiangsu Hengrui			✓
Johnson & Johnson			✓
Kalbe Farma			✓
Lees Pharmaceutical			✓
Lepu Medical Technology Beijing			✓
Lonza			✓
Lupin			✓
Mallinckrodt			✓
Masimo			✓
McKesson HBOC	✓	✓	
Merck	✓	✓	✓
Novartis	✓	✓	✓
Novo Nordisk			✓
Odontoprev			✓
Pfizer			✓
Probiodrug			✓
Qiagen			✓
Qualicorp			✓
Regeneron Pharmaceuticals			✓
Roche			✓
Sanofi-Aventis			✓
Santen Pharmaceutical	✓	✓	✓

Company	E	S	G
Sartorius Stedim Biotech			✓
Selcuk Ecza			✓
Shandong Weigao			✓
Shire Pharmaceuticals			✓
Sinclair Pharma			✓
Sinopharm			✓
Smith & Nephew			✓
Sonic Healthcare			✓
Sonova			✓
Spire Healthcare			✓
Straumann			✓
Swedish Orphan Biovitrum	✓	✓	✓
Takeda Pharmaceutical			✓
Thermo-Fisher			✓
UCB			✓
Udg Healthcare			✓
United Drug			✓
United Therapeutics			✓
Vertex Pharmaceuticals			✓
Industrials			
51job			✓
ABB			✓
Acuity Brands			✓
Adani Enterprises		✓	✓
Adecco			✓
AerCap			✓
Aggreko			✓
AIA Engineering			✓
Air China			✓
Air France-KLM			✓
Airbus			✓
AKR Corporindo			✓
Alaska Air Group			✓
Alfa Laval			✓
Alstom		✓	✓
American Airlines			✓
Andritz			✓
Ashok Leyland			✓
Ashtead			✓
Assa Abloy		✓	✓
Atlantia			✓
Auchan			✓

Company	E	S	G
Avic Jonhon Optronictechnology			✓
AviChina Industry & Technology			✓
Avon Rubber			✓
B&M European Value Retail			✓
Babcock			✓
BAE Systems		✓	✓
Balfour Beatty		✓	✓
Barlow			✓
Beijing Capital International Airport			✓
Bodycote			✓
Boeing			✓
Bollore			✓
Bouygues		✓	✓
Bufab publ			✓
Bunzl	✓	✓	✓
Bureau Veritas			✓
C.H. Robinson Worldwide			✓
Capita		✓	✓
Cargotec			✓
Carlisle			✓
Caterpillar			✓
CCR - Cia Concessoes Rodoviarias			✓
Changsha Zoomlion Heavy Industry			✓
Chemring			✓
China Communications Construction			✓
China International Marine Containers			✓
China Railway			✓
China Railway Construction			✓
China State Construction International			✓
Cimc Enric			✓
CITIC Pacific	✓		✓
CJ Corp			✓
Clarkson		✓	
CNH Industrial			✓
Cobham			✓
Cognex			✓
Cohort			✓
Corporacion Moctezuma			✓
Cosco Pacific			✓
Daetwyler			✓
Daewoo Shipbuilding			✓

Company	E	S	G
DCC			✓
De La Rue		✓	✓
Deere & Co			✓
Delta Air Lines			✓
Deutsche Lufthansa			✓
Dialight			✓
Diploma			✓
DKSH			✓
DMCI		✓	✓
Dogan Sirketler Grubu			✓
dormakaba			✓
EasyJet		✓	✓
Edenred			✓
Eiffage			✓
Eurocell			✓
Expeditors International of Washington			✓
Experian			✓
Fastenal			✓
Federal Express			✓
FirstGroup			✓
Fisher(J)& Sons			✓
Flughafen Zuerich			✓
G4S			✓
Gamesa Corp Tecno			✓
Geberit			✓
General Dynamics			✓
Getlink			✓
GlobalTrans			✓
Goldwind			✓
Grafton			✓
Grupo Mexico Transportes			✓
Hainan Meilan International Airport			✓
Haitian		✓	✓
Hamakyorex		✓	✓
Hapag Lloyd			✓
Hays			✓
Homeserve		✓	✓
Honeywell			✓
Hubbell			✓
Human Soft			✓
Husky Injection	✓	✓	✓

