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But it goes further than that – we recognise we have an important part to play in shaping the future for all our stakeholders; not only our clients, but also our employees and wider society.

Our purpose is to provide excellent investment performance through active management. Channelling capital into sustainable and durable businesses creates value and helps speed up positive change.

The responsibility that we have to our clients, our people and wider society lies at the heart of our culture. We firmly believe in the power of active decision-making as the best way to deliver sustainable value to them.

In the past investors only considered returns. But times have changed, and Schroders has changed with them. People increasingly care about their impact on the world, and the pandemic we’ve all lived through in the last year has only accelerated this.

Investors want to know the true impact of a company’s activities – the cost or benefit to society and the planet. It’s our job to measure that, alongside more traditional ways of analysing companies. That’s why we have invested heavily in a range of tools to help our fund managers measure and identify the impact of a company’s activities, so that they can make the right decisions for our clients.

We cannot tell others to improve their behaviour if we’re not doing the same ourselves – we need to lead by example. That’s why we have been operating on a carbon neutral basis since 2019 and have committed to setting a science-based target in 2021.

It’s not just about the planet – it’s also about people. That’s why we are steadfast in our commitments to reducing inequality by focusing on inclusion, wellbeing and human rights.

Funding the future is a privilege; we use it wisely and responsibly.

As a global investment manager, Schroders manages investments for a wide range of institutions and individuals around the world. We are responsible for £574.4 billion\(^1\) of assets for our clients, who trust us to deliver sustainable returns.

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\(^1\) As at 31 December 2020
Schroders in numbers

As at 31 December 2020

Global presence

37 locations 5,500+ employees 42 investment teams

Americas
- Argentina
- Bermuda
- Brazil
- Canada
- Chile
- Mexico
- Peru
- United States

Europe, Middle East, and Africa
- Austria
- Belgium
- Denmark
- Finland
- France
- Georgia
- Germany
- Gibraltar
- Israel
- Italy
- Kenya
- Luxembourg
- Netherlands
- South Africa
- Spain
- Sweden
- Switzerland
- United Arab Emirates

Asia Pacific
- Australia
- China
- Hong Kong SAR
- Indonesia
- Japan
- Republic of Korea
- Singapore
- Taiwan

The Americas
- £88.3bn
- 391 employees

UK and Channel Islands
- £275.2bn
- 3,157 employees

EMEA
- £108.3bn
- 917 employees

Asia Pacific
- £102.5bn
- 1,076 employees

Ratings

Fitch Ratings
- Excellent

MSCI ESG Ratings
- AAA

Sustainalytics
- 18.8 / low risk

CDP
- A- / leadership

PRI
- A+ Strategy and Governance

Morningstar
- ESG Commitment Level Advanced
People and Planet headlines

98% of employees proud to be associated with Schroders

33% target of female representation in senior management achieved

94% retention of highly rated employees

73% reduction in CO₂e emissions per employee globally

2,150+ engagements on Environmental Social Governance issues globally

Assets under management

£574.4bn

By asset class

- Equities 33%
- Multi-asset 29%
- Fixed Income 17%
- Private Assets & Alternatives 8%
- Wealth Management 13%

By region

- UK 48%
- Asia Pacific 18%
- Europe, Middle East and Africa 19%
- Americas 15%

By business area

- Private Assets & Alternatives 8%
- Solutions 33%
- Mutual Funds 18%
- Institutional 28%
- Wealth Management 13%

AUM by business area, £bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Private Assets &amp; Alternatives</th>
<th>Solutions</th>
<th>Mutual Funds</th>
<th>Institutional</th>
<th>Wealth Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>135</td>
<td>95</td>
<td>44</td>
<td>38</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>144</td>
<td>102</td>
<td>67</td>
<td>44</td>
<td>143</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>160</td>
<td>104</td>
<td>72</td>
<td>46</td>
<td>192</td>
<td></td>
</tr>
</tbody>
</table>

54% of AUM (2019: 51%)

within our key strategic growth areas of Wealth Management, Private Assets & Alternatives and Solutions.
To our 2019 selves, a description of the events of 2020 would have been barely believable. Yet individuals and companies, and society as a whole, rose to the multiple challenges that the Covid-19 pandemic created.

Those challenges also shone a light on corporate behaviour. I take this as one of the few positives from a year of uncertainty and suffering.

Chief Executive Officers, in particular, were wise to use the events of 2020 to take a fresh look at how their business activities affect the world. A sentiment expressed beautifully by the political thinker John Schaar held resonance for us: “The future is not some place we are going, but one we are creating”.

This notion underpins Schroders’ actions and the path we are taking. We make active and conscious decisions that benefit our clients and our stakeholders, from our people and shareholders to wider society.

Our approach to ensuring that we act as a responsible business and serve the interests of all our stakeholders is designed to ensure our core values and high standards apply to everything we do. This is important not just as stewards of more than half a trillion pounds of clients’ capital; this is also important in every corporate decision.

Every decision is deliberate and links back to our purpose: we exist to provide outstanding investment performance to our clients. We achieve this by actively selecting companies with sustainable and durable business models, and help them on their journey to a fully sustainable future. By serving clients, we are serving wider society.

In terms of our own corporate behaviour, we take decisions that advance progress on diversity and inclusion, that create a lasting positive impact on society and that improve our impact on the environment. In 2020, we have applied particular focus on narrowing inequalities and combatting climate change.
“Our approach to ensuring that we act as a responsible business and serve the interests of all our stakeholders is designed to ensure our core values and high standards apply to everything we do.”

We started the year by signing up to the UN Global Compact (UNGC), and we reaffirm our support of its 10 principles in the areas of human rights, labour, environment and anti-corruption. This report acts as our first annual Communication on Progress, describing our actions to integrate the principles into our business strategy, culture and daily operations.

We have been particularly focused on climate change. I believe that the markets – and the investment industry – can have a meaningful impact. I have suggested that we are at a 1929 moment. In time, 2020 will come to be seen as the point at which we started valuing companies based on their “impact-adjusted profits”: the moment we began to value the real cost of a company’s activities with a forward-looking view. There was a similar revolution in accounting after the Wall Street Crash, spurred on by the realisation that the valuation metrics of the day were not fit for purpose. We are leaders on this front. We have developed tools that are beginning to measure impact-adjusted profits. With them, we can help accelerate positive change in the world.

We aim to practice what we preach. We have committed to setting a science-based target in line with a 1.5°C emissions-reduction pathway so we can reach net zero by 2050 or sooner. We also reduced our greenhouse gas emissions, achieving a 72% fall despite growth in the size and scale of our business across our own business and investment portfolio. There is always room for improvement; we must go faster.

I’m also a strong believer that to make a meaningful difference, companies must coordinate their efforts. That is why we became a founding member of the Net Zero Asset Managers initiative in December, and it is why we are working hard to encourage all our peers to join.

I am proud of these decisions. I am also proud of how our people responded amid the misery of Covid-19. Most notably, with the aim of helping those most affected by the pandemic, we donated £4.3 million to 95 charities in 2020 through our #CollectiveAction campaign. Our employees are key stakeholders. We aim to nurture a caring culture and one that helps them reach their full potential. In the summer of 2020, we set a standard for the industry with our flexible working charter. It empowers our people to choose the best way to work – best for the individual, best for the company, best for our clients.

It is with this mindset, one where we actively consider all our stakeholders with every decision, that we hope to make a difference. This is the part we play in contributing to a better future for all.

Peter Harrison
Group Chief Executive
2020 highlights and achievements

A year of positive action

January
Became a signatory to the UN Global Compact

May
#CollectiveAction campaign raised £4.3 million for charities in response to Covid-19

August
Cazenove Capital won gold in the ESG Investing Olympics, resulting in a £33.5 million mandate

March
Integrated climate change into 30-year investment returns forecasting

June
Group Chief Executive and senior leaders named in LGBT Great's Global Top 100 Executive Allies

February
Started a three-year charity partnership with Samaritans in the UK as part of our commitment to improving mental health and wellbeing

April
Collaborated with other investors to engage with FTSE 100 companies on employee mental health during Covid-19

July
Joined forces with Jamie Murray to sponsor the ‘Battle of the Brits’ tennis tournament and raised money for NHS Charities Together

June
 Participated in the Diversity Project’s ‘I Am Talk About Black’ campaign and joined other businesses in making a diversity pledge, published in The Sunday Times
September
- Announced the launch of the British Opportunities Trust to invest in future business growth, while supporting UK employment through the pandemic and beyond

October
- Partnered with Imperial College to form a new Centre of Excellence for Sustainability in Singapore

November
- Became a founding partner of the Change the Race Ratio campaign to accelerate racial diversity in business
- BlueOrchard launched a Covid-19 support fund that aims to support more than 200 million jobs in emerging and frontier markets

December
- Achieved full ESG integration across our managed assets*
- Became a founding member of the Net Zero Asset Managers initiative, committing to support the goal of net zero greenhouse gas emissions and committed to setting a science-based target
- Launched the Schroder Big Society Capital Impact Trust, which invests with a focus on delivering a positive social impact in the UK
- Achieved our target of 33% women at senior leadership level

August
- Launched our flexible working charter for all employees

September
- SustainEx won first place for Impact Reporting in the Environmental Finance IMPACT Awards 2020

November
- BlueOrchard launched a Covid-19 support fund that aims to support more than 200 million jobs in emerging and frontier markets

December
- Achieved our target of 33% women at senior leadership level

* 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 liquidation or which are soon to be liquidated. Certain joint-venture businesses are also excluded.
Our Corporate Responsibility strategy

Responsibility for all

We recognise that we have an important part to play in shaping the future for all our stakeholders.

As an active manager with £574.4 billion of assets under management* we can exert a positive influence on society and our planet through our investments. This is a responsibility we take seriously. We apply the same core values and high standards to the activities we undertake as a business as we do when investing for our clients.

In January 2020, we became a signatory to the UN Global Compact (UNGC), the world's largest corporate sustainability initiative. The UNGC recognises business as a force for good. We have reviewed our approach to corporate responsibility (CR) and have aligned it to the 10 UNGC principles, which relate to the four key areas of human rights, labour, environment and anti-corruption. The 10 principles are derived from the Universal Declaration of Human Rights; the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; and the UN Convention Against Corruption.

As a signatory to the UNGC, we are showing our commitment to taking strategic action to advance broader societal goals, such as the UN Sustainable Development Goals (SDGs). In 2007, we signed up to the UN Principles on Responsible Investment, the world’s leading proponent of responsible investment. It has awarded Schroders an A+ rating for the sixth consecutive year.

A strategy shaped by our stakeholders

Our CR strategy must be based on the issues that matter to our stakeholders and reflect important social priorities. These need to be areas where we can make a meaningful contribution.

In 2020, we analysed the results of a number of surveys to assess the sustainability topics that are important to our key stakeholders, and built a global strategy in response. These surveys included our annual Global Investor Study, our Institutional Investor Study, Cazenove Capital’s Client Service Survey and our Employee Opinion Surveys, as well as other industry reports.

Our 2020 Global Investor Study surveyed more than 23,000 people from 32 global locations around the world about their views on sustainability and what they expect from businesses. Participants are increasingly conscious about the choices they make, from where they shop, to the food they eat, to their travel plans. The survey showed that 77% of people want to invest in funds that don’t compromise their beliefs. The respondents also said that the two issues that have the greatest positive impact on a company’s return are social responsibility and attention to environmental issues.

The 2020 Schroders’ Institutional Investor Study spanned 650 institutional investors from 26 different countries, with a total of USD25.9 trillion in assets under management. The respondents were asked to rank the areas they believe are important for investment managers and asset owners to engage on. Environmental issues topped the ranking for the second year running.

Taking a leading role through a credible CR framework

We continue to build on our values, culture and progress to date. Our focus is on advancing inclusion and diversity, making sustainable improvements to society, and having a positive impact on the environment.

We are also developing our leadership ambitions in two specific areas: reducing inequalities and combating climate change. Here we can bring the full capabilities of our business to bear and create a lasting impact. Our approach directly addresses three of the UN SDGs (8 Decent work and Economic growth; 10 Reduced inequalities and; 13 Climate action) and touches on many others.

To support resilience and cohesion within organisations and society, we continue to build on existing programmes of work covering workforce wellbeing, human rights and social mobility. We also want to help lead the transition to a low-carbon economy. We have committed to setting a science-based target in line with a 1.5°C emissions-reduction pathway and to reaching net zero by 2050 or sooner.

