Schroders

SUSTAINABLE INVESTMENT REPORT

VOTING AND ENGAGEMENT AT A GLANCE

OUR ACTIVE OWNERSHIP STATISTICS FROM THE QUARTER

ACTIVE OWNERSHIP IN PRACTICE

2022 AGM season in review

How we're addressing the cost of living crisis in our active ownership

Engaging on the climate transition: a metals and mining case study

SUSTAINABILITY INSIGHTS

2023 Sustainability Outlook: five trends to watch

Cybersecurity Playbook

COP27 and COP15 wrap-up

How investors can help foster responsible consumption in emerging markets

FOURTH QUARTER 2022

Marketing material.

INTRODUCTION

This quarter has been busy for COPs. COP 27 in November was dominated by discussions around how developed economies will support developing countries in light of the damage global warming has caused for them. While a deal was struck after the two weeks, much of the detail is still to be worked out. COP 15 is a pivotal moment for the acceleration of action to protect nature, which has a crucial role to play in both the mitigation and adaptation to climate. This quarter, read our thoughts on the successes and challenges of both COPs.

If 2022 has taught us anything, it is that social factors cannot be ignored in sustainability discussions. This quarter we run through our work on the cost of living crisis and how we are engaging with companies and collaborating with experts to drive progress in this area. We also dive into cybersecurity, an area which presents a growing threat for businesses. We provide an introduction to our cybersecurity scorecard and our analysis into which regions and sectors are more exposed to cybersecurity related risk. Finally, we look ahead to 2023 and our views on the key focus areas for the sustainability agenda.

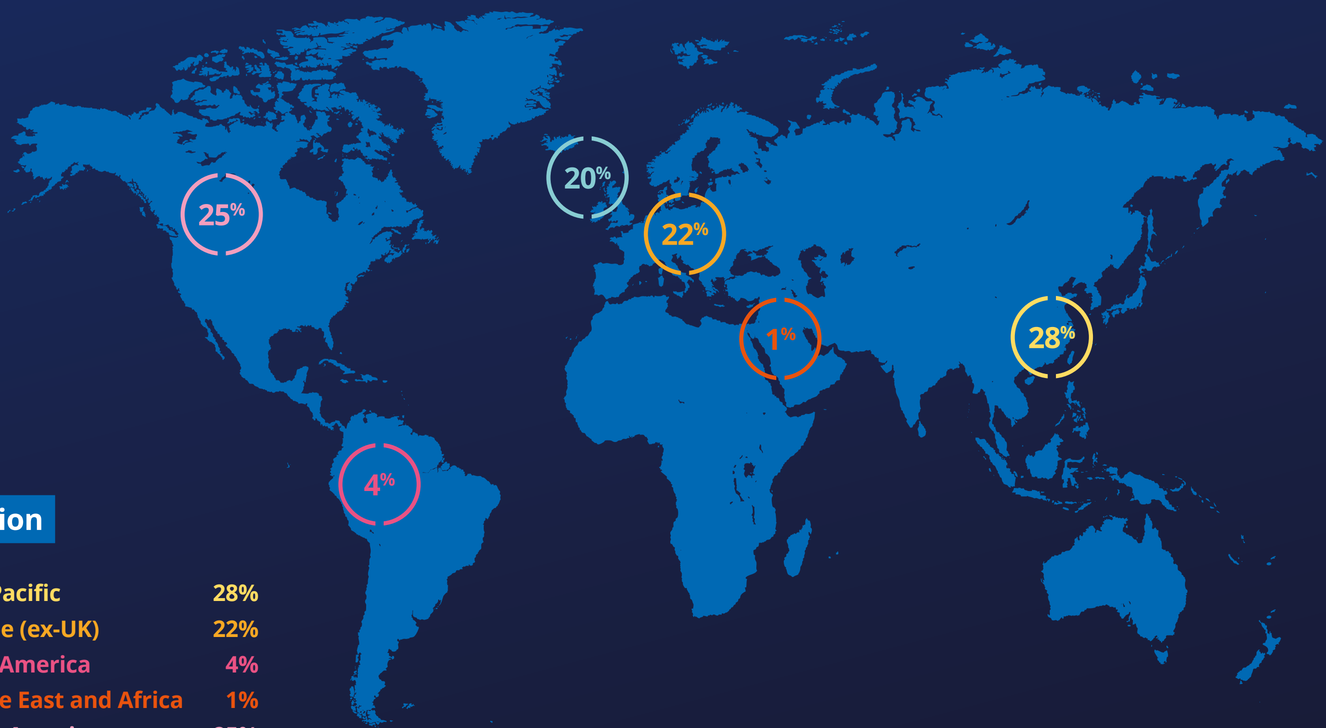
OUR ENGAGEMENTS AND VOTING

ENGAGEMENT IN NUMBERS

Type

Narrow scope ⟷ Broad scope

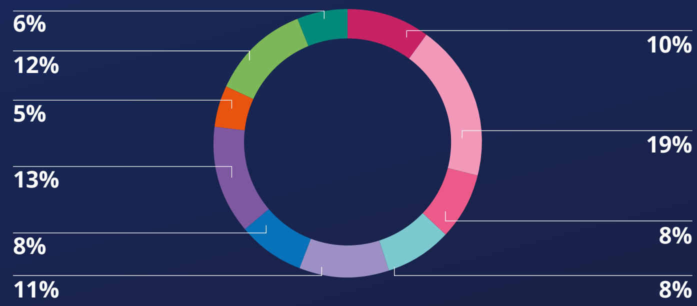
Scope	In-depth sustainability engagement	Investor-led engagement	Collaborative engagements and communicating expectations at scale
Number of engagements	150	221	131



Region

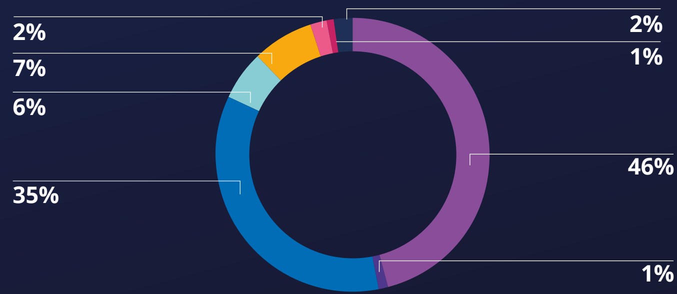
Asia Pacific	28%
Europe (ex-UK)	22%
Latin America	4%
Middle East and Africa	1%
North America	25%
UK	20%

Sector



- Basic Materials
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Healthcare
- Industrials
- Real Estate
- Technology
- Utilities

Format



- Email
- Collaborative engagement
- Call (one to one)
- Call (group)
- Meeting (one to one)
- Meeting (group)
- Other
- Formal letter

Data Source: Schroders, 31 December 2022.

OUR ENGAGEMENTS AND VOTING

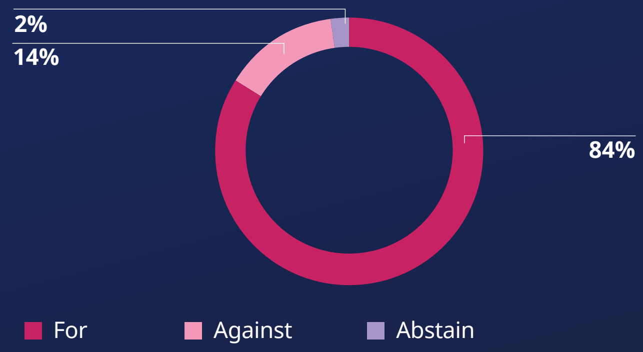
VOTING IN NUMBERS

This quarter we voted on 1105 meetings and approximately 97% of all resolutions. We voted on 58 sustainability-related shareholder resolutions, of which we voted with management on 45.