Company	E	S	G
IBI Group			✓
Illinois Tool Works			✓
IMI			✓
Impellam Group			✓
Ingersoll-Rand	✓	✓	
International Consolidated Airlines	✓	✓	
Intertek	✓	✓	
Irish Continental			✓
Itochu	✓		✓
IWG		✓	✓
Jacobs Engineering		✓	
Jardine Matheson			✓
Jardine Strategic			✓
John Keells			✓
John Laing	✓	✓	
John Laing Environmental Assets	✓		
Johnson Electric			✓
Johnson Service			✓
JSL	✓	✓	✓
Kardex			✓
Keller			✓
Keppel			✓
Kingspan		✓	✓
Kion			✓
Knorr Bremse			✓
Koc			✓
Kone			✓
Kung Long Batteries Industrial			✓
Larsen&Toubro	✓		
LATAM Airlines			✓
Leonardo			✓
Leoni		✓	
Lisi			✓
Localiza Rent A Car			✓
Lockheed Martin			✓
Lonking			✓
Loomis			✓
M.P. Evans			✓
Management Consulting			✓
Manchester Airport Group Funding			✓
Maraubeni	✓		✓
Meggitt		✓	✓

Company	E	S	G
Melrose Industries		✓	✓
Michael Page		✓	✓
Mineral Resources			✓
Mitsubishi		✓	✓
MITSUI & CO		✓	✓
Molins			✓
Mtu Aero Engines			✓
Multi-Color			✓
Munters			✓
National Express		✓	✓
Nibe Industrier		✓	✓
Nomina			✓
Norfolk Southern Corporation			✓
Northrop Grumman			✓
Obayashi			✓
Paccar			✓
Paypoint			✓
Poenina			✓
Posco Daewoo		✓	✓
ProGroup			✓
Prosegur Cash			✓
Qinetiq	✓	✓	✓
Recruit			✓
Redde			✓
Rentokil Initial		✓	✓
Restore			✓
Robert Walters			✓
Rolls-Royce		✓	✓
Rotork			✓
Royal Mail		✓	✓
Rps Group			✓
Russel Metals			✓
Ryder System			✓
Saab			✓
Sandvik			✓
Sany Heavy			✓
Sany Heavy Industry			✓
SAS			✓
Schindler			✓
Schneider Electric			✓
Securitas			✓
SembCorp Marine			✓

Company	E	S	G
Serco		✓	
Shenzhen Expressway			✓
Shenzhen Inovance Technology			✓
Shimizu		✓	
Siemens		✓	
SIF			✓
Sig			✓
Sinotrans			✓
SITC International			✓
SK Holdings	✓		✓
SK Networks	✓		✓
Skanska		✓	✓
SKF			✓
Skil Ports And Logistics			✓
SMC			✓
Smiths		✓	✓
Societa Iniziative Autostradali e Servizi	✓		
Societe B I C			✓
Speedy Hire			✓
Spirax-Sarco Engineering		✓	
Spirit Aerosystems			✓
Stericycle			✓
Sumitomo	✓		✓
Taisei		✓	
Taiwan Fu Hsing Industrial			✓
Taiwan Secom Company			✓
Tekfen			✓
Teleperformance	✓		✓
Thales			✓
Timken			✓
Tomra Systems	✓		✓
Toro			✓
Toyota Tsusho	✓		✓
TPI Composites			✓
Transdigm			✓
Travis Perkins		✓	
Trelleborg			✓
Unaxis			✓
Union Pacific			✓
United Continental Holdings			✓
United Parcel Service			✓
United Technologies			✓