* As at 31 December 2020
Accelerating positive change

People
Striving for equality, inclusion and resilience
We promote progress and equality in the companies in which we invest and support our people to be their best

Planet
Actively protecting our planet’s resources
We influence the transition to a net zero carbon economy and value natural capital

Achieved through our strategic enablers

Good governance and responsible business practices
Strong culture and values
Charitable giving and volunteering

SDGs 8, 10 and 13 are our priority SDGs

Underpinned by
A robust framework

Our CR strategy is governed by the CR Committee, which is chaired by the Group Chief Executive and made up of senior representatives from across the business. The Group Chief Executive also leads our Environmental Social Governance (ESG) Executive Committee, which focuses on our sustainable investment strategy. For more information on Schroders’ Sustainable Investment activities see our website.

The CR Committee is responsible for reviewing and agreeing new CR commitments and policies, as well as monitoring progress against targets. It meets at least quarterly and reports to the Group Management Committee (GMC) and the Board on an annual basis. Members of the GMC have specific objectives relating to CR and sustainability, with a proportion of their variable remuneration dependent on progress against these objectives.

The global Charity Committee is a sub-committee of the CR Committee and is responsible for promoting and organising global charitable giving and volunteering as well as reviewing and establishing strategic partnerships.

Support in the delivery of our objectives comes from our cross-departmental working groups (on climate change and human rights, for example), our regional and local committees and our CR champion networks.

To enable the voices of our people to be heard directly by the Board, we also have a global Employee Forum. This consists of 12 appointed representatives from Asia, Europe and the Americas, which is chaired by the Senior Independent Director.
Positive and active influence

We support many organisations, initiatives and industry groups on matters of corporate responsibility and sustainability. Acknowledging our power to influence, we use our voice to collaborate with others to drive change across our industry and society. We also help to shape public policy by working with peers and policymakers on ESG issues. We regularly respond to public consultations both in our own right and through working with investor groups. We also work with international and regional trade associations on their responses to various regulatory issues globally. A list of the organisations and initiatives we have joined or supported is available on our website.

In 2020, we signed an open letter to the British Prime Minister coordinated by the UK Stakeholders for Sustainable Development and the UNGC. This letter called on the UK government to ensure that the UN SDGs were at the heart of its Covid-19 recovery plans. Our Group Chief Executive described this as "another proof point of our commitment to be a more purposeful company".

He went on to say that the SDGs "provide us with a blueprint to end poverty and inequality, and put health, wellbeing and job creation at the heart of Covid-19 recovery plans in the UK".

Advancing equality
In 2020, we strengthened our stance on issues of social inequality, by participating in a wide range of initiatives. In so doing, we were conscious that we were helping to precipitate a 'tipping point' in public awareness of these issues, which were sharply in focus over the course of the year.

To address social inequalities, we joined many other prominent UK businesses in making a pledge to advance diversity in the workplace, signing an open letter published in The Sunday Times. We became one of the founding partners of the Change the Race Ratio campaign to accelerate diversity in business. The campaign was set up by the Confederation of Business Industry to increase ethnic minority participation in British business.

In the US, meanwhile, we joined other business leaders, the Connecticut State Treasurer and the Ford Foundation in a coalition to address economic and racial disparities. The members of this working group will work to increase diversity at all levels of their organisations and to combat the causes and effects of systemic racism. This will be done, for example, by investing in minority-owned businesses and communities and by diversifying supply chains.

Prioritising the planet
We were also active in our advocacy for the environment, particularly in regard to climate change. We joined 29 other asset managers in committing to the Net Zero Asset Managers initiative. This aims to advance the goal of net zero greenhouse gas emissions by 2050 or sooner.

Our Group Chief Executive identified a potential “1929 moment” for the environment – a once-in-a-century opportunity to change corporate attitudes decisively. In January 2021, he wrote to all the companies in the FTSE 350 to encourage and support them in setting out their climate transition plans.

We have also pledged our allegiance to the Terra Carta initiative, which was launched by the Prince of Wales. This provides a roadmap to 2030 for businesses to move towards a sustainable future. The Terra Carta seeks to combine the power of nature with the innovation and resources of the private sector. The initiative outlines ten areas for action and consists of nearly 100 actions for business as the basis of a recovery plan that puts nature, people and the planet at the heart of global value creation.
We know that businesses have the responsibility to work against corruption in all its forms. Integrity is one of our core values, and we strive to always uphold the highest ethical standards. As a financial services company that operates in regulated markets around the world, we are committed to carrying out our business fairly, honestly and openly to protect the interests of our clients and other stakeholders.

We have a number of policies that explain how we do this, including our Financial Crime and Inducement Policies. These policies cover anti-money laundering, counter-terrorist financing, anti-bribery and corruption, sanctions and tax evasion.

These are overseen by the Policy Committee, a sub-committee of the Group Risk Committee (GRC). The GRC supports the Chief Financial Officer and GMC in discharging their risk management responsibilities.

The GRC is attended by the heads of Group Risk, Compliance, Legal and Internal Audit, chief operating officers and chief administrative officers from across the business, and senior management from Distribution, Investment, Product and Wealth Management. Other GMC members regularly attend.

During 2020, mitigation of financial-crime risk continued to be high on our agenda. This is also a priority for regulators worldwide. In Europe, higher standards imposed by the 5th and 6th EU Money Laundering Directives came into force in 2020. During the year, the Financial Crime team made enhancements to the Group’s framework, including updating procedures and policies to take into account the nature of the Private Assets & Alternatives business, which has exposure to higher-risk countries for financial crime and more complex transactions, and the EU legislative requirements.

**Anti-corruption**

**Committed to the highest ethical standards**

We are required by law to adopt effective and adequate procedures to detect and prevent money laundering and terrorist financing in all the jurisdictions in which we operate. The policy applies to all Schroders’ businesses, worldwide.

**Anti-money laundering**

Our Financial Crime and Inducement Policies highlight our zero tolerance towards any acts, offers or commitments which might be regarded as bribery and sets out the consequences of breaching the policy for employees and the Group.

**Inducements**

Our Inducements Policy sets out requirements relating to the provision and acceptance of fees, commissions and non-monetary benefits that may be offered to or accepted from any third party.

**Anti-bribery**

We are committed to conducting our tax affairs in an open and transparent way. This means that we comply with all of our tax filing, tax reporting and tax payment obligations globally. Our tax strategy applies to all Schroders companies, Schroders managed funds and to our dealings with our clients.

**Tax strategy**

Our Group Whistleblowing Policy sets out the internal procedure for reporting and investigating concerns without fear of reprisals or detrimental treatment. Employees are able to raise concerns anonymously to an independent third party, Safecall, which provides a confidential global reporting service through its 24-hour phone line and online portal. In 2020, we extended access to our independently operated whistleblowing hotline to any external party. Regional freephone numbers are available so that reports can be made in local languages. Any issue or concern will be taken seriously and investigated.

**Supplier Code of Conduct**

Our Financial Crime and Inducement Policies highlight our zero tolerance towards any acts, offers or commitments which might be regarded as bribery and sets out the consequences of breaching the policy for employees and the Group.

We expect our suppliers to operate with integrity, comply with the Foreign Corrupt Practices Act, the Bribery Act 2010, the Criminal Finances Act 2017 and have policies in place to prevent fraud, bribery and corruption, market abuse, money laundering, tax evasion and any other improper payments or inducements within their business. We also expect them to seek to only work with suppliers that demonstrate similar commitments. Suppliers must not directly or indirectly offer improper payments or inducements to Schroders employees that may give rise to actual, potential or perceived conflicts of interest, or engage in any other unethical behaviour.

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Actively investing in progress

As investors, the way we direct capital not only shapes the financial returns we achieve but also the type of impact we have on the world. The relationship between these two outcomes 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 their impact-adjusted profits.

This is the foundation of how we invest: there is more than just the relationship between risk and return. A third dimension – impact – 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.

We have been incorporating Environmental Social Governance (ESG) considerations into our investment process for more than 20 years. At the end of 2020, we achieved our target to become a fully ESG integrated firm.¹

Full 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 that captures sustainability risks and opportunities in our investment decision-making.

Better insights from innovative research

We aim to be true pioneers in sustainability. Our thinking covers not only current sustainability topics but those that are only just emerging. In our thematic research, we aim to obtain a thorough understanding of the sustainability risks and opportunities that may affect companies’ valuations and risk profiles.

To gain a full understanding of a company’s potential, we need to look beyond its financial information. We scrutinise companies’ treatment of their stakeholders – their clients, customers and employees. This treatment offers vital clues to those companies’ ability to grow, thrive and deliver consistent long-term returns.

Our Sustainable Investment team produces in-depth and insightful research on ESG issues across the full range of sectors and regions. These were among the topics that the team examined in 2020:

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

We also publish papers to help educate our clients and the broader public. In 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

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 liquidation or which are soon to be liquidated. Certain joint-venture businesses are also excluded.
MoneyLens puts sustainability and investing in focus

Schroders’ award-winning consumer website MoneyLens is to play an important part in engaging a wider audience on topics relating to the climate crisis, sustainability and the role of money in driving change.

The site, which launched in 2018 to help provide information on investment and other money-related topics, has had more than 500,000 visitors. It will continue to talk to an audience of less experienced investors and non-investors, but to satisfy a growing interest in sustainability – as well as to reflect Schroders’ strategic emphasis – our coverage of topics relating to social and environmental issues is expanding.

From quirky innovations to tackle plastic pollution, such as algae-based cladding and football kit made from coffee waste, to what Schroders’ employees are doing to make a difference in the race to net zero, we hope readers find some inspiration.

As well as debunking the myth that a more sustainable lifestyle hurts the wallet and our new climate change quiz, we’re continuing to publish a growing series of jargon-free articles.

Understanding impact with impactIQ

impactIQ, our suite of award-winning tools, measure the impact that companies have on society and the environment. The tools combine a range of proprietary technologies driven by traditional and non-traditional data to quantify the sustainability risks and impacts of assets in which we seek to invest. They enrich our research process and enable our investors to ask questions about how a company is managing its business, the impact this has on society and stakeholders, and whether it is contributing to sustainable themes. Our ambition is to measure impact along a continuum across all our assets. To support this we align our tools to the Impact Management Project’s ABC framework.

Act to avoid harm

I want to manage sustainability risks.

impactIQ tools:
- Carbon VaR
- Governance Risk
- Physical Risk

Benefit stakeholders

I want to invest in businesses exposed to positive social and environmental impacts.

impactIQ tools:
- SustainEx

Contribute to solutions

I want to help tackle sustainability themes that are important to me.

impactIQ tools:
- ThemEx
- Climate Alignment

Source: Schroders’ adaptation of the ABC framework Impact Management Project, a forum for building global consensus on how to measure, manage and report impacts.
Active ownership

Active ownership is also a core part of our approach to sustainable investing. We seek to actively influence corporate behaviour through engagement and voting to ensure that the assets we invest in are managed in a sustainable way. This means looking not just at what our investments are doing but also at how they are run and their strategic plans. This helps us better protect and enhance the value of our clients’ investments.

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 executive remuneration and engaged with all the holdings to which these issues were applicable.

The full spectrum of active ownership

Our tiered approach to reporting

**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. For some engagements we are supported by fund managers and analysts across the business. Our case study on thawing permafrost 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.

**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.

**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 Group Chief Executive’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, customers 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 and an opportunity to learn from emerging best practice around how companies were managing labour practices and protecting employees’ mental health during the pandemic.

**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.

**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.
Active ownership can be described in three ways:

We work with companies to find out how prepared they are for the changing world

We use our voice to make sure these changes are happening

Engagement in numbers

2,150+ engagements with 99%
1,480+ companies across 58 countries votes cast on

Voting in numbers

58 countries
6,500+

Company engagement by topic in 2020

Environmental

- Biodiversity
- Climate change
- Environmental capex
- Environmental policy/strategy
- Environmental products and services
- Environmental supply chain
- Forests
- Green bond issuance
- Pollution
- SDG bond
- Transparency and disclosure
- Waste management
- Water management

Social

- Customers
- Data security
- Diversity
- Health and safety
- Human capital management
- Human rights
- Labour standards
- Product safety
- Social policy/strategy
- Social products
- Supply chain management
- Transparency and disclosure

Governance

- Accounting practices
- Auditors
- Board committees
- Board structure
- Business integrity
- Corporate strategy
- ESG governance and sustainability strategy
- Financial policy
- Governance oversight
- Related party transactions
- Remuneration
- Shareholder rights
- Succession planning
- Transparency and disclosure
- Voting

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

For more details on our approach to corporate engagement on ESG-specific issues and how we track and monitor progress, as well as our proxy voting activity, see our 2020 Sustainable Investment Report.
**Products**

In addition to being a fully ESG integrated firm, Schroders offers a range of sustainable investment solutions across asset classes and public and private markets. For clients seeking to invest sustainably, we offer solutions across two fund ranges, the ‘Sustainable range’ and ‘Impact Goals range’.

