



Newcastle University

Tom Montagu-Pollock, Co-Head of Charities
Matt Best, Portfolio Director

11th March 2025

Charity and University expertise


Experience with similar organisations



Schroders at a glance

 **£770 billion**
Assets under management*

 **6,000+** employees

 **38** locations operating across Europe, the Americas, Asia, Middle East and Africa

 **200+** years' experience of investment markets

*Schroders total assets under management excluding joint ventures

Cazenove Capital – company structure

Wealth management from Schroders

Schroders

Stability

- Founded 1804
- Schroder family and related trusts control 43% of the voting shares¹
- Long-term view and focus on clients
- 20+ years integrating ESG

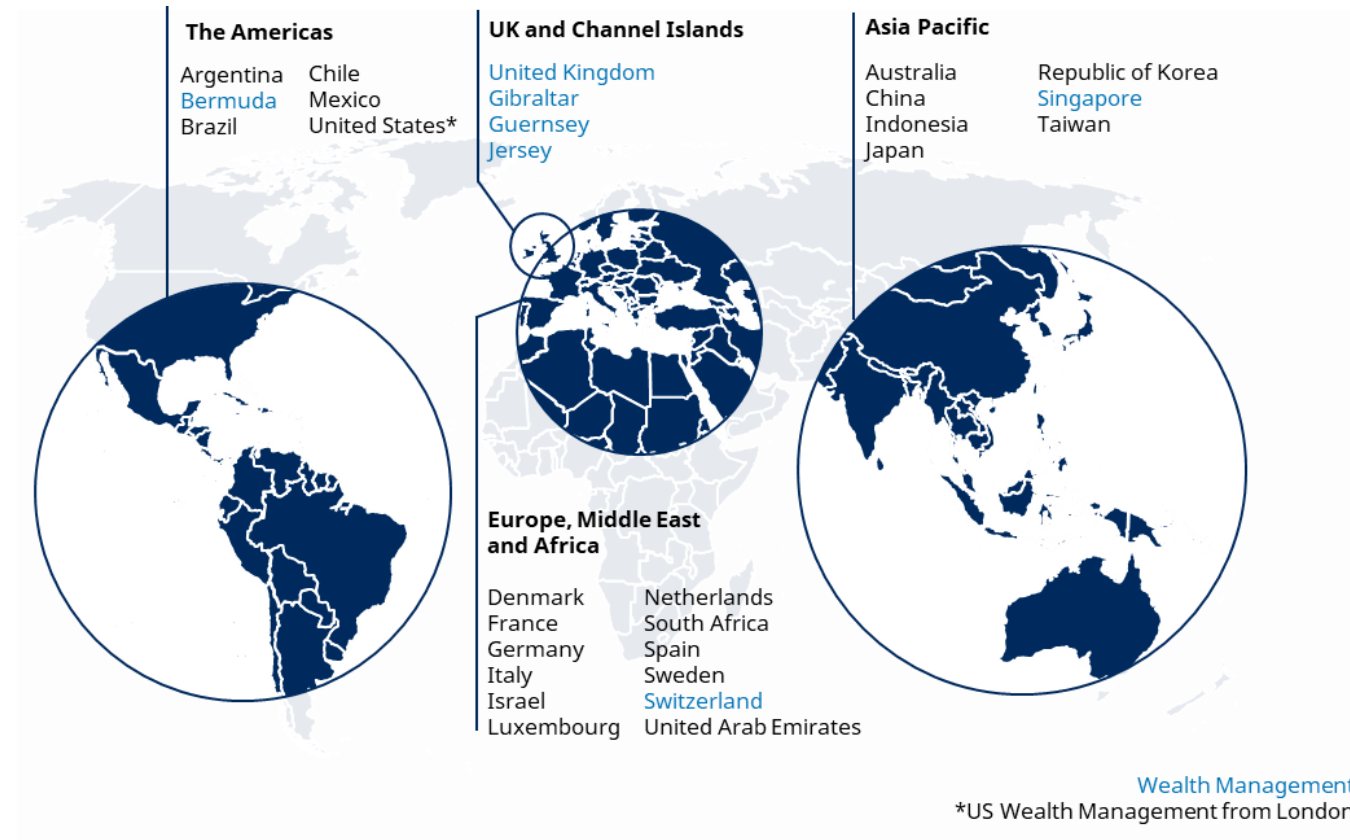
Intelligence & expertise

- Global investment expertise with access to over 750 investment professionals
- Over 50 dedicated ESG specialists
- A+ rating from the **UN Principles for Responsible Investment** organisation

Cazenove Capital

Partnership & performance

- Proven track record in delivering positive financial returns and meeting our clients' investment objectives
- Experienced and dedicated team
- High level of client service
- Comprehensive approach, encompassing portfolio management, wealth planning, banking and treasury service



Committed to sustainability

What sets us apart?