Company	E	S	G
United Tractors	✓	✓	✓
Valmet			✓
Vesuvius			✓
V-Guard Industries			✓
Vinci			✓
Volvo			✓
Weg		✓	✓
Weir		✓	✓
Wincanton			✓
Wizz Air		✓	✓
Wolseley		✓	✓
XP Power			✓
Zhejiang Expressway			✓
Information Technology			
21Vianet		✓	
AAC Technologies			✓
Activision Blizzard			✓
Adobe Systems			✓
Advantech			✓
Also Holding			✓
ANSYS			✓
Apple			✓
Ardentec			✓
ASM Lithography			✓
Asseco Poland			✓
Asustek Computer			✓
Atos			✓
Auto Trader			✓
Avast			✓
Aveva		✓	✓
Barco			✓
BMC Software	✓	✓	✓
Broadcom			✓
Cadence Design		✓	✓
Cap Gemini			✓
Capcom			✓
Cardtronics			✓
CD Projekt		✓	✓
Check Point Software Technologies			✓
Chenbro Micom			✓
Chipbond Technology			✓

Company	E	S	G
Cisco Systems		✓	✓
CML Microsystems			✓
Constellation Software			✓
Dassault Systemes			✓
DeNa		✓	
Dolby Laboratories			✓
Electrocomponents			✓
Electronic Arts		✓	
Epistar			✓
Equiniti Group			✓
Equinix			✓
Facebook			✓
Fidelity National Information Servies			✓
Flir Systems			✓
Focus Media Information Technology			✓
Fortinet			✓
Genpact			✓
Globant			✓
Gooch & Housego			✓
Google		✓	✓
Halma		✓	✓
Hewlett Packard			✓
Hexagon	✓	✓	✓
Hynix Semiconductor			✓
II-VI			✓
Infineon			✓
Info Edge India			✓
Intel			✓
International Business Machines (IBM)			✓
InterXion			✓
Inventec Company			✓
IQE			✓
Iress Market Tech			✓
Ituran Location and Control			✓
JinkoSolar			✓
Kainos Group		✓	
Kingsoft			✓
KLA Tencor			✓
Koh-young	✓		✓
Konami		✓	
LEENO Industrial		✓	

Company	E	S	G
MasterCard			✓
Maximus			✓
Mesa Laboratories			✓
Micro Focus			✓
Microsoft			✓
MoneySupermarket			✓
Murata Manufacturing			✓
NCC Group			✓
NetApp			✓
Netcompany Group			✓
Nexon			✓
Nintendo			✓
Nuance Communications			✓
Nvidia			✓
Oracle			✓
Oxford Instruments			✓
Pagseguro Digital			✓
Paypal			✓
Perficient			✓
Playtech			✓
Powertech			✓
PTC			✓
PV Crystalox Solar			✓
Qualcomm			✓
Renishaw			✓
Reply		✓	✓
Rhythmone			✓
Sage Group			✓
Salesforce			✓
Samsung Electronics			✓
SAP			✓
Seagate Technology			✓
Semiconductor Manufacturing International			✓
Sensirion			✓
Sigurd Microelectronics			✓
Silverlake			✓
Software			✓
Solaredge Technologies			✓
Sophos			✓
Spectris		✓	✓
Spirent			✓
Square Enix			✓

Company	E	S	G
STMicroelectronics			✓
Sunny Optical Technology			✓
Take-Two Interactive Software	✓		
Tax Systems			✓
Tech Data			✓
Telefonaktiebolaget LM Ericsson			✓
Temenos Group			✓
Tencent	✓	✓	
Test Research			✓
Texas Instruments			✓
Thinking Electronic Industrial			✓
TT Electronics			✓
Ubisoft Entertain	✓	✓	
Uchi Technologies			✓
Unisplendour			✓
United Internet			✓
Verisign			✓
Visa			✓
Vtech			✓
Wandisco			✓
Western Union			✓
Worldline			✓
Yandex			✓
Zhejiang Chint Electrics			✓
Zynga	✓		
Materials			
Acerinox			✓
African Rainbow Minerals	✓	✓	✓
Agnico Eagle Mines			✓
Alcoa			✓
Alrosa		✓	✓
Altius Minerals	✓		✓
Anglo American	✓	✓	✓
Anglo American Platinum			✓
Anglo Pacific	✓		✓
AngloGold Ashanti			✓
Anhui Conch Cement	✓		
Antofagasta			✓
Arcelor Mittal	✓	✓	✓
Arkema			✓
Asia Cement			✓
Barrick Gold			✓