The Sustainable range comprises strategies that aim to deliver a better impact on society compared to the relevant benchmark. Using SustainEx, our proprietary impact measurement tool, we can choose companies with strong or improving sustainable business practices. As a result, all strategies in the Sustainable range have a SustainEx score better than their benchmark.

The Impact Goals range consists of strategies that identify investments that target specific societal and environmental challenges. Within this range we have five categories based on the UN Sustainable Development Goals. These are Health and wellness (SDGs 2 and 3), Inclusion (SDGs 1, 4, 5, 8 and 10), Responsible consumption (SDGs 12, 14 and 15), Sustainable infrastructure (SDGs 6, 9 and 11), and Environment (SDGs 7 and 13). We have strategies that target each of these categories as well as strategies that are aligned to multiple categories, known as ‘Multi-Goals’.

Our quarterly and annual sustainable investment reports and responsible investment policy documents, including our ESG policy, provide more detail on our approach. We are also compliant with the UK Stewardship Code and UN Principles for Responsible Investment. For more information on our sustainable investment approach, see our [website](#).
Collectively, our people are our greatest asset

They are crucial to the ongoing success of our business and key to delivering value for our clients. We are proud of our reputation as an employer of choice and take great efforts to ensure that we can continue to attract and retain the right people through a strong, welcoming and inclusive corporate culture.
Our people

Our policies

Our values

We strive for excellence
Being good at what we do is a powerful way to create value for all our stakeholders and secure a long-term future for our business.

We promote innovation and teamwork
We challenge how things are done, anticipate future opportunities and understand that delivering value takes collaboration and a healthy respect for individual skills.

We have passion and integrity
We are realistic about what we can achieve, but we are also ambitious, approaching everything we do with energy and drive. This sits alongside an openness and responsibility to deliver on our promises.

Our policies are designed to promote our values and protect our employees. We are committed to ensuring that there is no discrimination in our company, whether on the grounds of age, disability, gender identity, civil or marital status, pregnancy, maternity, race, religion or belief, sex or sexual orientation. This commitment extends from the recruitment process right through the employee lifecycle.

We value the views of our employees. We have a global Employee Forum to enable the voices of our people to be heard by the Board. Twelve appointed representatives from across Asia, Europe and the Americas meet at least twice a year with the Senior Independent Director of Schroders plc. This forum covers topics such as group strategy, financial performance, inclusion and diversity, and employee engagement.

We commit to providing fair wages and benefits and a secure working environment for our people. We protect health and safety at work, promote wellbeing and provide a culture that fosters workplace flexibility and recognises the need for a work/life balance. We support the principles of freedom of association and collective bargaining.

We have specific policies relating to health and safety; mental health and wellbeing; flexible working; overtime; and equal opportunities, bullying, harassment, respect and dignity at work. Where appropriate, we establish local policies in line with these global principles to take into account local laws, regulation and market practice.

Our grievance policies provide a framework for the quick and effective resolution of difficulties that arise in the workplace. Our Group Whistleblowing Policy sets out the internal procedure for reporting and investigating concerns without fear of reprisals or detrimental treatment.

Our goals

At Schroders, we are committed to creating a workplace in which our people can be themselves. Fostering this culture is crucial to our employees and to our clients, who are at the heart of everything we do.

In 2020, we increased our focus on inclusion. In an extremely challenging year, with most of our employees working from home, the need to avoid creating ‘in’ and ‘out’ groups was more important than ever. We redoubled our efforts to listen to our people and respond to their concerns.

We hold our leaders accountable for driving progress from the top. Our set of manager expectations includes enabling inclusion and diversity in their teams. These expectations are part of their annual objectives and provide a framework for managers to support their teams. At the same time, we encourage all of our employees to add an inclusion and diversity goal to their annual objectives.

By shifting our inclusion and diversity strategy from being HR-led to being leader and employee led, we aim to show that creating an inclusive environment is everyone’s responsibility.

The strong culture we have built at Schroders rests on our values. These are clearly articulated and widely understood. They are an integral part of our business and underpin everything we do.

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By shifting our inclusion and diversity strategy from being HR-led to being leader and employee led, we aim to show that creating an inclusive environment is everyone’s responsibility.
Improving gender balance and ethnicity representation

In the past three years, we have made significant progress in improving our gender balance. As signatories to the UN Global Compact (UNGC), we now use the UNGC’s gender-equality tools to assess our performance.

In March, we achieved our latest target of 33% female representation in senior management and in April we reached 45% at board level. We have set a new goal to reach 35% representation of women at senior management level by 2023. Currently, our workforce is 41% female, but our longer-term vision is to achieve gender balance.

In 2020, we broadened out our efforts, drawing on what we had learnt and applying it to social mobility, ethnicity, disability, sexual orientation and mental health. These areas often overlap, and so intersectionality has become an important part of our approach. By focusing on social mobility, for example, we can improve outcomes for ethnicity and gender too.

We have set several additional goals to measure our progress:

- Reaching 80% completion of our ethnic-diversity profiles so that we can publish our ethnicity pay gap; we are currently at 70%
- Setting targets beyond gender, including ethnicity targets, which will be published this year

We are also using metrics across the employee lifecycle to measure our progress through a gender and ethnicity lens. These include the following:

- Tracking the diversity of our applications and offers
- Aiming for gender balance at early-career assessment centres and participation in talent programmes
- Reviewing engagement metrics through pulse surveys, including our annual inclusion, onboarding and exit surveys
- Engagement in Employee Resource Group events and in take-up of learning through Spark, our digital learning platform
- Reviewing attrition of high-potential talent and diversity of talent in our succession planning
- Reviewing performance and compensation outcomes

Later this year, we will publish a new report setting out the profile of our current workforce based on the diversity profile data we have been able to collect from our employees, along with our ambition to build an organisation which reflects the communities in which we operate.
Our people

Responding to Covid-19

The global pandemic has had a profound impact on our people and the way they work. But it has also highlighted the strength of our collaborative culture and the agility of our organisation. Our people rose to the challenges of 2020, with the vast majority of our employees working from home successfully at some point during the year. Here, we reaped the benefits of investing in technology and embracing flexible working in recent years. We have not taken any government support or made any redundancies as a result of Covid-19.

To maintain connectivity, our leadership team held more frequent all employee meetings, ensuring continued collaboration and understanding of priorities. With the support of internal communications, we created a wealth of engaging content to keep our people informed, connected and supported. Within all our communications, employees were pointed to the training and support available to them wherever they might be in the world.

This communications approach centred on creating a sense of belonging and giving our employees a direct flow of information from senior leaders.

These included weekly podcasts from the Group Chief Executive, as well as a regular blog by our Global Head of Human Resources on topics such as juggling home schooling with a demanding role. We also shared stories from our people around the world, highlighting how they were keeping healthy and blending their work and home lives.

To ease the transition to remote working, we provided additional training and toolkits in areas such as virtual communication skills, mental wellbeing and managing remote and hybrid teams. We ran virtual sessions for around 700 managers to help them adjust to this new way of working.

Our digital learning platform, Spark, allowed us to provide support to the wider employee population in key areas such as adapting to remote working, building resilience and coping with stress. Spark also enabled us to continue providing other relevant training. Over the year, the number of Spark users grew by 27%, to more than 3,400.

On the recruitment front, we adopted virtual interviews and onboarding sessions. Feedback has been positive, and more than 270 people have accessed the new joiner curriculum since we launched it in March 2020.

Over the year, the number of Spark users grew by 27%

Mental health & wellbeing

Throughout the pandemic, we have prioritised the safety and wellbeing of our employees and their families. We held a number of global wellbeing events and offered Covid-19 antibody and antigen testing to employees in many locations.

Wherever possible, we have continued to give employees access to professional support during lockdown, using secure digital communications tool to deliver services remotely. In Hong Kong, we launched a virtual doctor service to provide support during lockdown. We promoted alternative ways to travel, such as cycling or walking, for those who have wanted to attend the office where and when it was safe to do so without using public transport.
Endorsement from our employees

In June 2020, we conducted a pulse survey of our people. This provided us with a strong endorsement of our approach during the pandemic. 98% of respondents said they were “proud to be associated with Schroders”, representing an improvement of seven percentage points on our 2019 survey and well ahead of the norm for UK financial services (85%).

96% agreed that “Schroders is interested in the wellbeing of its employees”, and the same number agreed that we were doing well in keeping employees informed about matters affecting them.

Meanwhile, 75% of respondents agreed that “Schroders supports employees experiencing mental health problems” – an increase of 12 percentage points from 2019.

Although 43% of our employees were anxious about Covid-19, only 9% said that they had been distracted from work. 88% said that they had the training they needed to adapt and be resilient at work. And 86% of our managers said that they supported flexible working.

Encouraging fair treatment of employees during the pandemic

Our stakeholder model for assessing a company’s sustainability identifies employees as one of six key stakeholder groups for companies in which we invest. We review a broad range of employee metrics, from employee turnover and workforce diversity to employee satisfaction and Glassdoor (and similar sites) reviews. These metrics help us to understand the extent to which companies are able to maintain strong relationships with employees.

We believe those companies with strong relationships will be better placed to adapt to a world where social and environmental change is happening faster than ever. In 2020, the global pandemic put these relationships to the test. At the start of the pandemic, in our Group Chief Executive’s open letter published in the Financial Times¹, we encouraged companies to protect their stakeholders and provide flexibility to their employees, customers and suppliers.

We closely monitored how companies were treating employees at a time of national lockdowns, remote working and disruption to day-to-day lives. In 2020, we had 365 employee-focused engagements with 278 companies on the topic of employees. We led individual engagements with large e-commerce companies and food manufacturers to understand working conditions and the monitoring of employee stress. Our aim here was to ensure that those who were unable to work remotely had adequate protective equipment and felt safe at work.

We collectively engaged with FTSE 100 companies on mental health specifically, a project led by Churches, Charities and Local Authorities (CCLA). As a member of the FTSE 100, Schroders was both a participant in the investor engagement and a recipient of the engagement requests. This gave us confidence that we had strong practices in place to support our own employees, and the benchmarking against peers gave us useful insights and the opportunity to learn from emerging best practice.

1. “Strong companies must be supported – but not unconditionally”, Peter Harrison, FTfm, 24 March 2020
Our people

Inclusion

Inclusion month: Each one, reach one

Throughout October 2020, we ran a series of engagement opportunities to help colleagues around the world embrace inclusion. These ranged from digital workout sessions and panel discussions with external leaders to podcasts and Q&A sessions with senior colleagues. Almost 600 of our colleagues joined at least one of our learning sessions. More than 580 completed a new digital workout, which was designed to help us all learn how to be more inclusive.

We celebrated ‘Inclusion month’ around the world in different ways. These ranged from World Mental Health Day in Hong Kong to self-care and connection in Singapore to taking a stand for racial justice in the US. Our Group Chief Executive and Group Chief Investment Officer hosted internal webinars on our key initiatives. Our Head of Talent & Inclusion and the Chair of the Schroders Black Professionals Network held sessions exploring the role of race and representation in inclusive leadership.

More than 2,700 employees completed our first inclusion pulse survey. This gave us further data to continue developing our inclusion strategy in 2021.

The results below show how our approach to inclusion is yielding results:

“At Schroders, people are treated with fairness and respect.”
85% agreed, up 2 percentage points from 2019.

“Sufficient effort is made to get the opinions and thinking of employees.”
84% agreed, up 14 percentage points from 2019.

“My team has a climate in which diverse perspectives are valued.”
82% agreed, up 3 percentage points from 2019.

“My manager supports flexible working in my team.”
93% agreed, up 10 percentage points from 2019.

“Schroders recognises and values diversity among its employees.”
86% agreed, up 4 percentage points from 2019.

Inclusion

At Schroders, we are committed to creating a truly inclusive culture. This effort is at the heart of our people strategy and is led by our Group Chief Executive and members of our Group Management Committee.

We are committed to providing equal employment opportunities and combating all forms of discrimination. We give fair consideration to all employment applications, including those from disabled people, and take particular aptitudes and abilities into account. If our employees become disabled, their employment continues wherever possible, with retraining if required.