We publish our voting decisions on the voting section of Schroders' website.

We believe we have a responsibility to exercise our voting rights. We evaluate and vote in line with our fiduciary responsibility to clients. We vote on all resolutions unless we are restricted from doing so, for example through share blocking.

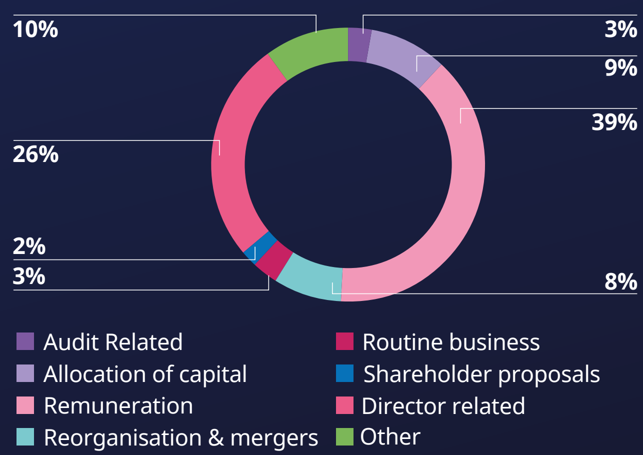
Direction of votes



Region

Asia Pacific	68%
Europe (ex-UK)	8%
Latin America	2%
Middle East and Africa	3%
North America	10%
UK	9%

Category of vote against management



Data Source: Schroders, 31 December 2022.

OUR ENGAGEMENTS AND VOTING

ENGAGEMENT PROGRESS

In the fourth quarter of 2021, Schroders undertook 15 requests for change classified as tier 1 engagements. The pie chart shows the progress we have made on revewing these engagements in the fourth quarter of 2022.

Over the past year, our Active Ownership Team's efforts have evolved to support and empower our investors with their own engagements. The Active Ownership Team continues to undertake engagements. Our Engagement Blueprint was published at the start of 2022 to concrete our firmwide ambitions going forward. We are now in the process of developing a new engagement tracking tool, ActiveIQ, to improve our insights from our voting and engagement activity and track activity across the entire Schroders team, including both the Active Ownership Team and our investors. Look out for our new enhanced reporting from 2023 onwards.

The bar chart shows the effectiveness of our requests for change over a three-year period. We have found that typically at least two years of dialogue is required before our requests begin to materialise in the form of measurable change. It is for this reason that the two most recent years are omitted.

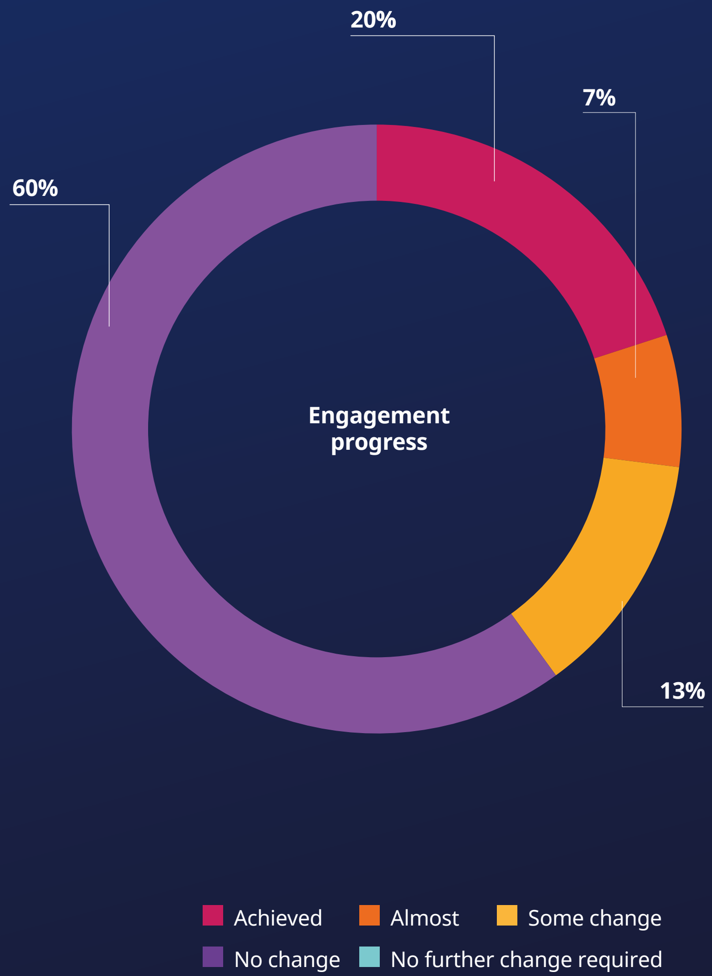
We record our engagement activity in our proprietary research database to facilitate the monitoring of companies in which we are invested. We define expected timeframes for targets, track progress and – if necessary – revise them.

In order to review progress on historical engagements they are categorised as “Achieved”, “Almost”, “Some change”, “No change” or “No further change required”. If no change is required it is usually because we have sold out of the position.

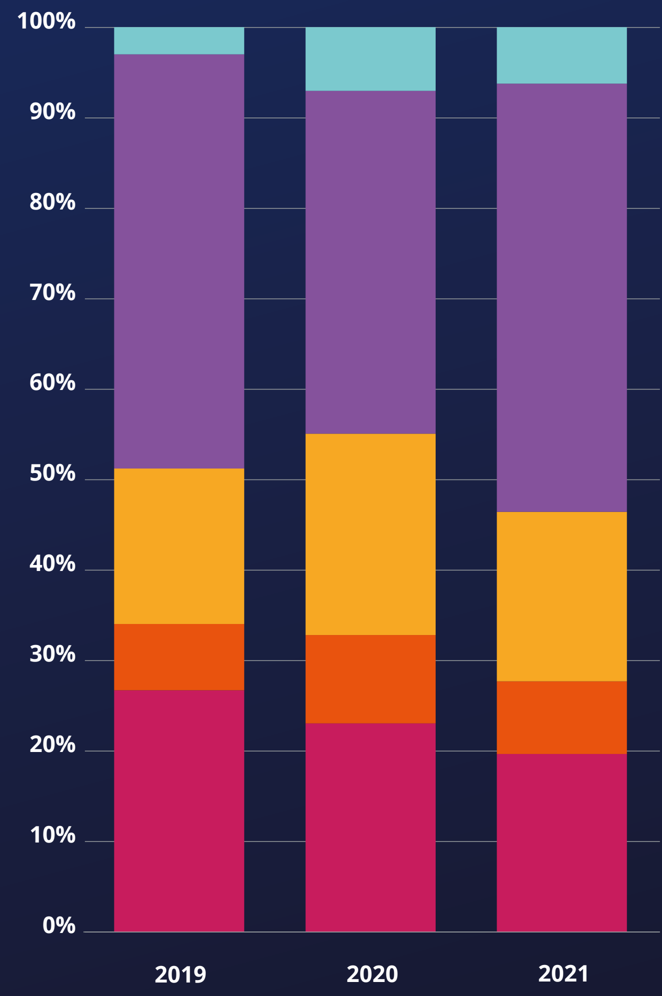
We typically review requests for change one year after they have been made and then on an ongoing basis. We will escalate where necessary.