Company	E	S	G
BASF			✓
BHP Billiton		✓	✓
Boliden			✓
Borregaard		✓	✓
China BlueChemical			✓
China National Building Materials			✓
China Resource Cement		✓	✓
China Zhongwang			✓
Cia Siderurgica Nacional (CSN)			✓
Clariant			✓
CMPC			✓
Covestro			✓
Crest Nicholson			✓
CRH		✓	✓
Croda International		✓	✓
Crown			✓
DS Smith		✓	✓
DSM		✓	✓
Duratex			✓
Ecolab			✓
Elementis			✓
Engro		✓	✓
Evraz			✓
Ferrexpo		✓	✓
First Quantum			✓
Fortescue Metals			✓
Franco-Nevada			✓
Freeport-McMoran			✓
Gerdau			✓
Glencore			✓
GMK Norilsk Nickel		✓	✓
Gold Fields			✓
Graphite India			✓
Grupa Kety			✓
Grupo Argos			✓
Grupo Mexico			✓
Gujarat Nre Minerals		✓	✓
HeidelbergCement			✓
Hexpol			✓
Hill & Smith			✓
Hindalco Industries		✓	✓
Hochschild Mining		✓	✓

Company	E	S	G
Holmen	✓		
Iamgold			✓
Ibstock		✓	
Iluka Resources		✓	
IMERYS			✓
Impala Platinum Holdings		✓	
Incitec Pivot		✓	
Independence Group		✓	
India Cements	✓		✓
Industrias Penoles		✓	
Jiangxi Copper		✓	
Jiangxi Ganfeng Lithium		✓	
Jindal Steel & Power	✓		✓
Johnson Matthey		✓	✓
JSW Steel			✓
Kardemir			✓
KGHM Polska Miedz		✓	✓
Kinross Gold		✓	
Klabin	✓		
Korea Zinc	✓		
Kumba Iron Ore	✓	✓	
Lafargeholcim	✓	✓	
Lenzing			✓
LG Chemical	✓	✓	✓
Lonmin			✓
Lynas		✓	
Mayr-Melnhof			✓
Mechel PJSC	✓		✓
Minas Buenaventura			✓
Mitsubishi Materials		✓	
Mondi	✓	✓	
Newcrest Mining		✓	
Newmont Mining		✓	
Nine Dragons			✓
Norbord			✓
Norsk Hydro	✓		✓
Northam Platinum			✓
Northern Star Resources		✓	
Nufarm			✓
Orica			✓
Orocobre		✓	
OZ Minerals		✓	

Company	E	S	G
Pan American Silver			✓
PETKIM			✓
Petropavlovsk			✓
Philips Lighting			✓
Phosagro			✓
Polymetal		✓	✓
Polyus			✓
Portucel Soporcel			✓
PT Semen Indonesia		✓	✓
Regis Resources			✓
Resolute Mining			✓
RHI Magnesita			✓
Rio Tinto		✓	✓
Sandfire Resources			✓
Saracen Mineral			✓
Severstal			✓
Shandong Gold Mining			✓
Shougang Fushan Resources		✓	✓
Sibanye Gold			✓
Sika			✓
Sinopec Shanghai Petrochemical			✓
SK Materials			✓
Smurfit Kappa		✓	✓
Solvay			✓
Sonoco Products			✓
South32		✓	✓
Southern Copper			✓
St Barbara			✓
Stora Enso			✓
Sumitomo Metal Mining			✓
Synthomer			✓
Teck Resources			✓
Tenedora Nemak			✓
Ternium			✓
Thyssen Krupp			✓
Timah Persero		✓	✓
Toagosei			✓
Toray Industries			✓
Trinseo			✓
Umicore			✓
UPM - Kymmene Corporation			✓
Vale		✓	✓