For the purposes of training, career development and progression, all employees are treated equally as part of our commitment to making Schroders an inclusive place to work. Where possible, we monitor the ethnicity, age, disability and gender composition of our workforce and those applying for jobs. Our strategy and decisions are informed by the data we collect from our employees and the benchmarking initiatives we are involved in.

Broadening our approach from gender to social mobility, ethnicity and disability

We firmly believe that the need to address representation in the workforce is a challenge affecting our whole industry, and is not just an organisational one. Therefore, we endeavour to participate in initiatives focused on driving change as well as benchmarking our efforts as a company. As part of our commitment to the UN Global Compact, we participated in the Women’s Empowerment Principles benchmark for the first time. We also engaged with 167 companies during 2020 on employee and board diversity issues.

In 2020, we purposefully broadened our pledges to reflect our wider commitment to ethnicity and disability as well as being a more gender-balanced organisation. This included becoming a signatory to the Race at Work Charter, Change the Race Ratio and The Valuable 500 as well as supporting the #FlexUK campaign and continuing to meet the board diversity targets set by the Parker Review.
Improving access and representation

With 15% of the world’s population having a disability, we recognise that we need to make Schroders more inclusive for people with disabilities or long-term health conditions. In 2020, we took steps to raise awareness, including our public commitment to join The Valuable 500 initiative, a global movement putting disability on the business leadership agenda. Our Group Chief Executive highlighted our ambition to “make strides to ensure our environment is more inclusive and offer successful careers to people from all backgrounds”.

We also committed to becoming a Disability Confident employer and developed plans to improve our engagement in partnership with WorkAbility, our disability-focused employee resource group.

When applying to work at Schroders, disabled candidates need to feel they can be successful. We are partnering with a specialist disability organisation to complete a detailed audit of our recruitment processes to drive improvements.

Over the year, we worked closely with our charity partner, the Snowdon Trust. We will offer our first paid work placements to disabled and sensory-impaired candidates in 2021. Managers and recruiters will receive specialist training from Disability Rights UK. We also plan to make better use of disability-specific job boards to engage a more diverse group of candidates.

Accelerating social mobility

In a year in which the pandemic had a disproportionate impact on those from lower socio-economic backgrounds, we made social mobility a critical part of our inclusion and diversity strategy. We were delighted to be ranked in 2020’s top 75 employers by the Social Mobility Foundation benchmark. This recognises the organisations that are taking the most action to ensure they are accessing and progressing talent from all backgrounds.

Over the year, we put particular emphasis on our early-careers programmes, working with organisations such as UpReach and Investment2020 to encourage those from diverse backgrounds to join Schroders. Through these partnerships and the use of a contextual recruitment tool to assess academic qualifications across different socio-economic backgrounds, we were able to reach a broader pipeline of talent and a more diverse set of potential employees.

Elsewhere, we took part in research on social mobility in the investment industry conducted by Dr Louise Ashley from Royal Holloway, London, and the Diversity Project. We also helped to create the Social Mobility Commission’s toolkit for professional and financial services. By adding new questions to our diversity profile, we hope to improve our understanding of our organisation’s social make-up. This should advance our ambition of becoming a socio-economically diverse asset manager in which people from all backgrounds can be at their best and fulfil their career ambitions.

Promoting inclusion as investors

Diversity is a crucial component in companies’ long-term success. As investors, we have an important role to play in promoting inclusion and diversity at the companies in which we invest.

In 2020, we engaged with 278 companies on the topic of their employees and with 167 companies on diversity-related issues. These engagements ranged from promoting more board diversity at market level, to engaging on allegations of gender discrimination at company level. Although there is still much more progress to be made in some areas of gender equality, we are encouraged that a genuine shift now appears to be underway.

Ethnic diversity remains more of a challenge, however. In the UK, the Parker Review has assessed the boards of the FTSE 350 companies and made recommendations for improvements. These include appointing at least one person from an ethnic-minority background to the board by 2021 for FTSE 100 companies and by 2024 for FTSE 250 companies. We have already approached 150 companies without a single ethnic-minority director on the board to understand the progress they made in 2020 and urge them to meet the Parker Review recommendations.

In the US, progress has been slower, but we have continued to scale up our efforts to promote inclusion and diversity in our company engagements. We have highlighted the benefits of diversity of thought and have communicated our intentions to vote against the chairs of boards’ nominating committees where we have seen insufficient improvements.
Our people

Our Employee Resource Groups

Our 13 Employee Resource Groups (ERGs) are inclusive networks that drive change across our business and create spaces for employees to interact with colleagues who are passionate about particular areas of inclusion. All groups are open to everyone, and employees are welcome to join as many as they like.

The ERGs sit at the core of our inclusion and diversity strategy. They help to raise awareness of the breadth of backgrounds we have at Schroders and give employees a chance to be part of a broader community. They work closely with HR and our executive sponsors to share employee feedback, improve our strategy and create an environment in which everyone feels included.

Our 13 ERGs
- Christians at Schroders
- SchOUT (our lesbian, gay, bisexual and transgender group)
- Schroders Armed Forces
- Schroders Black Professionals Network
- Schroders Minds (mental health)
- The East Asian Society
- The Gender Equality Network (GEN)
- The Hindu Network
- The Jewish Society
- The Muslim Society
- The Sikh Society
- The Spanish and Latin Community
- WorkAbility (a group to support all employees and applicants affected by disability or long-term health conditions)

In 2020, the ERGs continued to support our grassroots approach to building an inclusive culture. Given the challenges involved in working remotely, the groups offered virtual events and podcasts, allowing them to reach a wider audience. In APAC for example, we also have been piloting a millennial ERG who set up a reverse mentoring programme in the region.

A particular highlight was our virtual Diwali celebration. For the first time, the Hindu Network worked across London, New York, Singapore and Zurich to host events in different time zones for all employees to enjoy.

Diwali-thon 2020
A particular highlight was our virtual Diwali celebration. The Hindu Network worked across London, New York, Singapore and Zurich to host events in different time zones for all employees to enjoy. With an introduction from our Group Chief Executive and Chief Technology Officer and the Hindu Society’s executive sponsor, the sessions ranged from Bollywood dance lessons, cookery lessons, expert views on India’s economy and advice on boosting your immune system. More than 350 of our people joined.

Our Black Professional Network in 2020

Given the disproportionate impact of the pandemic on those from ethnic minorities and the desire to support employees as a result of the death of George Floyd, we were fortunate to have strong leadership support in our Black Professional Network, which started a group in New York during the year.

Our Group Chief Executive and Chief Investment Officer took time to listen to Network members’ reactions to events and their views on how to build awareness and provide support.

Meanwhile, the Network ran a series of activities and initiatives throughout 2020. These included a podcast to raise awareness around race and two new mentoring programmes: one for all Group Management Committee members to mentor a black professional; and another to allow a broader set of employees to mentor members of ethnic minorities.

The Network also hosted an insight day with students of London’s Eastside Young Leaders Academy and Amos Bursary to showcase career opportunities, and prompted Schroders to sign up for the #10000 Black Interns Programme. Finally, Schroders signed the Race at Work Charter and became a founding member of the CBI’s Change the Race Ratio initiative.
Wellbeing

We have always prioritised the mental health and wellbeing of our people at Schroders. Workplace wellbeing is critical to our success, and we know that our people are more productive when they feel included, happy, healthy and secure.

Throughout 2020, we have all had to adapt to new ways of working while Covid-19 restrictions created additional challenges in juggling home and work commitments. This made a focus on wellbeing across the organisation more important than ever.

Our wellbeing programme

In our calendar of planned wellbeing events, we focused on education and prevention, aiming to reduce the risk of future health problems developing and encourage healthier life choices. We added a number of further events throughout the year, providing extra support to our people through the challenges of the Covid-19 restrictions.

In 2020, our events moved to a virtual format, so we were able to extend access across the globe where content allowed. In the weeks following initial lockdown measures, we saw huge uptake in worldwide engagement with these events. Feedback from our people was very positive.

As part of this programme of virtual events, we developed webinar-based learning with Dr John Briffa, an author, medical doctor and wellbeing expert. Dr Briffa has worked with Schroders in London since 2015, hosting a series of popular seminars. The topics of his webinars included nutrition, sleep, breathing, physical activity and psychological resourcefulness. In 2020, these events were extended to all employees, who were encouraged to invite others in their households to listen in.

We also gave all our people access to live webinars with doctors and mental health professionals, providing regular opportunities for reassurance and to have questions answered by experts.

Throughout the year, we ran a series of events focused on particular aspects of wellbeing. These covered male and female health, alcohol awareness, fitness in middle age, cancer awareness, cardiovascular health (with free drop-in blood pressure checks) and bereavement. We ran one of these series of events in collaboration with the Really Helpful Club to help normalise conversations about female-specific health conditions, such as the menopause. During Mental Health Awareness Week in May, our senior leaders shared their experiences of dealing with mental health to encourage open, honest conversations across the organisation.

Supporting work-life balance through flexible working

As Covid-19 demonstrated the potential of widespread flexible working, we aimed to lead by example. In our first pulse survey we asked employees what they most would like to maintain from their remote working experience and received over 1,200 comments around flexibility. So in response we introduced a new set of principles, which govern our approach to flexible working. Our industry-leading flexible working charter is central to our inclusion strategy, opening an opportunity for all employees to work more flexibly going forward.

To encourage other employers and the UK government to embrace flexible working, we supported the #flextheUK initiative. We believe that flexible working has the potential to increase productivity, talent attraction and diversity in the global economy long after the pandemic has run its course.

Recognition for our efforts

Our approach to wellbeing was recognised when we received the 2020 REBA Employee-Wellbeing Award in the Best Wellbeing Engagement category. The judges praised our “robust, evidenced-based approach” and “good use of data in benchmarking and measuring success”. They also highlighted our consideration of human factors such as the design of the physical work environment and our approach to mental health disclosure.
Human rights and modern slavery

We are committed to respecting human rights and avoiding human rights infringements, including modern slavery. We do this in our role as an employer, as a buyer of goods and services or when carrying out our fiduciary duties as a provider of financial services and an investor in companies.

We are guided by the UN Universal Declaration of Human Rights, the International Labour Organisation’s Fundamental Conventions and the UN Guiding Principles on Business and Human Rights (the ‘Ruggie Principles’) and the UN Global Compact. We will not tolerate forced, bonded, involuntary or child labour and we recognise the right of workers to form and join all types of association.

For more information on the governance, policies and processes we have in place to respect human rights, see our Group Human Rights Statement.

In 2020 we undertook 158 company engagements on human rights issues. We are also members of two collaborative engagement efforts; Find It, Fix It, Prevent It and the Investors Against Slavery and Trafficking.
Tackling modern slavery

In 2020, our sustainable investment team developed a modern slavery risk framework tool around the seven mandatory criteria in the Australian Modern Slavery Act 2018 (Commonwealth Act). Based on these requirements, we built a model that assesses both sector risk exposure and the effectiveness of supply chain management by sector. This model uses the Global Slavery Index developed by international human rights group Walk Free to assess the risk exposure of the supply chain for each industry. It combines this with average wages and margins to create an exposure score for each sector. The supply chain management score uses average sector supply chain policy scores as well as supplier training and human rights-related controversies per sector. The total score is then added to our proprietary ESG research tool, CONTEXT. This tool allows our investor teams to identify potential risks in their portfolios and areas where further research or company engagement may be required.

In 2020 we undertook 158 company engagements on human rights issues. We are also members of two collaborative engagement efforts; Find It, Fix It, Prevent It, where we are a member of the engagement working group and; the Investors Against Slavery and Trafficking (IAST) investor-led initiative, which we joined in 2020.

We applied our proprietary modern slavery risk framework tool to our own global supplier base to categorise and identify suppliers where further due diligence is required. A new modern slavery due diligence questionnaire was issued to all our higher-risk suppliers worldwide to request information on how they were managing and reporting modern slavery risks.

In addition to complying with all applicable minimum wage laws in all jurisdictions in which we operate, Schroders is an accredited living wage employer in the UK (including the London Living Wage). We also expect our suppliers to adopt the same principle, as outlined in our Supplier Code of Conduct. During 2020, we were particularly mindful of the impact of a lower employee presence in offices, as a result of Covid-19, for our facilities team and service providers. We maintained all salaries, paying everyone in full throughout the year, regardless of whether their full services were provided.