Resources:

for opportunities and returns

50+ sustainability and impact specialists
Tools: research and reporting
21 years integrating ESG
Impact specialists: Blue Orchard



Scale:

to enhance impact

£750bn+ Assets under management
Influence 2000+ annual engagements
Collaboration with NGOs, clients and asset managers



Culture:

committed to progress

Signatory: Net Zero Asset Managers initiative, UN Global Compact
Social Mobility employer of choice
Remuneration linked to sustainability

A+



Top 5



'A' Rated



Top 5



Top 20



Meeting the University's Requirements



Social and environmental justice are core values of the University, and it is committed to socially and environmentally responsible investment.



The University wants to work with investment managers with well-developed ESG approaches who will also work with it to achieve the aims of its Climate Action Plan.



The University does not permit investment in tobacco related companies or companies making revenue from armaments or from the extraction and production of fossil fuels.



Global Sustainable Growth strategy

Financial



The University has appointed us as an active global equity manager, running assets that form a part of its endowment fund



The objective is to maximise financial returns within the confines of a global equity universe

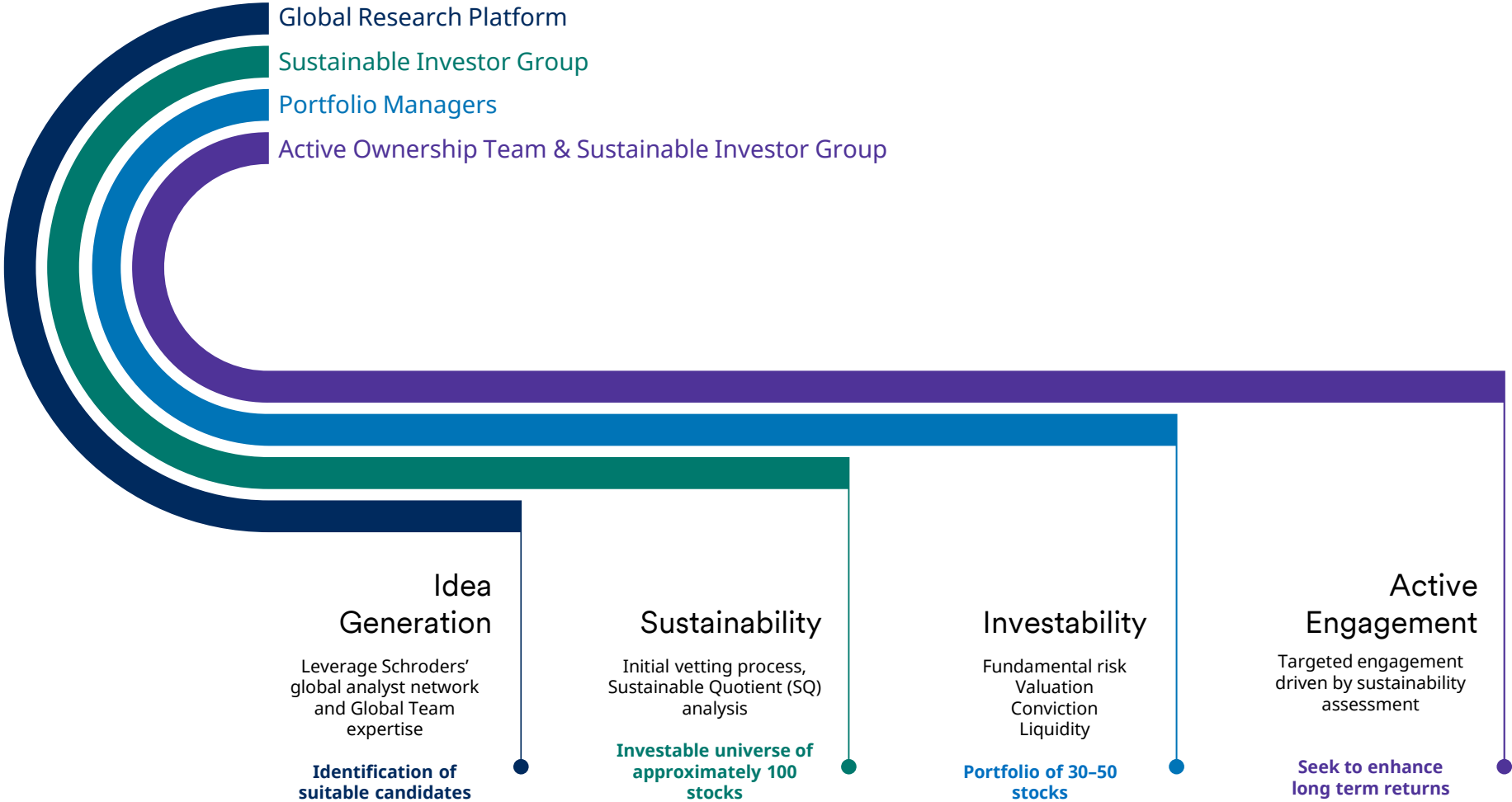


Returns are benchmarked against a full global equity market index

Sustainability

Investment Selection

Equity Investment process



Good Company vs. Good Investment

Robust multi-stakeholder sustainability framework

The Sustainability Quotient (SQ) framework

In-depth approach takes us well beyond 'box-ticking'