Company	E	S	G
Vedanta		✓	
Victrex		✓	✓
VOESTALPINE			✓
WEPA Hygieneprodukte			✓
Western Areas		✓	
Yamana Gold			✓
Zhejiang Huayou Cobalt		✓	
Zhejiang Weixing New Building Materials			✓
Zijin Mining	✓	✓	✓
Real Estate			
Columbia Property Trust	✓		
CoreSite Realty	✓		
Deutsche EuroShop			✓
Healthcare Realty Trust	✓		
Inmobiliaria Colonial			✓
Raven Russia			✓
Secure Income REIT			✓
U and I Group			✓
Telecommunication Services			
Ascential	✓	✓	
AT&T			✓
BCE			✓
Be Heard Group			✓
Belgacom			✓
BT			✓
China Communication Services			✓
China Telecom			✓
CTS Eventim AG & Co			✓
Deutsche Telekom			✓
Elisa			✓
Globe Telecom			✓
Infrastrutture Wireless Italiane			✓
Megicable Comunicaciones			✓
Millicom International Cellular			✓
NOS			✓
NTT DoCoMo			✓
Orange Polska			✓
Philippine Long Distance Telephone			✓
PLAY Communications			✓
Safaricom			✓
STV			✓
Talktalk	✓	✓	

Company	E	S	G
Telecom Italia			✓
Telefonica			✓
Telefonica Deutschland			✓
Telekomunikasi Indonesia Persero	✓	✓	
Telenor			✓
Telephone & Data Systems			✓
Telstra			✓
T-Mobile Us			✓
Troy Income and Growth Trust			✓
Turk Telekomunikasyon			✓
Turkcell Iletsim			✓
Vodafone		✓	✓
XLMedia			✓
Utilities			
Adani Power	✓		✓
Allete	✓		✓
Alupar Investimento			✓
Ameren			✓
American Electric Power	✓	✓	✓
Australian Pipeline Trust			✓
Aygaz			✓
BKW Energie			✓
Black Hills		✓	✓
Centrica		✓	✓
Chesapeake Utilities			✓
Cheung Kong Infrastructure			✓
China Power International Development		✓	✓
China Resources Gas			✓
CLP		✓	✓
CMS Energy			✓
Consolidated Edison	✓	✓	✓
Copasa			✓
CPFL			✓
Dominion Resources			✓
Drax		✓	
DTE Energy			✓
E.ON		✓	✓
EDF			✓
Edison International			✓
EDP			✓
EDP Renovaveis			✓

Company	E	S	G
Electric Power Development	✓		✓
Electricity Generating Company	✓		✓
Electro Power Systems			✓
Endesa			✓
Enea	✓		✓
Energisa	✓	✓	
Engie			✓
Equatorial	✓	✓	
First Energy			✓
Hera			✓
HK Electric Investments			✓
Hong Kong & China Gas	✓		✓
Huadian Power	✓		✓
Iberdrola	✓		
Indraprastha Gas			✓
Interconnection Electric			✓
Korea Electric Power			✓
National Grid	✓	✓	✓
National Thermal Power (NTPC)	✓		✓
Naturgy Energy	✓		✓
Nisource			✓
Nordex			✓
Northumbrian Water		✓	
Pennon Group		✓	✓
Perusahaan Gas			✓
PGE			✓
Public Power	✓		✓
Reliance Power	✓		✓
ReNew Power	✓		
Romande Energie			✓
RWE	✓		✓
Samchully	✓		✓
Scottish and Southern Energy		✓	
Sempra Energy			✓
Severn Trent		✓	✓
Shenzhen Gas			✓
Snam			✓
Southern Co			✓
Suez		✓	✓
Tata Power	✓		✓
Telecom plus		✓	✓
Tenaga Nasional			✓

Company	E	S	G
Tennet			✓
Transmissora Alianca de Energia Eletrica			✓
United Utilities			✓
Verbund			✓
Voltalia			✓



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