Our Group Whistleblowing Policy sets out the internal procedure for reporting and investigating concerns and seeks to ensure that complaints or concerns can be raised without fear of reprisals or detrimental treatment. Employees are able to raise a concern anonymously to an independent third party, Safecall, who provide a confidential global reporting service through their 24-hour phone line or online portal. In 2020, we extended access to our independently operated Whistleblowing hotline to any external party. Regional freephone numbers are available and reports can be made in local languages. See our ‘Raising concerns in confidence’ web page.

Over time we will enhance our measurement of assessing the effectiveness of our approach and progress with smarter metrics. Some of these indicators may be more experience based, including qualitative feedback or corrective actions.

For more information on our risk assessment, due diligence, reporting mechanisms, KPIs, as well as case studies see our 2020 Slavery and Human Trafficking Statement.
Creating positive impact in our communities

In 2020, our strategy of driving progress and improving futures mattered more than ever. As the Covid-19 pandemic amplified existing inequalities in many areas, we were proud to support the communities around us. Our people led the way here, allowing us to make substantial contributions to those in need.

Throughout the year, we continued to work with our existing community partners. We made further progress towards the UN SDGs through our partnerships, with particular emphasis on reducing inequalities and supporting mental health, aligning to our new CR strategy.

Governing our giving

Our global Charity Committee is a sub-committee of our CR Committee. The Charity Committee is responsible for reviewing and establishing new strategic partnerships, as well as promoting and organising our charitable giving and volunteering worldwide. Our global offices have regional committees and the autonomy to use their charity budget for partnerships, responsive grants and employee matching schemes relevant to regional or local needs.

Our global network of CR champions supported our regional activity throughout the year. These are volunteer ambassadors and points of contact for CR-related matters in their offices, regions or countries. They play a crucial role in supporting the local communities in which we operate and in encouraging colleagues to do the same. The champions connect with the central CR team assisting with embedding CR throughout the firm.

Our approach

Our Schroders Giving partnerships are the mainstay of the impact we have in wider society. They play a crucial part in our work to improve the futures of the people and communities around us. We combine long-term strategic partnerships with a programme of responsive grants.

Given the challenges posed by the pandemic, these initiatives were especially important in 2020. We fast-tracked eight grants during the year, paying them early to help the charities carry on their vital work and deliver programmes online.

The year in numbers

In total, we donated

£7.0 million
(2019: £3.2m)
to charitable causes around the world in 2020

£4.9 million
(2019: £2.1m)
by Schroders

£2.1 million
(2019: £1.1m)
by our employees

Over the year

28%
of our UK employees used the Give As You Earn scheme, a payroll giving scheme we run through the Charities Aid Foundation, donating

£1.1 million
before the contributions were matched by Schroders.

Our employees also contributed more than

1,650 hours
of volunteer work in 2020, inside and outside office hours.

See Our performance data for more details on our charitable giving and volunteering data.

Creating positive impact with our Schroders Giving partners

Samaritans

We worked closely with Samaritans to run mental health workshops for our UK employees and support the charity’s emotional support work with both funding and time. Despite lockdown, 91 of our UK employees registered to become Samaritans at the new City Hub in London Bridge, which launched in September.

Key4Life

Key4Life is an innovative crime-prevention charity in the UK, which aims to reduce youth reoffending through the delivery of innovative rehabilitation programmes to young men in prison or at risk of going to prison. It thus helps transform the futures of some of the most marginalised young people in society.

The Amos Bursary

We are proud to work with the Amos Bursary, which works to reduce the opportunity gap for young black men in the UK. We sponsor three students on the programme over five years. It offers support at university, participation in overseas internships and increased networking opportunities.

The Snowdon Trust

We partner with the Snowdon Trust to reduce the barriers for disabled students in the UK, supporting seven talented students to fulfil their potential.
Enactus UK

Our partner Enactus UK supports young people to engage in social action and youth social enterprise. Our partnership supports its school and university programmes, including funding the training of its coaches and teachers. Enactus works in 60 universities, engaging up to 3,000 students a year. At its National Competition this year, the University of Nottingham won for its social enterprises, which tackle food waste, and its project to combat malnutrition in Ugandan school children.

Improving Futures: virtual series

Despite lockdown and an inability to run in-person events, we wanted our employees to continue the conversation with students and break down the barriers to our industry. In September, we launched an ‘Improving Futures: virtual series’. This created an opportunity for students from disadvantaged socio-economic backgrounds to meet experts from across our business. We worked with seven of our UK strategic partners to run the workshops and choose the topics. The series ran for nine weeks, and 80 students either joined the sessions or watched the recorded sessions. The sessions covered both practical skills, such as writing applications, and insights into our people, culture and values.

Social Mobility Foundation

We continued to run our own virtual engagement opportunities with the Social Mobility Foundation, including virtual work placements and moving our annual Futures Day event online which was joined by over 100 students from social mobility cold spots in the UK. Our mentoring programmes, which supports high-achieving students from low-income backgrounds, also reached capacity this year.

Read Alliance

In the US, we continued our long-term partnership with Read Alliance, which works to improve the educational trajectory of early elementary students by providing one-to-one foundational reading skills through older students. During Covid-19, it moved its dual-impact programme online serving more than 400 striving readers and employing more than 100 teen leaders since the pandemic began.

IntoUniversity

IntoUniversity aims to address educational inequality and social exclusion by supporting young people from disadvantaged backgrounds to achieve their full potential. We sponsor the Kennington branch in South London. Between September 2019 and March 2020, its team engaged with over 1,000 students across programmes of academic and pastoral support. During lockdown, it provided remote services to continue supporting students, making over 1,200 calls to their families.

Beyond Social Services

In Singapore, we launched an inaugural SchAuction, raising employee donations (with company matching) for our long-term partner Beyond Social Services and its Family Assistance Fund. This helped support over 1,200 low-income families affected by the crisis and allowed them to continue running their youth programmes.

Sutton Trust

The Sutton Trust champions social mobility from birth to workplace. It launched a new online platform that supported 7,600 students last summer. We support its Pathways to Banking and Finance programme, which supports around 100 students in the UK. The Sutton Trust has worked with 13 university partners to deliver its UK summer schools online and has produced six new pieces of research that aim to keep the social mobility consequences of the pandemic front and centre.

Music Children Foundation

In Hong Kong, our partner Music Children Foundation provides music education to underprivileged children, which helps to build their skills and values. The foundation moved its programmes online during Covid-19, and converted their annual concert into a 30-minute special production and live streaming, allowing hundreds of children to continue showcasing their musical talents.

Jonk Entrepreneuren

Since 2019, we have been a sponsor and partner of Jonk Entrepreneuren, a Luxembourg association that aims to inspire and prepare young people to enter the world of business by being innovative, creative and responsible. We participate in the Mini-Enterprise programme, which launched in September 2020 and runs until June 2021.
Improving futures

The Covid-19 crisis has thrust social inequality into the spotlight. Addressing this will require a collective effort. Governments worldwide have already begun to take action, but asset managers have a role to play too. Factoring companies’ social impacts into investment decisions and actively engaging with them on social factors are more important than ever. This is being hailed as the rise of the S in ESG.

Some have identified Covid-19 as a “great leveller” because anyone can catch the virus. But in the way that it has affected people’s health and finances, the virus has actually been a “great divider”. Existing inequalities have been particularly exacerbated in four areas: income, health, education and ethnicity.

We integrated social issues into our investment decision-making long before the Covid-19 crisis. We have developed our SustainEx tool which can quantify this and integrate social factors. In the wake of Covid-19, it’s clear that greater scrutiny of these factors in investment is here to stay – both in the public consciousness and in the way in which asset managers should think about their investments. So our ability to integrate social impact into our decision-making will be more important than ever.

Many of the discussions we are having in our active engagement with companies involve the S in ESG. But that doesn’t mean that we are reducing our engagement on the other aspects. Environmental, social and governance factors are not either/or. They are equally important and necessary for the emergence of long-term value.

£150k global charity competition

In our second annual global charity competition, we committed to donating £150,000 to four charities of our employees’ choice. These fell under two categories: “people” and “planet”, using the UN SDGs as a guiding framework.

More than 1,100 of our employees from around the world engaged in the competition, from submitting charities of their choice to voting on their favourite ideas. Our Charity Committee drew up a shortlist before our finalist judges, Sir Damon Buffini and Leonie Schroder, two members of our Board then picked the final four winners. Each of the winners had well-defined and scalable impact with strong partnerships and advocacy programmes.

The employee advocates of the chosen charities produced short impact videos, which were then voted on by all of our employees. The videos with the most votes were awarded an additional £5,000 each in our ‘People’s Choice’ award.

People

1st place: Awarded £50k
Action Against Hunger (global)
Action Against Hunger is committed to saving the lives of malnourished children and supporting their families to beat hunger. Our donation will support the charity’s programmes to tackle the root causes of hunger and provide communities with safe water, sanitation and hygiene services.

Highly commended: Awarded £20k
Alternatives 4 Children (Netherlands)
Alternatives 4 Children engages professionals from the financial industry to improve and develop children’s wellbeing, with a focus on developing countries and in the Netherlands. Our donation will go towards their goal of lifting 700 children in the red light district of Mumbai in India out of poverty.

Planet

1st place: Awarded £50k
The Marine Conservation Society (UK)
The Marine Conservation Society is the leading charity protecting the UK’s seas, shores and marine wildlife. Our donation will help them to educate people on single-use plastics and to influence the government to protect the ocean.

Highly commended: Awarded £20k
Excellent Development (Africa, Asia)
Excellent Development supports some of the world’s poorest people to transform their own lives through water and soil conservation in drylands. They pioneer the application of sand dam technology as part of an integrated approach to sustainable water infrastructure development. Our donation will go towards building a new sand dam.
Empowering our people to support the causes that matter most to them

**Matched giving**

We have always supported our people in their own charitable efforts; this is part of our strategy to be an employer of choice. Alongside our Schroders Giving partnerships, we run a number of employee-led charitable giving schemes around the world. These include: internal and external employee fundraising; giving through payroll; and volunteering time. All of the schemes are matched by Schroders with matching limits per scheme. This year, we were awarded the UK Diamond Payroll Giving Quality Mark award, a government-backed accreditation given by the Charities Aid Foundation.

In 2020, to empower our people to continue supporting their communities, we doubled our paid volunteer leave to 30 hours for the year. In the UK, we also donate £20 to charity for every hour volunteered outside of office hours.

We doubled our paid volunteer leave to
**30 hours for 2020**

We also donate
**£20**
to charity for every hour volunteered outside of office hours in the UK
The power of viral kindness

During lockdown, the power of community came into its own. Hundreds of support networks formed to help those who were self-isolating, elderly and vulnerable or otherwise in need. And a multitude of small acts of kindness around the world helped those who were on the pandemic’s frontline to know that their efforts were appreciated.

Our people played a full part in this. In China, many kiosks appeared to support frontline workers like delivery men and medical practitioners. Bakeries provided free food and drinks, and our colleagues in Shanghai donated lunch boxes, coffees, masks and bottled water – tokens of gratitude for the efforts of those around us.

In Bermuda, our employees delivered pizzas to the King Edward VII Memorial Hospital to extend our gratitude to its staff for the vital role they were playing in helping the island deal with the pandemic.

In Singapore, our employees came up with many small acts of kindness, starting within the team. From virtual culinary tips to sewing handmade reusable surgical cloth masks for key workers, our colleagues took action together to help out during these extraordinary times.

In Guernsey, Jamie Sebire, our Head of Operations, was busy with his 3D printer, making headbands for protective masks and visors. Jamie was responding to an appeal from local hospitals for help from those with 3D printers.

After a doctor at Madrid’s Princesa Hospital appealed to people to write letters to coronavirus patients suffering in isolation, our Head of Marketing in Spain, Pilar Vila, joined a staggering 30,000 others. By encouraging them to keep fighting, these letters have helped to bring hope to patients during dark times.

In the UK, Tom Newman, one of our fund managers in the Real Estate team, wanted to raise money to support NHS staff and volunteers working on the Covid frontline. Using the ‘111’ phone number, he completed a 11.1 hour continuous indoor cycle on 11 April, streamed live on Zoom for everyone to watch. This raised over £10,500 for the NHS.

£10,500
raised for the NHS by Tom Newman, one of our fund managers in the Real Estate team
#CollectiveAction

Uniting in #CollectiveAction during Covid-19

As the scale of the Covid-19 crisis became clear, we wanted to address the pandemic directly through Schroders Giving. So we refocused our efforts to meet the needs of communities that were particularly vulnerable.

In March 2020, we allocated £500,000 of our charitable funds towards an emergency grants programme that targeted those most affected by Covid-19. We focused on charities that support children in need, food banks, key workers, the elderly and those struggling with their mental health.