Requests for change effectiveness

Engagement progress from Q4 2021



Three years: 2019 vs 2020 vs 2021



Data Source: Schroders, 31 December 2022.

ACTIVE OWNERSHIP

2022 AGM SEASON REVIEW

Just as the world began to recover from the impact of the Covid-19 pandemic, other challenges reared their head in 2022, including; Ukraine-Russia conflict, rising inflation and global economic slowdown. As a result, it was another unique 2022 AGM season. Here is a brief summary of the regional trends we saw this year.

UK: The UK proxy season was marked by a continuation of a number of themes.

Despite increasing our requirements for board diversity in relation to gender and ethnicity, as a result of boards evolving we did not vote against many company chairs for lack of diversity. Our engagement focus is increasingly on company workforces and fairer representation of gender and ethnicities throughout organisations.

On pay, we pushed back on executive pay that we thought unfairly rewarded executives for the temporary bounce back as pandemic restrictions eased. We are encouraging boards to show pay restraint towards the higher paid in their workforces in order to provide more funds to protect lower paid workers from inflationary pressures. We also expect other initiatives to offer support the workforce, particularly lower paid employees, in difficult times.

EUROPE: Navigating around longer board terms. The 2022 AGM season saw an increasing number of investors turn to the discharge resolution to escalate concerns against board composition, where available. This approach helps overcome the issue of longer board terms in Europe which means each director is not always subject to annual election. Whilst traditionally used as a mechanism to sign off the work of the board for the year, the discharge votes can prove a useful alternative for expressing other concerns such as board independence, diversity, refreshment and accountability for environmental and social issues.

We have continued to see an increase in the adoption of ESG linked remuneration. We seek to encourage stretching targets for performance that has the potential to lead to improvement in long-term performance.

As such; we do not expect variable awards (bonuses or LTIPs) to be paid for 'business as usual'; be it for ESG or for other targets.

US: The story of this year's US AGM season was one of increased votes against director compensation. We voted against 46% of management say-on-pay proposals this year, up from 23% in 2021.

This reflects a wider trend of record levels of shareholder dissent, resulting in the highest number of failed say-on-pay proposals since their introduction. This was mostly due to record increases to CEO pay across both the S&P 500 and Russell 3000.

We have also continued to see a variety of shareholder proposals filed at companies, ranging from: special shareholder meeting rights, to political spending and lobbying. Worryingly, there has also been an increase in anti-ESG proposals; however, support for these has remained low as other investors seem to share our view that they are likely to be damaging to long-term value.

ASIA: In China, the battle for greater disclosure continues. Often times, we will see amendments to company articles of association that lack sufficient information; related-party transactions where amounts and/or related parties are not fully disclosed; and pay plans with no clearly disclosed performance conditions attached.

In Japan, we have seen some improvement to the levels of independent representation on company boards, following the launch of the Prime Market that mandates compliance with the Japan Corporate Governance Code. Whilst there has been some improvement to gender diversity at board level (63% of companies had at least one female director in 2022, compared with 52% in 2021), it continues to lag behind most other developed markets.

ACTIVE OWNERSHIP

HOW WE'RE ADDRESSING THE COST OF LIVING CRISIS IN OUR ACTIVE OWNERSHIP

Andy Howard
Global Head of Sustainable Investment

Lucy Larner
Engagement Associate, North America

Companies increasingly recognise the importance of supporting employees through difficult times. Many have taken a long-term view by investing in their people.

The world had barely begun its recovery from the devastating human and economic effects of Covid-19 before the conflict in Ukraine triggered a spike in commodity, fuel and food costs.

More than 70 million people around the world could be pushed back into poverty as a result, the UN [has estimated](). Inflation in major economies is at the highest levels in three decades, which is putting disproportionate pressure on the poorest in society. This is reflected in markets, with investors recognising that governments have little fiscal room to manoeuvre.

Against this backdrop, the pressure on companies to support vulnerable or lower paid workers has intensified. At the same time, their financial flexibility to do so has shrunk.

However, companies increasingly recognise the importance of supporting their key assets – employees – through these difficult times. Many have chosen to take a long view of their business by investing in their people.

To better understand the challenges facing businesses and the choices they face, we have recently engaged with leading organisations in the field, with some of those conversations preserved through [podcasts]().

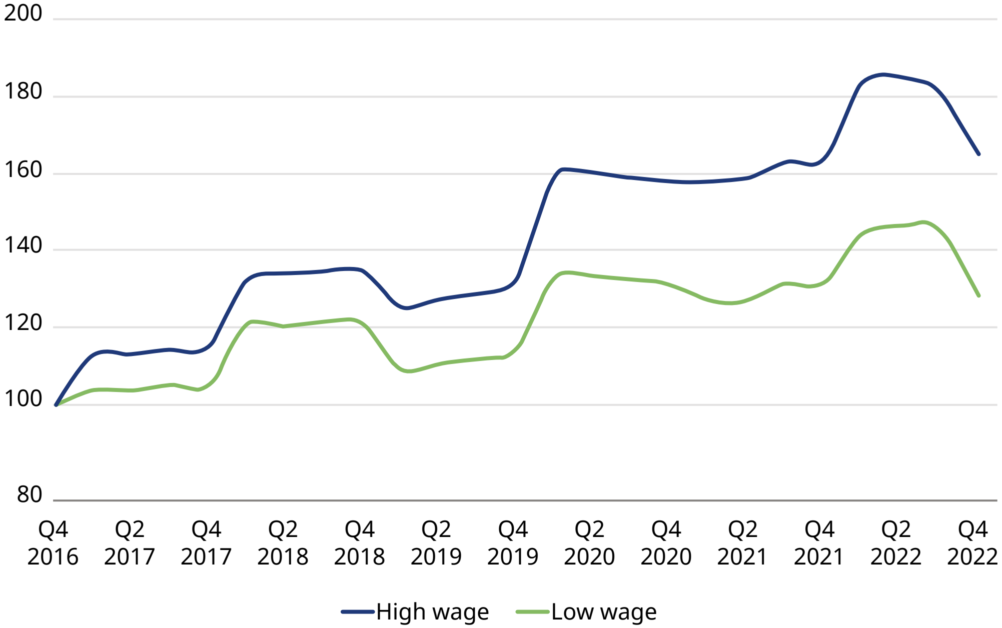
Through those engagements and the weight of academic research, it's clear that investing in workers' wages can bring material business benefits. Lower staff turnover and more productive workers both make for more profitable and durable businesses. Companies must be sensitive to the competitive pressures of their industries, and blanket demands or approaches can be counter-productive if they result in reductions in workforce or increased costs of products, for example. But we consider the long run benefits an important goal all companies should work towards.

The investment benefits of paying a living wage are also clear. The chart below plots the returns of UK-listed companies, separated into those that have paid higher wages than the average of their sector peers over the last five years and those which have paid less. Higher paying companies have outperformed lower-paying competitors by over 3% annually over the past five years.