A month later, we launched #CollectiveAction as a global Schroders Giving campaign. As part of this, executive directors waived a proportion of their awards under the long-term incentive plan and all directors donated part of their salaries or fees to charity. Under the #CollectiveAction scheme, our people were able to donate up to 25% of their salary for three months with matching by Schroders.

Three big themes
Colleagues could support the campaign by taking our #CollectiveAction pledge, which had three components:

- I’ll share my time and skills
- I’ll help fundraise and spread the word
- I’ll donate what I can afford

We then asked our people to help us choose the focus of our charitable giving and more than 500 employees took part in the survey. They chose:

- Supporting vulnerable people
- Providing food and essentials
- Helping the helpers

Through donations and fundraising challenges, our people raised £3.8 million in 16 weeks for 95 charities around the world. This took the total for the overall campaign to £4.3 million.

| Money raised for charities supporting vulnerable people | £821,000 |
| Money raised for charities helping the helpers | £1,460,000 |
| Money raised for other charities affected by Covid-19 | £1,444,000 |
| Money raised for charities providing food and essentials | £578,000 |
Improving futures

Supporting vulnerable people

Beyond Social Services, Singapore
£171,000
Here, our donation went to the Covid-19 Family Assistance Fund, which had supported 1,155 families by the end of June 2020. The funds were distributed to families whose income was further reduced because of Covid-19; each family received between £170 and £290.

Providing food and essentials

New York Cares, US
£74,000
The money we raised was used to provide meals for homebound and food-insecure elderly people. It also helped to move 15% of the charity’s programming to virtual and phone banking.

Helping the helpers

National Emergencies Trust (NET), UK
£261,000
Our donation went towards NET’s Coronavirus Appeal, which distributes funds to frontline charities and groups all over the UK, helping the most vulnerable in their communities. Since March 2020, the Appeal has supported more than 12,000 local projects.

“It is testament to the incredible spirit of generosity and kindness within Schroders that we have been able to raise this much in such a short space of time”
Peter Harrison, Group Chief Executive

Alongside our matched giving scheme, we ran fundraising challenges to generate further employee engagement, raising almost £30,000 for Médecins Sans Frontières (MSF) with company matching. MSF provides urgently needed medical care and support in more than 70 countries to counter the coronavirus. The charity deploys medics, sends supplies and brings nearly 50 years of experience fighting epidemics to protect the most vulnerable people.

Over 800 employees from 20 countries took part in our first fundraising challenge, #WeAre5110 (5110 was the number of employees at Schroders when we launched the challenge). Whether it was running, skipping or dancing, the challenge was to perform some activity for 5,110 seconds.

We aimed to engage colleagues through a wide range of channels. These included an Inside Schroders podcast with senior leaders; features in our Inside Schroders print magazine; a dedicated intranet community; a full impact report and video highlighting the impact our donations had had on the charities; and social media cards collating our employees’ #WeAre5110 photographs.

You can read our full Schroders Giving #CollectiveAction Coronavirus Response Impact Report and watch our impact video here.

£30,000 raised for Médecins Sans Frontières with company matching
#WeAre5110 global fundraising challenge

Disaster relief
Over £4,000 raised for the Australian Red Cross

In 2020, Australia fought one of its worst bushfire seasons, fuelled by record-breaking temperatures and months of drought. We ran an emergency appeal to support our Australian colleagues’ fundraising efforts, which raised over £4,000 for the Australian Red Cross.

Volunteering with the Missing Maps Project

Beyond donating, our employees volunteered their time with the Missing Maps Project. Humanitarian aid workers and doctors struggle to reach many vulnerable communities around the world because areas aren’t mapped. Since mapping is something anyone with a computer can do, we wanted to provide a meaningful opportunity our people could support from their homes during lockdown. The two projects we supported were in the Cusco region of Peru and Botswana.

In Peru, the newly marked maps enable aid workers to provide cash assistance to families who are prevented from working by the quarantine and state of emergency in Peru, and to provide assistance with nutrition and sanitation. During the project, our colleagues from around the world were busy mapping roads and houses, enabling aid to be delivered to vulnerable people. They have mapped almost 60km of roads and edited and updated 2,200 buildings.
Environmental issues present some of the most significant challenges facing the world. We expect these challenges to be the defining driver of the global economy and the world’s financial markets over the coming years. They will also have a significant impact on wider society.
Environmental risks now account for the top five most likely global risks, according to the World Economic Forum’s 2020 survey of businesses, governments, civil society and thought leaders. A precautionary approach must be taken to anticipate, avoid and mitigate threats to the environment.

Climate change continues to be seen as the most important issue by our clients and by institutional investors. Our Group Chief Executive has said that “climate change is creating a 1929 moment”. The Great Crash led to a complete overhaul of company transparency, and we believe companies should be under as much pressure now to deliver clear plans to tackle climate change. As an active asset manager investing across public and private markets, we have a fundamental role to play in encouraging the companies in which we invest to recognise their environmental and social responsibilities. In January 2021, our Group Chief Executive wrote to all the companies in the FTSE 350 asking them to produce and publish detailed, costed, transition plans in 2021 – a process which we are undertaking ourselves.

Significant and disruptive changes are needed to decarbonise the global economy quickly enough to achieve the targets set by world leaders in Paris in 2015. By early 2021, countries representing around two-thirds of global GDP have committed to carbon neutrality, with a growing list of policy initiatives to underpin those goals. The entire global economy and every industry and company that forms part of it will be affected to some extent. Our own Climate Progress Dashboard provides an insight into the progress governments and industries are making towards meeting the goals of the Paris Agreement. It shows that global temperatures are currently on course to rise by 3.6°C above pre-industrial levels, as of the end of the first quarter of 2021.

Our commitment to a sustainable future
Our ambition is to demonstrate leading practice when it comes to minimising the negative impact of our business on the environment. After achieving full ESG integration1 in 2020, we intend to migrate our assets under management to align with a net zero pathway, mindful of the fiduciary duty that we have to our clients. We firmly believe that companies that demonstrate good governance and sustainability practices are more likely to deliver returns to investors. So the integration of ESG factors into our investment process should result in positive outcomes for our clients.

In 2020, we took a number of other significant steps forward. We became a founding member of the Net Zero Asset Managers initiative and committed to setting a science-based target by the end of 2021.

Our real estate business published a Pathway to Net Zero Carbon in 2020, which sets out what this means for our real estate activities and the actions we will take to develop pathways for our assets and portfolios. Schroder Real Estate had £16.1 billion assets under management (at 31 December 2020) in the UK, Europe and Asia, including commercial, hotel and residential assets.

As part of these commitments, we will be publishing our climate action plan later this year. This plan will outline how we intend to transition towards net zero emissions across our own operations and wider value chain by 2050 or sooner, as well as highlighting interim targets.

As we transition towards net zero, the decarbonisation of the global economy poses a number of risks and opportunities to our business and those that we invest in. We discuss this further in our latest Annual Report and Accounts (pages 44-47), where we have aligned our reporting with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).

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 liquidation or which are soon to be liquidated. Certain joint-venture businesses are also excluded.
Our engagement in 2020

Active ownership plays an important role in our understanding of climate-related risks and driving change towards a sustainable, low carbon world. In 2020, we undertook more than 400 engagements focused on environmental issues.

The following examples of approaching companies providing equipment or services to the oil sector regards their transition planning and the impact of the thawing Russian permafrost on companies in the geographic area, illustrate some of our research and engagement activity in this area.

Oilfield services
One area of focus for us last year was oilfield services. Companies in this sector provide equipment or services for the petroleum exploration and production industry, but do not typically produce petroleum themselves. Their activities include onshore and offshore rigs, pipeline equipment and support for construction and vessels.

At present, these companies generate over 90% of their revenue from oil and gas production. If they do not adapt to a low-carbon future, they will struggle.

There is no “right” way for companies to adapt. Some may offer energy savings to existing fossil fuel customers. Others may use their knowledge to develop new green technologies.

We engaged with European oilfield companies to understand their view of the energy transition and their efforts to expand into low carbon technologies. All companies expressed enthusiasm for low-carbon technologies, predominantly in offshore wind and tidal/wave. Some even suggested that offshore wind construction and engineering would be less complex than their existing oil and gas equivalents. But only a few set targets for capital expenditure, revenue or research in these areas.

Immature renewables markets may limit oilfield service companies’ ability to forecast accurately. Only a couple have published clear targets, with others signalling their commitment through divisional structures and disclosure instead.

We have expanded our engagement into the US to compare viewpoints and actions in different parts of the world. Meanwhile, we are becoming better equipped to determine which oilfield companies could become part of the solution and thus potential additions to our sustainable investment universe.

Russian permafrost
Rapidly thawing Arctic permafrost is a prime example of how climate change is affecting natural ecosystems and, in turn, business operations. Permafrost – ground that remains frozen for more than two years – covers about a quarter of the northern hemisphere. As temperatures rise, its thawing leads to a multitude of environmental issues. Chief among these is the release of carbon dioxide and methane, which contribute to climate change and accelerate global warming. The Earth’s permafrost is thought to contain more than twice as much carbon as there is in the atmosphere – up to 1,600 billion tonnes.

Thawing permafrost represents a significant physical climate risk to companies operating in permafrost areas. For example, as soils shift, infrastructure is threatened and floods become more likely.

In December 2020, our Global Emerging Market Equities and Sustainable Investment teams engaged with seven companies identified as operating in areas of Russia that face permafrost risk. With support from our Data Insights Unit, we sought to discover which of their locations are most at risk from permafrost destabilisation. The answers will enable us to understand how each company views physical climate risk from permafrost.

We collated feedback and ranked the firms based on our analysis. The information gathered from company responses will allow us not only to better assess companies’ management of permafrost risks but also to monitor how these risks evolve in the coming years. Where companies are not sufficiently managing current risks, or are not sufficiently prepared for future risks, we will engage further to influence them towards more sustainable business practices.
Our planet

Our operations

To drive progress in our own operations, we made a number of changes to our tools and processes in 2020.

Our global headquarters in London was awarded ISO 14001 accreditation, an international environmental standard that helps businesses to minimise their environmental impact. We began the process of seeking the same accreditation in New York and Hong Kong.

We also rolled out the Greenstone environmental accounting tool to our global operations to improve the measurement and transparency of our environmental impact across, energy, transport, waste, water and paper. We will use the tool to track progress against reduction targets.

Our operational greenhouse gas footprint

Total CO$_2$e emissions (tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4,792</td>
<td>18,485</td>
<td></td>
<td>24,077</td>
</tr>
<tr>
<td>2020</td>
<td>3,599</td>
<td>2,621</td>
<td></td>
<td>6,724</td>
</tr>
</tbody>
</table>

CO$_2$e emissions per employee (tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4.49</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>1.21</td>
<td></td>
</tr>
</tbody>
</table>

For more information on our greenhouse gas emissions inventory methodology and full breakdown of emissions by GHG Protocol category, see Our performance data.

Our total carbon output fell by 72% in 2020, despite the increase in size and scale of our business as we increased our assets under management to £574.4 billion and grew our average headcount by 4%. In 2019, we committed to targeting year-on-year reductions in gross greenhouse gas emissions, measured in tonnes of CO$_2$e per employee. In 2020, we achieved a 73% reduction in CO$_2$e emissions with a decrease to 1.21 tonnes per employee (2019: 4.49 tonnes per employee).

Business travel has historically been the highest contributor to our CO$_2$e total. As part of our 2020 budget, we committed to reducing this by 30% in 2020. The impact of the Covid-19 pandemic caused an even more significant reduction, with emissions from business travel falling by 88%. Once travel restrictions are lifted, we will be able to evaluate the impact of flexible working and improved conferencing technology on keeping business travel emissions below our 2019 levels.

In 2019, we committed to using 100% renewable electricity across all operational properties by 2025. To date, we have achieved 67%. This is down by 1 percentage point from 2019 as our property estate increased in 2020. It is also below our 2020 interim target of 75%. In 2021, we will develop a global energy-procurement strategy to work towards this target.

The lockdown measures imposed across many of the countries that we operate in had a knock-on effect for a number of our other emissions figures across Scope 1 and 2. While several of our larger offices remained open as usual (with additional hygiene protocols in place) to maintain critical processes that could not be conducted virtually, a number of our offices were closed at various points in the year. This reduced our overall consumption of electricity and heat, as well as our gas and vehicle emissions. We also looked at ways to save energy. For example, our Global Technology team in our London and Horsham offices changed the power settings on monitors in the new Covid-safe set-up, saving 8,700 kWh of electricity each week.