More and more companies seem to agree. In the UK, our analysis shows that more companies have become accredited Living Wage employers over the last year than over the previous five years combined.

Total shareholder returns of companies paying more of less than the averages of their sector peers

Index total shareholder return. Q4 2016=100



Source: Refinitive, Schroders calculations.

ACTIVE OWNERSHIP

We have engaged with portfolio companies to encourage fair wages for many years. Our Engagement Blueprint, published earlier this year, laid out that expectation in detail. We will continue to use our voice and influence to encourage companies to continue to invest in their most important assets. We have outlined two of our recent engagements below.

PUSHING SUPERMARKETS TO TAKE ACTION:

Companies targeted:

From September 2022 we have been engaging with our key UK and European supermarkets holdings around the cost of living crisis.

Expectations set:

We set core expectations around using a fair, socially responsible approach to balancing their employees, customers, and suppliers. The focus differed dependent on current company practices.

Our insights so far:

- Most companies acutely aware of cost of living crisis and trying to do well by stakeholders (including shareholders)
- There are considerable complexities and gaps that remain around contractors, however there is a general openness to improving disclosure

TAKING ACTION ON SICK PAY AND PAID LEAVE IN THE US:

Companies targeted:

In October 2022, we reached out to 35 US companies in the retail and services sectors, selected for the engagement based on Shift's wage tracker of the largest service sector employers and the top US companies hiring for retail and food services jobs on Glassdoor.

Expectations set:

We set two expectations for the companies:

1. **Minimum days of paid sick leave per year:** Establish a minimum number of paid sick leave policy available to all employees;
2. **Paid parental, long-term illness and care leave policy;** Go beyond the minimum requirements set out under the Family and Medical Leave Act (FMLA), and offer full or partial pay for this period.

Key insights:

- Companies' policies vary significantly, part-time workers tend to have less access to paid sick or family leave
- Most companies have to adjust their policies based on local and state regulations, which adds administrative complexity and divergent policies
- Franchise brands tend to have minimal oversight over franchisee policies

ACTIVE OWNERSHIP

ENGAGING ON THE CLIMATE TRANSITION: A METALS AND MINING CASE STUDY

Throughout 2022, we engaged with a metals and mining company a number of times to encourage the company to develop a robust climate transition plan.

BACKGROUND:

At the time of our engagement, the company had identified a number of operations that it was finding challenging to decarbonise. For example, the company's aluminium production activities rely on the generation of very high heat temperatures, which is extremely energy intensive. Some of these activities are currently taking place in locations that do not have access to renewable energy infrastructure. The company also mines the type of coal needed to produce steel (metallurgical coal).

However, the company also has incredible opportunities regarding transition metals like copper, nickel and silver – used to make things like wind turbines, solar panels, and electric motors and batteries.

We didn't want to see the company simply sell off parts of its business to meet net zero goals – this is unlikely to result in real world emissions reductions. We also wanted to see the company support workers and local communities that could be impacted by its transition to net zero.

"So our focus was to support the company with its plans to decarbonise the most difficult parts of its business. As investors we must recognise this will take time."

Carol Storey
Climate Engagement Lead

ENGAGING WITH THE COMPANY:

Throughout 2022, we engaged with the company a number of times in advance of a Say on Climate vote on its climate transition plan. We engaged with different company representatives, including the Chair and CEO as well as Sustainability teams and Investor Relations.

Climate disclosure was already quite good relative to peers but, because they are in a harder-to-abate sector, we wanted to see a "best-in-class" transition plan that would address the company's key challenges, and demonstrate it was doing everything it could to decarbonise.

In the run up to the vote, we provided detailed feedback reflecting our views of good practice for transition plans, and highlighted areas where the company could strengthen its net zero ambition. We were keen to understand further the company's capital expenditure plans, goals relating scope 3 emissions and how the company was interacting with governments and business partners to secure access to renewables and low-carbon fuels.

Shortly before the vote, the company released its full transition plan. We were pleased to see the company enhance its disclosures along the lines we had discussed, and strengthen its net zero goals to cover scope 3 emissions. It also went further than expected by making a commitment not to develop or invest in greenfield metallurgical coal projects. We supported management's Say on Climate resolution.

Throughout our engagement dialogue, the company's leadership has demonstrated that climate risk is incorporated into strategic decision making at the highest levels of the company.

What we find particularly impressive about this company is the way scenario analysis has been used to identify high-risk business operations, which in turn informs the company's Just Transition plans, developed to reduce the potential impact of the transition on workers and local communities.

SUSTAINABILITY INSIGHTS

2023 SUSTAINABILITY OUTLOOK: FIVE TRENDS TO WATCH

Andy Howard
Global Head of Sustainable Investment

1. CLIMATE CHANGE AND POLITICAL WILL

At Schroders, we committed to transitioning toward net zero over the coming decades, including setting a Science-Based Target, validated by the Science-Based Targets initiative earlier in 2022.

Our Climate Transition Action Plan outlines our roadmap.

Our focus has been on using our voice and influence to engage the most exposed companies and pushing them to lay out transition plans. In the year ahead we will be intensifying those efforts.

2. NATURAL CAPITAL

Today we use resources equivalent to those provided by 1.7 Earths every year, pushing us further into natural capital deficit and intensifying the threats degrading global ecosystems create.

By some estimates, roughly $10 trillion of natural capital value is lost every year, underlining the hidden liabilities building in the global economy.

The reality is stark: nature risk is fast becoming an integral factor to investment risk and returns. That's why we released our first company-wide Plan for Nature in late 2022, drawing together our action to date and setting a future direction for the action we are taking to tackle the causes and implications of nature loss.

3. COST OF LIVING AND OTHER SOCIAL STRESSES

At a human level, a cost-of-living crisis has taken grip in many countries and while the most acute pressures may abate in 2023, poverty is a threat we will be monitoring. Few governments have the fiscal capacity to absorb shortfalls in household budgets and social stresses could intensify.

While climate change and nature have dominated headlines, particularly in the run-up to COP27 and COP15, we expect a bigger focus on social issues, including human capital management, human rights and diversity and inclusion in the new year. These are core themes for active ownership for us at Schroders.

4. ACTIVE OWNERSHIP AND IMPACT

Our ability to engage with the companies and assets in which we have invested will be a critical lever and a necessary one to create value for our clients.

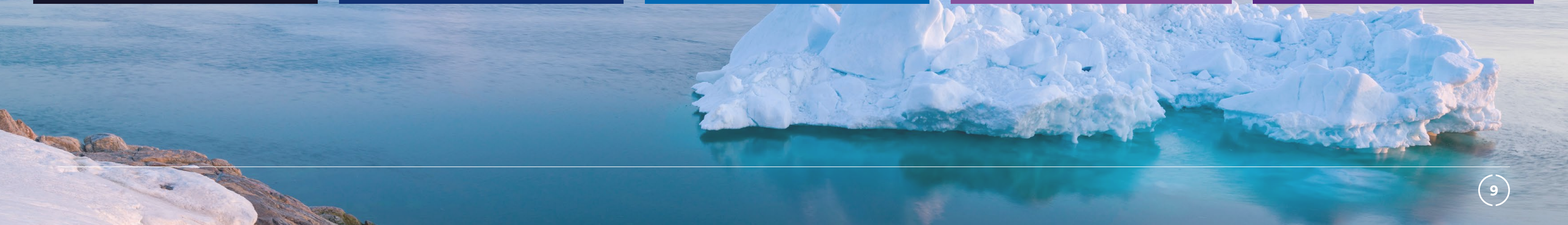
We published our own Engagement Blueprint early in 2022, laying out our expectations of the companies we invest in, and plan to build on that foundation in the future.