In 2019, we committed to using 100% renewable electricity across all operational properties by 2025. To date, we have achieved 67%. This is down by 1 percentage point from 2019 as our property estate increased in 2020. It is also below our 2020 interim target of 75%. In 2021, we will develop a global energy-procurement strategy to work towards this target.
As part of our commitment to increasing transparency and reducing our impact on the environment, we enhanced our emissions disclosure for 2020, providing a more detailed breakdown and reporting additional Scope 1 and 3 emissions, including company-owned vehicles, transmission and distribution of purchased energy, and waste.

We also decided to apply the radiative forcing index to our air-travel emissions from 2020 and restated figures for our 2019 greenhouse gas footprint accordingly. The radiative forcing index takes into consideration the impacts of non-CO\textsubscript{2} aircraft emissions at high altitudes, including water vapour, aerosols and nitrogen oxides.

With more of our people working remotely in 2020, as a result of both Covid-19 and our new flexible working charter, we conducted a global employee survey to estimate additional emissions from remote working. We calculated homeworking emissions using the whitepaper from EcoAct and undertook a survey of our employees to understand working practices before and during the pandemic. In this, we used various industry sources to capture the impact of our employees working at home, including heating and cooling, lighting and use of technology. Based on a sample size of 974 employees across 23 countries, we estimate that the global emissions associated with home working were 1,838 tCO\textsubscript{2}e in 2020. We also estimate the emissions associated with employee commuting were 1,047 tCO\textsubscript{2}e. We will continue to review and develop the accuracy of the data points used in this pilot methodology for future reporting years.

Our data has been verified, and further information is disclosed in our CDP submission, publicly available on the CDP website. This is our method of comprehensive climate change disclosure and where we have achieved a leadership level score of A- in 2020.

Earth Day 2020

In April, Schroders joined a billion people around the world to take part in Earth Day – the world's largest environmental movement. This year’s theme was “climate action”, and we worked with colleagues across the business to create a video. Colleagues from around the world shared what they do in their day-to-day lives to have a positive impact on the environment, from minimising meat consumption to cycling to work. We also heard from experts in our Sustainable Investment team on how we are integrating climate change considerations, using our Climate Progress Dashboard, and broader ESG into our investment processes and client conversations.
Our planet

Waste
This was the first year in which we collected waste and recycling data on a global basis. Once we have completed the verification process for all global sites, 2020 will provide a baseline for us to monitor our progress in line with the waste hierarchy of reduce, reuse and recycle.

Our data for our global headquarters in London, which accounted for approximately 40% of our global workforce in 2020, shows that we produced 173 tonnes of waste in 2020. The charts below show the effect of Covid-19 and the reduced presence in the office on waste production.

In our UK headquarters, we achieved a 73% recycling rate. We have set a target to achieve 80% by 2022. We plan to develop waste targets for all of our sites and increase awareness to drive behavioural change.

The chart below shows the disposal routes of the different waste streams. All of our waste was diverted from landfill, with 27% going to an energy-from-waste facility, 50% being recycled and 23% going to an anaerobic-digestion plant. Anaerobic digestion is the breakdown of organic materials (e.g. food waste) by microorganisms into gases (e.g. methane and carbon dioxide) with some water as a by-product. The gases produced are used for fuel, either for heat and electricity generation or as biofuels for transport.

In the UK, all the coffee grounds we collect are sent to bio-bean. Their site in Alconbury, Cambridgeshire, recycles waste coffee grounds into sustainable, high performance products such as biofuel pellets used to power biomass boilers. For every 100kg of coffee grounds they process, they are able to produce 80 coffee logs. In 2020, our coffee grounds produced over 10,000 coffee logs.

For every food waste bin collection from our headquarters, our waste service provider donates 25p to FareShare, a UK charity fighting hunger and food waste by redistributing surplus food to frontline charities, on our behalf. This covers FareShare’s operational cost to feed one vulnerable person, so one food waste collection equates to one meal. In 2020, 144 meals were donated to FareShare.

For more detail on our waste streams and disposal routes for 1 London Wall Place, see Our performance data.

In September 2020, we selected a new building for our South Korea office. Centropolis A is a new landmark in Seoul’s central business district that combines a user-oriented space and an eco-friendly design. The building is certified Leadership in Energy and Environmental Design (LEED) Gold. The fit-out design considered sustainability principles, such as recycling, minimising waste and using environmentally friendly materials.

Getting drastic on plastic
Last year, we reported that our US office had committed to cutting out single-use plastics over the course of 2020. We removed plastic water bottles for client meetings, switching to refillable glass bottles and glasses, although during the peak of the pandemic, we had to reintroduce plastic bottles temporarily. In our coffee bars and pantries, we stopped offering single-use creamers and plastic bowls, cutlery and coffee-cup lids.

Our US team’s goal is to ensure that no single-use plastic in the office is the result of a direct purchase by Schroders. The next step will be to ensure that we are not providing plastic indirectly, as through external caterers, and we are still considering alternatives to paper plates and cups to reduce waste further.

As a first step in reducing waste and single-use plastics at our UK headquarters, we removed single-use plastic in our catering services. Instead of bottled water and plastic cups, we offered employees aluminium water bottles. We also committed to removing Vegware cups. However, the Covid-19 pandemic forced us to re-introduce some Vegware in our catering services to support hygiene measures.

In our France office, we distributed metal bottles and thermos cups to all employees and removed all plastic bottles, cups and cutlery. We also replaced coffee pod machines with conventional coffee grinders. Furthermore, we carried out a review of cleaning products used in the building and replaced them with greener alternatives.
Our absolute priority is on our decarbonisation plan: to set interim science-based targets to reach net zero by or before 2050.

**Offsetting**

According to the Intergovernmental Panel on Climate Change, if global warming is limited to 1.5°C, with no or limited overshoot, manmade CO₂ emissions should have declined by about 45% from their 2010 levels by 2030. They should then reach net zero around 2050.

Our absolute priority is on our decarbonisation plan: to set an interim science-based target to reach net zero by or before 2050. But as we go through our transition process, we believe there is a role for carbon offsetting: that is, buying carbon credits equivalent to our carbon footprint to avoid or remove emissions somewhere else. This is both to compensate for emissions that will still be released on our transition pathway and to neutralise residual emissions for net zero.

Since 2019, we have been operating our business on a climate-neutral basis. This means we have offset our Scope 1, Scope 2 and reported operational Scope 3 emissions. Our operational greenhouse gas footprint reduced significantly in 2020 compared to 2019, mainly due to reduced business travel. We remain committed to our carbon offsetting programme and have chosen to retire the same amount of verified carbon credits for 2020 as we did in 2019.

We work with ClimateCare on our offset programme, which delivers positive environmental and social impacts. ClimateCare works with a network of over 300 low-carbon projects in 56 countries around the world. All these projects are certified to an International Carbon Reduction and Offset Alliance approved international certification standard and have passed the ClimateCare's proprietary enhanced due-diligence process. We have preferred carbon removal projects to avoided emissions projects. In 2020, we asked our employees to vote on a selection of projects, of which we chose three for our portfolio.
Agrocortex, Brazil
This project protects 186,000 hectares of Amazon rainforest from deforestation and is located between the states of Acre and Amazonas in the south-western Amazon. The project plays a key role in revitalising a significant area of the Amazon, through both the establishment of sustainable forestry and the preservation of the rainforest’s unique biodiversity. The project is certified to the highest standard under the Verified Carbon Standard (VCS) and is expected to deliver more than 14.5 million tonnes of CO₂ reductions over 30 years.

The project works with local communities to engage them in alternative livelihoods based around living sustainably with the forest (for example, by incentivising the establishment of cooperatives for trading non-timber forest products). It also aims to provide them with better incomes and education.

The land is divided into 30 annual management units, with forestry limited to one unit per year. This means that 97% of this area of rainforest is left fully protected and is given 29 years to regenerate. Agrocortex is the largest employer in the state of Acre, with its timber factory providing jobs for 400 people. Through investment in community education and training in sustainable forestry practices, the project also promotes knowledge sharing in local communities.

The project region is rich in bird species. Fauna surveys indicate that 345 species of bird live in the area (this represents 18% of the total number of species catalogued in Brazil). The region is one of the least studied areas of Brazil and is therefore considered a priority area for protection and wildlife inventories. By sustainably managing the forest and protecting 97% per year, the project is also protecting 12 fauna and flora species that are considered vulnerable or endangered by the International Union for Conservation of Nature.

TIST reforestation, Kenya
Since 1963, Kenya has lost 8% of its forest cover. According to the UN, ongoing deforestation costs Kenya almost USD70 million each year. Not only does deforestation in Kenya slow sustainable development, but lost forest cover also reduces a valuable carbon sink as well as directly releasing carbon emissions. The International Small Group Tree Planting Programme (TIST) project empowers small groups of subsistence farmers in Kenya to combat the devastating effects of deforestation, poverty and drought. By combining sustainable development with carbon sequestration, TIST supports these farmers in reforestation and biodiversity efforts.

Involvement in the project is completely voluntary, and the farmers take action by planting new trees on their own land. Since 2004, the number of TIST participants in Kenya has grown to over 65,000 members, who have planted a combined 8.3 million trees in Kenya. Each year, through carbon sequestered in the trees, this project removes over 400,000 tonnes of CO₂, thus countering climate change. The farmers involved in the project monitor the growth of their trees through an award-winning smartphone network, creating a real-time database of trees by age and species. This technology enables trained farmers to use GPS to track each project area and to ensure that every planted tree is recorded and monitored.

Carbon finance generates participant income and enables the project to address both environmental and social challenges. The trees planted by TIST farmers provide food, fodder, fuel and building materials. They also act as windbreaks, provide shade and enhance water retention, which subsequently reduces soil temperatures and improves soil moisture, water supply and crop yields. Through carbon revenues, fruit and nut harvests and other sources, the project has created over USD3,300 of extra income per member since 2004. Additionally, the project focuses on empowering women; it requires half of the small-group representatives at project-wide meetings to be women, and all of the project leadership council and expansion coordinator team are women.
Gola rainforest protection, Sierra Leone

Until the end of the 19th century, the Upper Guinean Forest of West Africa – one of only three forested biodiversity hotspots in Africa – covered most of Sierra Leone, Liberia, south-east Guinea, southern Ivory Coast and south-west Ghana. Less than a fifth of this rainforest remains today. The Greater Gola Landscape comprises the largest remnant of this critical ecosystem – over 350,000 hectares in a mosaic of protected areas, community forests and smallholders’ agricultural lands.

In 2011 the project established the Gola Rainforest National Park, working with communities and other key stakeholders to ensure that the 70,000-hectare park and its 70,000-hectare buffer zone are better protected. The long-term plan is to enable stakeholders to manage this entire landscape sustainably, to benefit not only local communities but also wildlife such as the critically endangered western chimpanzee and pygmy hippo. The project ensures that the millions of tonnes of carbon locked within Gola’s trees and in the earth below are safeguarded through sustainable management – to help keep Gola’s trees standing – for its wildlife and the people that depend on it. This project reduces global carbon emissions by 500,000 tonnes of CO$_2$e each year.

All efforts contribute to the rebuilding of lives after over a decade of civil war and, more recently, the worst-ever recorded Ebola outbreak. As 90% of the population of forest-edge communities are dependent on subsistence agriculture for their livelihoods, project activities have been aligned to the needs of local people. One aspect of the project aims to increase the uptake and efficiency of cocoa production in communities along the forest edge. The cocoa beans grown in the Gola Rainforest are currently fermented and dried within the community before being shipped overseas to be made into high-quality chocolate. In the UK, you can even buy bars of chocolate made from Gola beans.