Our own survey of more than 700 institutional investors in 2022 found around half (48%) are focusing on the impact of their investments, up from about a third (34%) in 2020. We expect that trend to continue.

5. REGULATION

Regulation is spreading from the EU to other parts of the world and demands for transparency and clarity in product promises are rightly likely to increase.

Greenwashing headlines have underlined the importance of transparency; and the antidote is honesty, transparency and consistency. That's why, for example, ahead of COP15, we've signed Business for Nature's Make it Mandatory campaign, calling on mandatory disclosure for all large businesses and financial institutions of nature-related impacts and dependencies from 2030.



SUSTAINABILITY INSIGHTS

CYBERSECURITY PLAYBOOK

Samuel Thomas
Sustainable Investment Analyst

Cyber risk is one of the most immediate and financially material risks that organisations face today. Those that fail to implement robust management on cybersecurity will be less resilient and less sustainable.

It is well understood by the investment community and business leaders that the threat of cyber attacks to businesses is growing. In 2021 businesses suffered 50% more cyber attacks per week compared to 2020[1]. Consequently, cyber risks have become one of the largest concern for companies globally, with 44% of company respondents to the Allianz Risk Barometer Survey highlighting cyber incidents as the top concern.

As well as becoming more frequent, cyber attacks are also becoming more costly to businesses. In 2022, the average cost of a data breach increased 3% year on year to reach an all-time high of $4.35m, representing a +13% increase since 2020[2].

In light of this, we have undertaken a deep dive into the world of cybersecurity with the aim of understanding which industries, regions and companies are most exposed to this risk. We outline our approach below.

1. CYBERSECURITY SCORECARD

We have developed a cybersecurity scorecard as a way of externally measuring company cyber preparedness. The scorecard consists of nineteen metrics, assessing corporate cybersecurity across three dimensions:

a. **Cybersecurity exposure** – this measures the extent to which a company may be exposed to cyber threats based on internet activity, type of business activity it undertakes and the geographic regions in which it operates.

b. **Cybersecurity management** – this measures the robustness of a company's cybersecurity practices including management oversight, company policies, training and auditing practices.

c. **Cybersecurity momentum** – this measures the recent trajectory of certain cybersecurity vulnerability metrics, to determine whether the company's threat level is worsening, improving or remains stable.

2. SCORECARD HEADLINE RESULTS

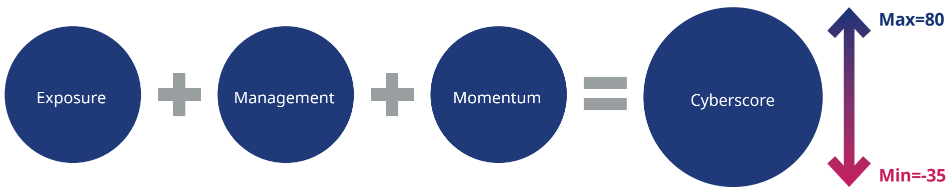
We have calculated a cybersecurity score for over 6,000 globally listed companies. The results of the analysis are presented within a cybersecurity scorecard, highlighting the top and bottom performing regions and sectors. We can also explore the sectors within each region, to identify the most and least exposed companies. Our headline results indicate that companies in Developed Europe have the strongest cyber performance on average, while companies in Developed Pacific score the lowest. On a sector basis, Utilities fair best while the Industrials sector looks most at risk.

3. ANALYSING RECENT CYBERSECURITY BREACHES

We find the majority of breached companies were synonymous with a cybersecurity score that **i)** underperformed its sector peer group, **ii)** underperformed its regional peer group and **iii)** contains a declining momentum score. We have screened the global list of more than 6,000 companies by these three criteria to show the ten most "high risk" companies by region.

4. KEY TACTICAL AND STRATEGIC RECOMMENDATIONS

Lastly, in collaboration with the UK National Cyber Security Centre and the Department for Digital, Culture, Media and Sport, we have generated a range of tactical suggestions and strategic recommendations that investors can use to benchmark company cybersecurity performance and use as a best practice guide when engaging with corporates.



Source: Schroders.

[1] CheckPoint.
[2] IBM Cost of Data Breach Report.

SUSTAINABILITY INSIGHTS

COP27 AND COP15 WRAP-UP

Here's a summary of what happened at COP27 in Egypt and at COP15 in Canada.


Irene Lauro
Economist


Catherine Macaulay
Sustainable Investment Analyst

COP27

COP27 was dominated by critical discussions on the creation of a new fund to address the costs of loss and damage. These are the costs of climate change that go beyond what countries can adapt to and mitigate against.

For more than 30 years, developing countries have asked developed countries to provide compensation for the damage global warming has inflicted on their economies.

It has always been a highly controversial issue; richer countries have been concerned about liability claims for climate damage caused by their emissions.

After two weeks of intense negotiations, a historic deal on loss and damage was struck, as the nations decided "to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage."

This is a very important agreement, reflecting the fact that the costs of global warming have become much more visible and severe. We think the deal has the potential to boost geopolitical stability between poor and rich countries, while improving growth outcomes for developing nations.

However, much of the detail still needs to be defined. For example, the United Nations text does not include how much money will be provided in the fund. A committee with representatives from 24 countries will need to decide who contributes to the fund and who will benefit from it.

We also saw other positive developments during climate negotiations in Egypt. The Global Shield, a new funding mechanism, was launched by the G7 group of wealthy nations and was backed by the V20 (the Vulnerable 20 Group of Ministers of Finance of the Climate Vulnerable Forum).

This is a new insurance-based mechanism that will provide poor and vulnerable people with better pre-arranged finance against disasters.

So far, the total promised is around $282 million, with Germany being the largest contributor, committing to $178 million. France, Ireland and Canada are among other contributors. This is a significant step to improving the outlook of climate-vulnerable and developing nations.

However, we also need to highlight that the money promised so far looks very small when compared to the economic costs of climate change. In Pakistan alone, it is estimated that this year's floods caused damage of around $30 billion.

READ MORE on the outcomes from the climate conference

COP15

COP15 saw government officials, business leaders, non-governmental actors and financial institutions gather in Montreal, Canada, to try to agree on a new global framework for nature. The final deal, the Kunming-Montreal pact has seen nations reach a series of historic agreements to halt and reverse biodiversity loss and to protect land and oceans by 2030. The agreement was reached by almost 200 countries at the summit and also commits to ending human-induced extinctions of known threatened species, such as rhinos and gorillas.

Other key elements include wording around respecting indigenous and traditional territories and emphasis on conservation management, reforms of environmentally harmful subsidies and, importantly, nature disclosures for businesses.

Ambition is there in the COP15 agreement. Now we must all deliver on it.

READ MORE on the outcomes from the conference and what's next

Jonathan Fletcher
Emerging Market Fund Manager and Head of EM Sustainability Research

SUSTAINABILITY INSIGHTS

HOW INVESTORS CAN HELP FOSTER RESPONSIBLE CONSUMPTION IN EMERGING MARKETS

Emerging markets feel some of the negative effects of consumption most keenly. Here's how impact investors can help turn the tide towards a more sustainable future.

Current global consumption patterns in aggregate are unsustainable and are contributing to climate change, biodiversity loss and pollution.

As populations grow and economies develop, the amount of materials used in the production and consumption of everyday goods and services is rising at rapid rate, and depleting the natural resources we depend on for life on earth.

Emerging markets feel some of the negative effects of consumption most keenly. However, through impacting investing it is possible to invest in companies helping to turn the tide towards a more sustainable future. Here's how.

WHAT NEEDS TO HAPPEN?

To build a more sustainable future – one in which economic growth doesn't depend on environmental degradation – consumption patterns need to change all over the world, across developed and emerging countries.

We need to reduce consumption overall, but also to make the shift from harmful to responsible: we need to harm fewer forests, emit less carbon, use less plastic packaging and reduce waste by recycling.

Impact investors have a key role to play in this shift.

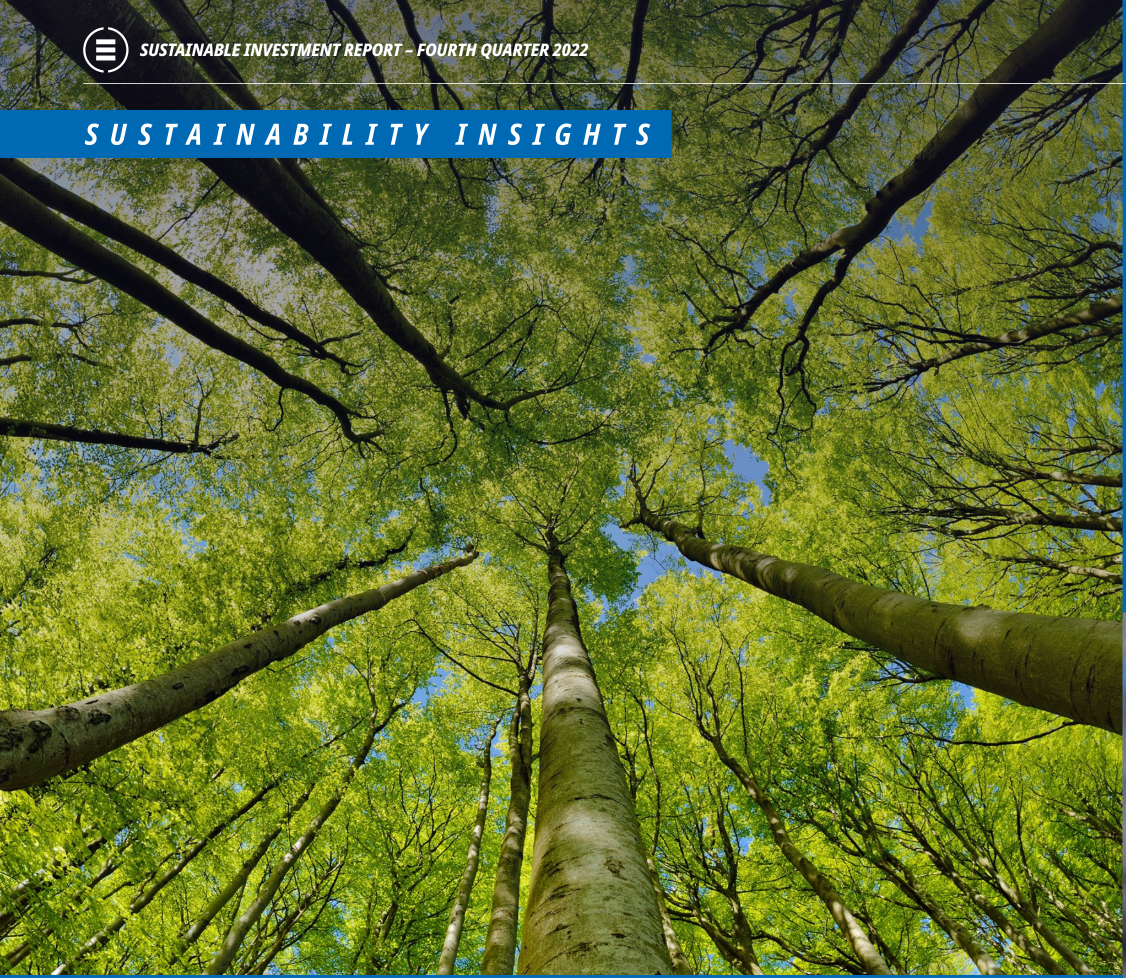
Emerging markets are likely to feel the impact of irresponsible consumption most acutely.

Not only do the effects of the overconsumption of our natural resources – such as climate change – disproportionately affect those in developing countries, the infrastructure to deal with waste is often underdeveloped or lacking, resulting in pollution and health hazards.

IMPACT INVESTING: DRIVING POSITIVE CHANGE AT THE COMPANY LEVEL

We look at two companies who are addressing issues of plastic and electronic waste in the emerging world. Please note all stock mentions are for illustrative purposes only and not a recommendation to buy/sell.

SUSTAINABILITY INSIGHTS



CASE STUDY: KLABIN

The company: Klabin is the leading Brazilian producer of paper, paperboard and corrugated board packaging product, primarily for the food industry. The company is vertically integrated from forestry through to pulp and finished products, and sells these and excess pulp production domestically and to foreign markets in 89 countries.

The impact: Not only are Klabin's end-products alternatives to fossil fuel-based products, the raw materials used are all sustainably sourced, whether from its own forests – 100% of which have full FSC[1] certification and 43% of which are classified as protected – or from third parties that meet FSC standards.

The forests the company manages captured the equivalent of 4.9 million tons of CO2 from the atmosphere and directly contribute to SDG 15.2 to promote the implementation of sustainable management of all types of forests.

Please note all stock mentions are for illustrative purposes only and not a recommendation to buy/sell.

CASE STUDY: ATRENEW

The company: ATRenew stands for 'All Things Renew' and its mission is to give a second life to all idle goods. It operates a platform in China to facilitate recycling and trade-in services of pre-owned consumer electronics, distributing the devices to prolong their lifecycle.

The impact: The company has a positive impact through its ability to facilitate the re-commercialisation of electronic products from collection through to resale, as well as partnering with organisations to properly dispose of e-waste. Through its commitment to prolong the lifecycle of products, it aims to reduce carbon emissions while fulfilling consumers' demand for high-quality electronic products.

In 2021, over 31.2 million products were transacted through its platform with an estimated reduction of 464,000 metric tons of carbon emissions through the reuse of pre-owned mobile phones alone.