Carbon finance incentivises local communities to conserve the forest’s natural resources and equips them with valuable skills and the ability to generate income. Gola’s previous Forest Reserve status did not prohibit small-scale logging operations, industrial and artisanal mining, and agricultural activities, and the forest area was under threat of rapid deforestation and degradation. Carbon finance helped the area to be designated as a national park in 2011, protecting it for generations to come.
2020 awards and recognition

- Charities Aid Foundation Diamond Award for payroll giving
  Winner
  Best employee engagement programme and Best creative use of user-generated content

- Cazenove Capital
  Gold
  ESG Investing Olympics

- FTSE4Good
  Constituent company
  FTSE4Good Index Series

- Nine real estate funds awarded Green Stars

- Best Investor Engagement
  Best Practice Awards 2020

- 1 London Wall Place accredited
  ISO 14001

- Accredited Living Wage employer

- Winner
  Impact/ESG Manager of the year 2020

- AAA
  ESG ratings

- 18.8 Low risk

- Fund manager of the year

- A+ Strategy and Governance

- Global Top 100 Executive Allies
  Peter Harrison, Schroders’ Group Chief Executive; Garth Taljard, Global Head of Investment Product and Multi-Asset Management; and Amy Cho Schroders’ CEO, Hong Kong, & Head of Intermediary APAC were recognised

- Corporate Responsibility Report 2020
Our performance data

Our people and values

<table>
<thead>
<tr>
<th>Results from our global employee surveys</th>
<th>2020 %</th>
<th>2019 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose: employees believe in the Group’s goals and objectives</td>
<td>85</td>
<td>83</td>
</tr>
<tr>
<td>Inclusivity: employees feel treated with fairness and respect</td>
<td>85</td>
<td>83</td>
</tr>
<tr>
<td>Diversity: employees feel diversity values are recognised</td>
<td>86</td>
<td>82</td>
</tr>
<tr>
<td>Pride: employees proud to be associated with Schroders</td>
<td>98</td>
<td>91</td>
</tr>
</tbody>
</table>

**Loyalty**

Retention of high performing employees | 94 | 94 |

**Gender equality (global)**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female employees¹</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>Females in senior management²</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td>Female Board directors³</td>
<td>45</td>
<td>40</td>
</tr>
</tbody>
</table>

1. All employees includes permanent and temporary staff.  
2. Senior management includes members of the GMC, the direct reports of the GMC and the direct reports one level below that, in each case excluding administrative and other ancillary roles. The data excludes executive Directors and includes some persons who are also subsidiary directors.  

For our Gender Pay Gap data and report please see here.

**Performance key**

- **Green** an improvement since the previous year
- **Amber** no change since the previous year
- **Red** a decline since the previous year
## Our charitable giving and volunteering

### Corporate giving

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 £’000</th>
<th>2019 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total donated through 'Schroders Giving'</td>
<td>978</td>
<td>1,012</td>
</tr>
<tr>
<td>Strategic partnerships (UK)</td>
<td>325</td>
<td>343</td>
</tr>
<tr>
<td>Strategic partnerships (outside the UK)</td>
<td>503</td>
<td>569</td>
</tr>
<tr>
<td>Annual global charity competition</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Total donated to support ad hoc initiatives</td>
<td>42</td>
<td>183</td>
</tr>
<tr>
<td>Employee recognition donations</td>
<td>8</td>
<td>3</td>
</tr>
</tbody>
</table>

### Employee giving and campaigns

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 £’000</th>
<th>2019 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total donated to fundraising campaigns, employee fundraising, GAYE and volunteering time matching</td>
<td>6,449</td>
<td>1,978</td>
</tr>
<tr>
<td>Fundraising campaigns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total donated to charitable causes for specific campaigns</td>
<td>4,323</td>
<td>37*</td>
</tr>
<tr>
<td>#CollectiveAction for Covid-19</td>
<td>4,304</td>
<td></td>
</tr>
<tr>
<td>Employee donations</td>
<td>885</td>
<td></td>
</tr>
<tr>
<td>Schroders donations**</td>
<td>3,419</td>
<td></td>
</tr>
<tr>
<td>Other fundraising campaigns</td>
<td>19</td>
<td>37*</td>
</tr>
<tr>
<td>Employee donations</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Schroders matching</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

### Employee fundraising

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 £’000</th>
<th>2019 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total donated by personal employee fundraising</td>
<td>92</td>
<td>291</td>
</tr>
<tr>
<td>Employee fundraising</td>
<td>39</td>
<td>174</td>
</tr>
<tr>
<td>Schroders matching (at x 2 to a maximum of £2,000/year)</td>
<td>53</td>
<td>117</td>
</tr>
<tr>
<td>Total amount donated through Give As You Earn Scheme (UK only)</td>
<td>2,009</td>
<td>1,616</td>
</tr>
<tr>
<td>Employee donations</td>
<td>1,098</td>
<td>856</td>
</tr>
<tr>
<td>Schroders matching (at x 1.5 to a maximum of £300/month)</td>
<td>911</td>
<td>760</td>
</tr>
</tbody>
</table>

### Volunteering

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique people volunteered (number)***</td>
<td>75</td>
<td>265</td>
</tr>
<tr>
<td>Monthly average employees (number)</td>
<td>5,556</td>
<td>5,359</td>
</tr>
<tr>
<td>Workforce volunteered (%)***</td>
<td>1.3</td>
<td>4.9</td>
</tr>
<tr>
<td>Time volunteered (hours)***</td>
<td>1,653</td>
<td>3,410</td>
</tr>
<tr>
<td>UK out of hours volunteering time matching (at £20/hour) (£’000)</td>
<td>25</td>
<td>34</td>
</tr>
</tbody>
</table>

### Totals

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated by Schroders (£m)</td>
<td>4.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Donated by employees (£m)</td>
<td>2.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Donated to charity (£m)</td>
<td>7.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Profit before tax and exceptional items (£m)</td>
<td>702.3</td>
<td>701.2</td>
</tr>
<tr>
<td>Donation by Schroders to charity of profits before tax (%)</td>
<td>0.7</td>
<td>0.3</td>
</tr>
</tbody>
</table>

* 50% employee and 50% company
** £500,000 funded from Schroders Charities Aid Foundation account
*** Volunteering time was down on 2019 due to Covid-19 restrictions

### Performance key

- **Green**: an increase since the previous year
- **Amber**: no change since the previous year
- **Red**: a reduction since the previous year
Our environmental footprint

Our operational greenhouse gas footprint

<table>
<thead>
<tr>
<th>Scope</th>
<th>2020 (tCO₂e)</th>
<th>2019 (tCO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 – gas (fuel building-related)</td>
<td>381</td>
<td>520</td>
</tr>
<tr>
<td>Scope 1 – company-owned vehicles</td>
<td>123</td>
<td>280</td>
</tr>
<tr>
<td><strong>Total Scope 1 emissions</strong></td>
<td><strong>504</strong></td>
<td><strong>800</strong></td>
</tr>
<tr>
<td>Scope 2 – purchased electricity (location-based)</td>
<td>3,202</td>
<td>4,184</td>
</tr>
<tr>
<td>Scope 2 – purchased electricity (market-based)</td>
<td>1,503</td>
<td>Data not collected</td>
</tr>
<tr>
<td>Scope 2 – purchased heat (location-based)</td>
<td>397</td>
<td>608</td>
</tr>
<tr>
<td><strong>Total Scope 2 emissions (location-based)</strong></td>
<td><strong>3,599</strong></td>
<td><strong>4,792</strong></td>
</tr>
<tr>
<td>Scope 3 – fuel-and-energy-related activities (not included in Scope 1 or 2)</td>
<td>262</td>
<td>Data not collected</td>
</tr>
<tr>
<td>Scope 3 – waste generated in operations</td>
<td>150</td>
<td>Data not collected</td>
</tr>
<tr>
<td>Scope 3 – business travel</td>
<td>2,209</td>
<td>18,485</td>
</tr>
<tr>
<td><strong>Total Scope 3 emissions (transmission, waste &amp; travel)</strong></td>
<td><strong>2,621</strong></td>
<td><strong>18,485</strong></td>
</tr>
<tr>
<td><strong>Total Scope 1, 2, and selected 3 emissions (location-based)</strong></td>
<td><strong>6,724</strong></td>
<td><strong>24,077</strong></td>
</tr>
<tr>
<td>CO₂e emissions per employee</td>
<td>1.21</td>
<td>4.49</td>
</tr>
</tbody>
</table>

Carbon offsetting

<table>
<thead>
<tr>
<th></th>
<th>2020 (tCO₂e)</th>
<th>2019 (tCO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total offset for operational emissions</strong></td>
<td>18,258</td>
<td>18,258</td>
</tr>
<tr>
<td><strong>Total offset from Schroders online events</strong></td>
<td>123</td>
<td>–</td>
</tr>
</tbody>
</table>

In 2019, our reported Scope 1, 2 and selected 3 emissions were 16,352 tCO₂e. We chose to offset 18,258 tCO₂e based on our estimated data to compensate for 2019 emissions. In 2020, we increased the scope of categories covered and therefore adjusted our 2019 figures to align and support comparisons to be made.

Our operational greenhouse gas footprint reduced significantly in 2020 compared to 2019, mainly due to reduced business travel.

We remain committed to our carbon offsetting programme and have chosen to retire the same amount of verified carbon credits for 2020 as we did in 2019.

Streamlined energy and carbon reporting

<table>
<thead>
<tr>
<th>Energy consumed (kWh)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK operations</td>
<td>10,575,897</td>
<td>14,124,439</td>
</tr>
<tr>
<td>Outside UK operations</td>
<td>5,459,453</td>
<td>7,024,828</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope 1 and 2 (location-based) emissions (tCO₂e)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK operations</td>
<td>2,311</td>
<td>3,330</td>
</tr>
<tr>
<td>Outside UK operations</td>
<td>1,792</td>
<td>2,262</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope 1 and 2 (market-based) emissions (tCO₂e)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK operations</td>
<td>258</td>
<td>Data not collected</td>
</tr>
<tr>
<td>Outside UK operations</td>
<td>1,749</td>
<td>Data not collected</td>
</tr>
</tbody>
</table>

Emissions and energy data disclosed is from 1 January to 31 December inclusive. The financial control boundary approach has been applied to our greenhouse gas inventory. Entities excluded from this reporting boundary are Pamfleet and Sandaire.

We report our global emissions inventory using the GHG Protocol Corporate Standard as our framework for calculations and disclosure. In line with GHG Protocol guidance, a market-based emissions methodology is used to calculate Scope 2 emissions, using information from the specific energy source or supplier. This reflects our emissions from purchased energy and includes details of renewable energy usage, which reduces overall emissions. It represents the active choices that we have made in our energy consumption decisions. So that comparisons can be made where a market-based system is not available, companies also report a location-based emissions figure. This reflects average emissions intensity and is based on information captured at a national or regional level. Our Scope 3 emissions reported have been calculated in accordance with the GHG Protocol Scope 3 Calculation Guidance.

In the streamlined energy and carbon reporting table, energy consumed is presented in kWh and the information presented correlates to Scope 1 and 2 emissions totals in the greenhouse gas footprint table.

We have used the UK Government GHG Conversion Factors for Company Reporting 2020, EPA and other internationally recognised sources.

Our Scope 1, 2 and reported Scope 3 emission data points have been independently reviewed by Incendium Consulting and assured for accuracy. BlueOrchard figures for 2019 have been assured by South Pole. 2020 figures include estimated data for BlueOrchard based on 2019 data (215.7 tonnes CO₂e total).

In 2019, our reported Scope 1, 2 and selected 3 emissions were 16,352 tCO₂e. In 2020, we increased the scope of categories covered and also decided to apply the radiative forcing index to our air-travel emissions. We adjusted our 2019 figures to align and to support comparisons. The radiative forcing index takes into consideration the impacts of non-CO₂ aircraft emissions at high altitudes, including water vapour, aerosols and nitrogen oxides.

Performance key

Green an improvement since the previous year
Amber no change since the previous year
Red a decline since the previous year
## Our performance data

### Waste from 1 London Wall Place (headquarters)

<table>
<thead>
<tr>
<th>Waste produced</th>
<th>2020 tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>General waste</td>
<td>47</td>
</tr>
<tr>
<td>Cardboard</td>
<td>5</td>
</tr>
<tr>
<td>Coffee waste</td>
<td>13</td>
</tr>
<tr>
<td>Food</td>
<td>40</td>
</tr>
<tr>
<td>Vegware</td>
<td>11</td>
</tr>
<tr>
<td>Glass</td>
<td>7</td>
</tr>
<tr>
<td>Mixed recycling</td>
<td>20</td>
</tr>
<tr>
<td>Paper</td>
<td>18</td>
</tr>
<tr>
<td>Security paper</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total waste</strong></td>
<td><strong>173</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Waste treatment routes</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy from waste</td>
<td>27</td>
</tr>
<tr>
<td>Anaerobic digestion</td>
<td>23</td>
</tr>
<tr>
<td>Recycled</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total recycled waste (anaerobic digestion + recycled)</strong></td>
<td><strong>73</strong></td>
</tr>
</tbody>
</table>

Data includes all waste streams (i.e. general waste, cardboard, coffee waste, food, Vegware, glass, mixed recycling, paper and security paper) except for WEEE waste.