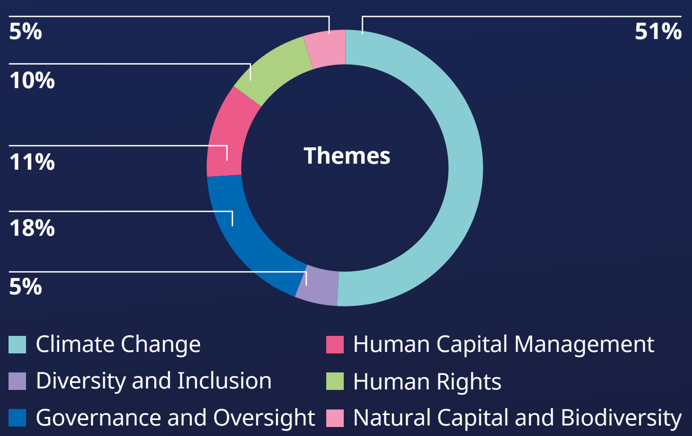
[1] The Forest Stewardship Council is considered the gold standard in ethical production.
Source: Schroders, 31 December 2022.

OUR ENGAGEMENTS AND VOTING

COMPANIES WE'VE ENGAGED WITH

We undertook 409 engagements this quarter with 314 companies listed. We show here whether we were tackling an environmental, social or governance issue with each. The chart shows how we categorised them by stakeholder, from employees and communities to governments and regulators. For further details about active ownership at Schroders, please contact your client director.

Thematic breakdown of engagements



Company	E	S	G
Basic Materials			
Adbri	✓		
Anglo American			✓
Anhui Conch Cement	✓		
Berry Global	✓		
BHP Group			✓
Centamin			✓
China National Building Material	✓		
DS Smith	✓		
Ecora Resources	✓		
Formosa Plastics	✓		
Fujimori Kogyo			✓
Glencore			✓
Graphic Packaging International	✓		
Grupo Mexico		✓	✓
Hengli Petrochemical Co	✓		
Henkel & Co	✓	✓	
Hindalco Industries	✓		
Hudbay Minerals	✓		
Iluka Resources	✓		
Inabata & Co	✓		
James Hardie Industries	✓		
KGHM Polska Miedz	✓		
Korea Zinc	✓		
LB Group Co	✓		
LG Chem	✓		
Mosaic Co	✓		
Posco Holdings	✓		
Rio Tinto		✓	
Schoeller Packaging			✓

Company	E	S	G
Semen Indonesia (Persero)	✓		
Shandong Gold Mining Co	✓		
Sunresin New Materials Co	✓		
Synthomer	✓		
Ultratech Cement	✓		
Umicore	✓		
Verallia	✓		
Vulcan Materials	✓		
Wanhua Chemical	✓		
Yara International	✓		
Zotefoams	✓		✓
Consumer Discretionary			
Amazon.com	✓	✓	
Autozone		✓	
Bath & Body Works		✓	
Best Buy Co		✓	
Bloomsbury Publishing			✓
Burberry Group	✓	✓	
China Jushi	✓		
Chipotle Mexican Grill		✓	
Costco Wholesale		✓	
Dalata Hotel Group			✓
Darden Restaurants		✓	
D'Ieteren Group	✓		
Dollar General		✓	
Domino's Pizza		✓	
Fletcher Building	✓		
Forbo Holding			✓
Foschini Group	✓		
Gap		✓	

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Source: Schroders, 31 December 2022.

Company	E	S	G
General Motors Co	✓		
Grafton Group			✓
Greggs			✓
H World Group	✓		
Halcyonrioration	✓		
Hankook Tire & Technology Co	✓		
Hi-Lex			✓
Hilton Worldwide Holdings		✓	
Hollywood Bowl			✓
Home Depot		✓	
Inchcape			✓
InterContinental Hotels Group	✓		
Iochpe Maxion	✓		
ITV			✓
Kia	✓		
Kingspan Group			✓
Kohls		✓	
Lowe's Companies		✓	
Lululemon Athletica	✓	✓	
LVMH Moet Hennessy Louis Vuitton	✓		
Macy's		✓	
Marks and Spencer		✓	
Marriott International		✓	
Maruti Suzuki India			
NHK Spring		✓	✓
Nordstrom	✓	✓	✓
Ocado		✓	✓
Omnicom Group		✓	
O'Reilly Automotive		✓	
Pearson	✓		✓

Company	E	S	G
Ross Stores		✓	
Starbucks		✓	
Target		✓	
Taylor Wimpey			✓
TJX Companies		✓	
Tractor Supply Co		✓	
Trip.com Group	✓		
Ulta Beauty		✓	
Volkswagen		✓	
Walt Disney Co		✓	
Watches of Switzerland Group			✓
Wesfarmers		✓	
Whitbread		✓	✓
WPP			✓
Yum! Brands		✓	
ZEAL Network			✓
Consumer Staples			
BRF	✓		
Carrefour		✓	
China Resources Beer Holdings Co	✓		
Clicks Group	✓		
Coles Group		✓	
Etablissementen Franz Colruyt		✓	
First Resources	✓		
Illinois Tool Works	✓		
JBS	✓		
JDE Peets	✓		
Jinsbury		✓	
Kimberly-Clark		✓	✓
Koninklijke Ahold Delhaize	✓	✓	

Company	E	S	G
Kroger Co		✓	
Lotus Bakeries	✓	✓	
Marks and Spencer Group			✓
MatsukiyoCocokara & Co	✓	✓	
Migros Ticaret	✓		
Prima Meat Packers	✓		
Rite Aid		✓	
Shoprite Holdings	✓		
Tesco		✓	
Turkiye Sise ve Cam Fabrikalari	✓		
Unilever	✓		
Uni-President Enterprises		✓	
Walgreens Boots Alliance		✓	
Walmart		✓	
Energy			
BP	✓		
Canadian Natural Resources	✓		
Canadian Solar		✓	
Cenovus Energy	✓		
Chevron	✓		
CNOOC	✓		
Coterra Energy	✓		
Devon Energy	✓		
Diamondback Energy	✓		
Ecopetrol	✓		
Enbridge	✓		
Energy Transfer	✓		
EOG Resources	✓		
EQT	✓		
Exxon Mobil	✓		

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Source: Schroders, 31 December 2022.

Company	E	S	G
Galp Energia SGPS	✓		
Halliburton Co	✓		
Imperial Oil	✓		
Marathon Oil	✓		
Marathon Petroleum	✓		
ONEOK	✓		
Parex Resources	✓		
Parkland Fuel	✓		
PBF Energy	✓		
Petroleos Mexicanos	✓	✓	✓
Phillips 66	✓		
Pioneer Natural Resources Co	✓		
Polski Koncern Naftowy Orlen	✓		
PTT Exploration and Production		✓	
Shell	✓		✓
Suncor Energy	✓		
TotalEnergies	✓		
Vestas Wind Systems	✓		
Worley	✓	✓	
YPF	✓		
Financials			
ABANCAoracion Bancaria		✓	
AIA Group	✓		
Alpha Bank	✓	✓	✓
Banco Bilbao Vizcaya Argentaria	✓		
Bank Mandiri (Persero)	✓		✓
Barclays	✓		
Beazley			✓
China Pacific Insurance Group Co	✓		
Citigroup	✓		
Commercial International Bank Egypt	✓		
Deutsche Bank	✓		
E.SUN Financial Holding Co	✓		
Erste Group Bank	✓		
ESR Group			✓
HDFC Bank	✓		
Hiscox			✓
Hong Kong Exchanges and Clearing	✓		
HSBC Bank			✓
HSBC Holdings	✓		
ICICI Bank	✓		
Intesanpaolo	✓		
KB Financial Group			✓
Koc Holding	✓		
Lloyds Banking Group	✓		✓
M&G			✓
mBank	✓		
Morgan Stanley	✓		
Natwest Group	✓		
Oversea-Chinese Bankingoration	✓	✓	
Ping An Insurance Group Co of China	✓		
Prudential			✓
Qatar National Bank QPSC	✓		
Saga	✓		
Skandinaviska Enskilda Banken			✓
Standard Chartered	✓		
Sumitomo Mitsui Financial Group	✓		
Svenska Handelsbanken	✓		
Swiss Re		✓	
Toronto-Dominion Bank	✓		
UniCredit	✓		
Uniqa Insurance Group		✓	
Vietnam Enterprise Investments Limited			✓
Wells Fargo & Co	✓		
Westpac Banking	✓		
Yorkshire Building Society		✓	
Zenkoku Hosho Co			✓
Government Activity			
Indonesia, Republic of (Government)		✓	
New Zealand (Government)	✓		
Healthcare			
Alcon	✓		✓
Apollo Hospitals Enterprise	✓		
AstraZeneca	✓		✓
Bayer		✓	
Bioventix		✓	✓
Bio-Works Technologies			✓
Cipla		✓	✓
ConvaTec			✓
CSPC Pharmaceutical Group	✓		
CVS Health		✓	
EBOS Group		✓	
Fresenius	✓		
GlaxoSmithKline Pharmaceuticals		✓	✓
H.U. Group Holdings	✓		
HALEON			✓
Hikma Pharmaceuticals			✓
HUTCHMED (China)		✓	
Johnson & Johnson	✓	✓	

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Source: Schroders, 31 December 2022.

Company	E	S	G
Krka dd Novo Mesto		✓	
Livzon Pharmaceutical Group	✓		
MLPglik Hizmetleri		✓	
Novartis		✓	✓
Pfizer		✓	✓
Recordati Industria Chimica e Farmaceutica		✓	
Rede D'Oro Luiz			✓
Richter Gedeon Vegyeszeti Gyar Nyrt			✓
Thermo Fisher Scientific			✓
WuXi AppTec Co		✓	
Industrials			
Abb			✓
Ashok Leyland	✓		
Balfour Beatty	✓		✓
Befesa	✓		
Capita		✓	
Caterpillar	✓		
Cleanaway Waste Management	✓		
COSCO Shipping Holdings Co	✓		
Daikin Industries		✓	
Deutsche Post		✓	
FedEx		✓	
FirstGroup	✓		
Fomento de Construcciones y Contratas	✓		
Fraport Frankfurt Airportrvices Worldwide	✓		
GEM Co	✓		
Grupa Pracuj		✓	✓
Grupo Traxion	✓		
Han's Laser Technology Industry Group Co	✓		
Harmonic Drive Systems			✓
Hexcel			✓
Hollysys Automation Technologies			✓
Johnson Controls International		✓	
Johnson Electric	✓		
Keller Group	✓		
Kubota	✓		
Larsen & Toubro		✓	
Mitie Group		✓	
Montana Aerospace		✓	✓
National Express Group	✓		
Nexi		✓	
Nichias	✓		
Okamura			✓
Prysmian		✓	✓
Recruit Holdings Co	✓		
Redde Northgate			✓
Relx		✓	
Ryanair Holdings		✓	
Sankyu	✓		✓
Seche Environnement	✓		
Seek		✓	
Sf Holding Investment	✓		
Solid State		✓	✓
Southwest Airlines	✓		
Stagecoach Group	✓		
Stanley Black & Decker		✓	
Strix Group			✓
Techtronic Industries Co	✓		
Trane Technologies	✓		
TransUnion	✓		✓
Union Pacific	✓		
United Airlines	✓		
United Parcelrvice		✓	
Vesuvius			✓
Volution	✓		
Wolters Kluwer		✓	
Xiamen Faratronic Co		✓	
Real Estate			
American Tower	✓		
China Resources Land	✓	✓	
CPI Property Group	✓		
Crown Castle	✓		
Digital Realty Trust	✓		
Eastgroup Properties	✓		
Equity Residential		✓	
Fideicomiso Fibra UNO Banco Actinver Institucion de Banca Multiple Grupo Fina			✓
Goodman Group	✓		
Hang Lung Properties	✓		
Host Hotels & Resorts	✓		
Hulic Reit			✓
Ke Holdings		✓	
Landcurities Group			✓
Link Real Estate Investment Trust	✓	✓	
Mitsubishi Estate Co			✓

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Source: Schroders, 31 December 2022.

Company	E	S	G
New World Development			✓
OUTFRONT Media	✓		
SEGRO	✓		
Simon Property Group		✓	
Swire Properties	✓		
Urban Logistics Reit			✓
Vonovia	✓	✓	
Technology			
Adevinta	✓		
Almaviva The Italian Innovation Company			✓
AT&T	✓		
Cint Group (publ)			✓
Cohort			✓
Comcast	✓	✓	
Converge Information & Communications Technology Solutions		✓	✓
Efecte Oyj		✓	
Goertek	✓		
Hon Hai Precision Industry Co		✓	
Iliad			✓
Infosys	✓	✓	
Infrastrutture Wireless Italiane			✓
LG Uplus	✓		
Longi Green Energy Technology		✓	
Mastercard		✓	
MercadoLibre		✓	
Meta Platforms		✓	
Minebea Mitsumi	✓	✓	
Moneysupermarket.Com Group			✓

Company	E	S	G
Naver	✓		
Next	✓		✓
Nippon Telegraph and Telephone	✓		✓
Novatek Microelectronics	✓		
ONmiconductor	✓		
Parade Technologies	✓		
Sage Group			✓
Samsung Electronics Co	✓	✓	✓
Samsung SDI Co	✓		
Sea		✓	
Singapore Telecommunications			✓
SK Hynix	✓		
SK Telecom Co			✓
Softcat	✓	✓	
Spectris			✓
Sunny Optical Technology Group Co	✓		
Superloop			✓
Taiwanmiconductor Manufacturing Co	✓		
Tele Columbus		✓	✓
Telia Company		✓	
Telkom Indonesia (Persero)	✓		
Texas Instruments			✓
Thunder Software Technology Co		✓	✓
TT electronics			✓
Ubisoft Entertainment			✓
Vanguard Internationalmiconductor	✓		
Ventureoration	✓		
Verizon Communications	✓		✓
Videndum			✓
Visa		✓	

Company	E	S	G
Wistron NeWeb		✓	
WithSecure Oyj		✓	
Utilities			
Abu Dhabi National Energy Company PJSC	✓		
Brazilian Electric Power Co	✓		
China Longyuan Power Group	✓		
China Resources Power Holdings Co	✓		
China Yangtze Power Co	✓	✓	
Drax Group	✓		
EDP Energias de Portugal	✓		✓
EnBW Energie Baden Wuerttemberg	✓		
Enel Americas			✓
Enel Chile			✓
Engie	✓		
ERG	✓		
Iren	✓		
Mahanagar Gas	✓		
New Fortress Energy	✓		
Nextera Energy Partners	✓		
NTPC	✓		
Pampa Energia	✓		
Pennon Group	✓		
Power Gridoration of India	✓		
RWE			✓
SSE	✓		✓
Terna Rete Elettrica Nazionale	✓		
Torrent Power	✓		
Veolia Environnement	✓		

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