Qualitative rather than quantitative approach

wide-ranging research

Engagement opportunities identified

to push for **progress**

High bar for **inclusion**

with **~50%** of companies rejected

Dynamic and **forward-looking**

SQs regularly reviewed



Environment

Environmental impact of products

Responsible use of nature

Suppliers held to high environmental standards

Environmental controversies



Customers

Fair, transparent and safe customer proposition

Cybersecurity and data practices



Suppliers

Constructive relationships with suppliers

Supplier standards in line with employee standards



Communities

Benefit or harm created to society

Support of local communities



Employees

Fair pay and working conditions

Guarding against workplace discrimination

Ensuring a safe working environment



Regulators & governments

Responsible tax practices

Constructive relationships with regulators



Shareholders

High ethical business standards

Long-term allocation of capital

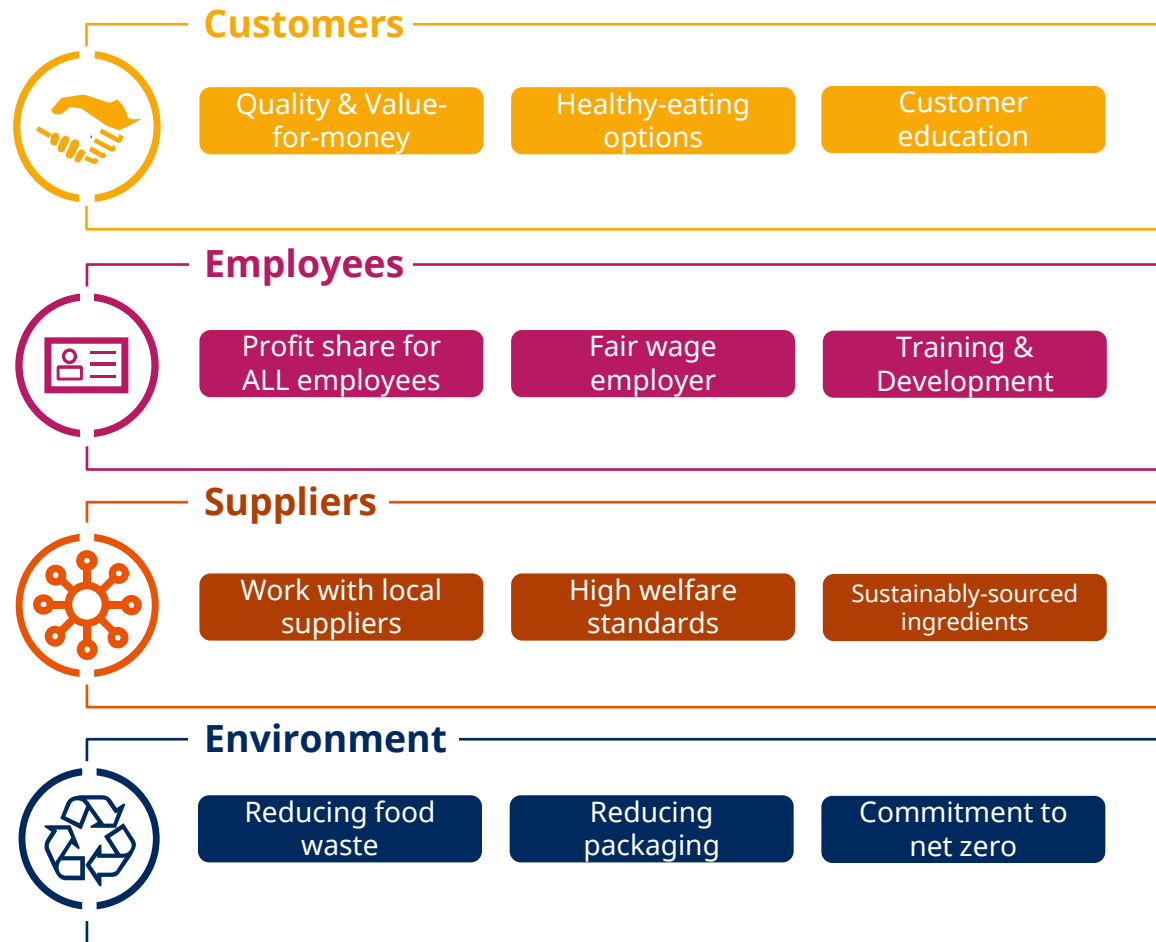
Governance structure

Transparent reporting and communication

Oversight of corporate responsibility

Robust multi-stakeholder sustainability framework

Greggs: sustainability 'baked in' to company strategy

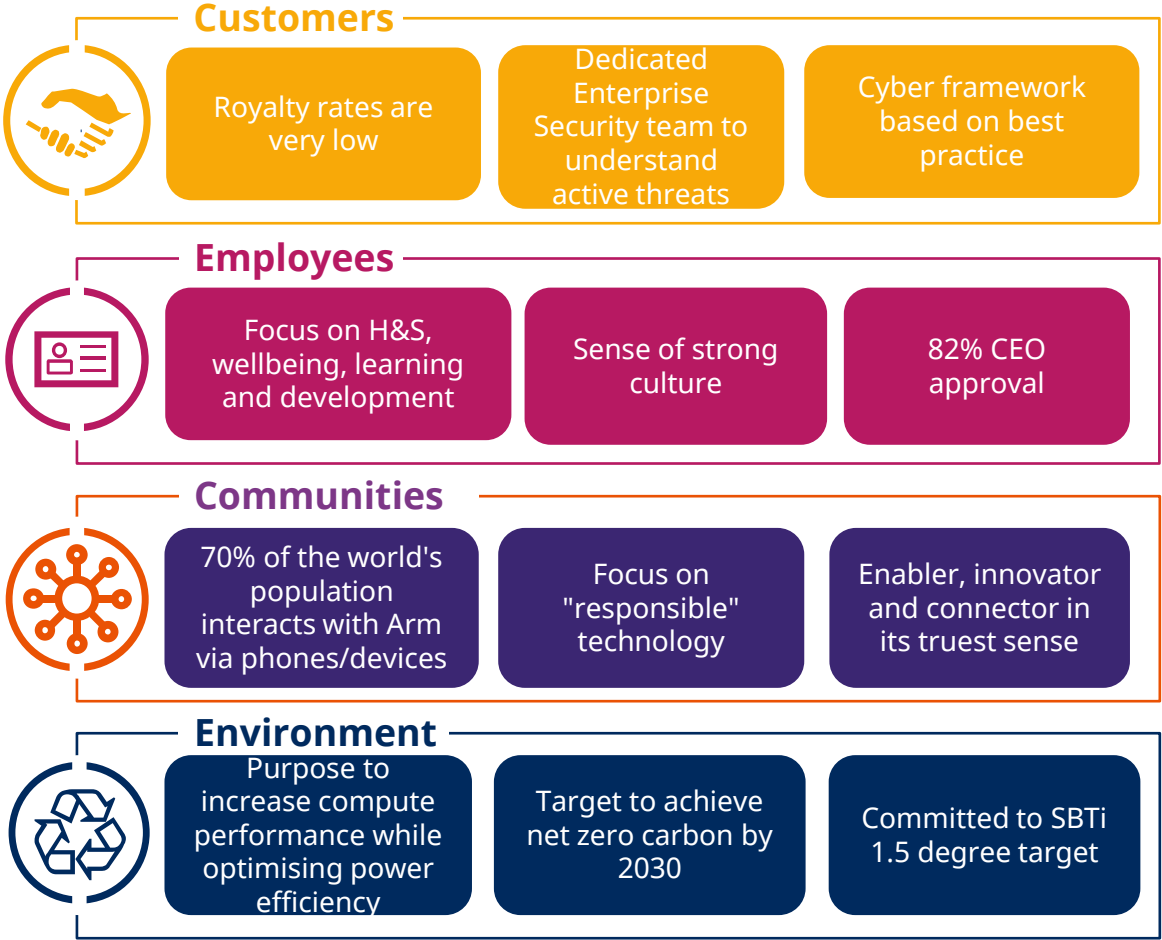


Acting in the best interests of all stakeholders:

- Commitment to local **communities** since the opening of Greggs on Gosforth High Street over 80 years ago
 - 'Pie in peas supper' for older residents in the North-East started in 1960s
 - The 'Greggs Foundation' provides 8m breakfasts to primary school children every year
- **Customers** – healthy options, fairtrade coffee
 - Balanced Choice range (<400kcal) has gone from 10% to 32% of items since 2019, now targeting at least 30% of new product intros
- **Employees** – profit distribution via staff bonuses paid to their 25,000 staff across the UK (employee bonuses since 1980)
- **Employees** – in 2024, Greggs joined other companies like Timpson's and the Co-op in employing former offenders
- **Environment** – the 'Greggs Pledge' was launched in 2021, with 10 UN SDG commitments for both people and planet
 - 100% renewable energy across all operations by 2025 and carbon neutral by 2024
 - Reducing single-use plastic, switching to cardboard
 - Food waste minimised via donation scheme

Robust multi-stakeholder sustainability framework

Arm Holdings: standout company across a number of stakeholders



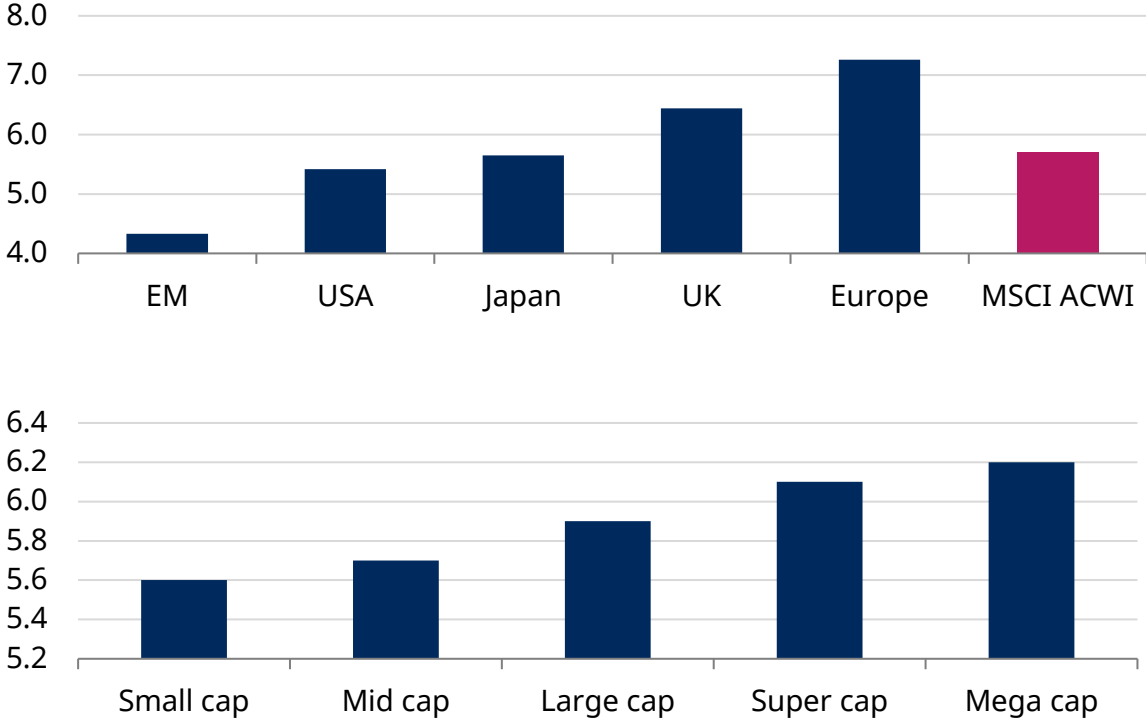
Source: Schroders as at December 2024. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. Past performance is not a guide to future performance and may not be repeated. The value of investment can go down as well as up and is not guaranteed. The return may increase or decrease as a result of currency fluctuations.

Robust multi-stakeholder sustainability framework

Proprietary approach looks through disclosure and inconsistencies

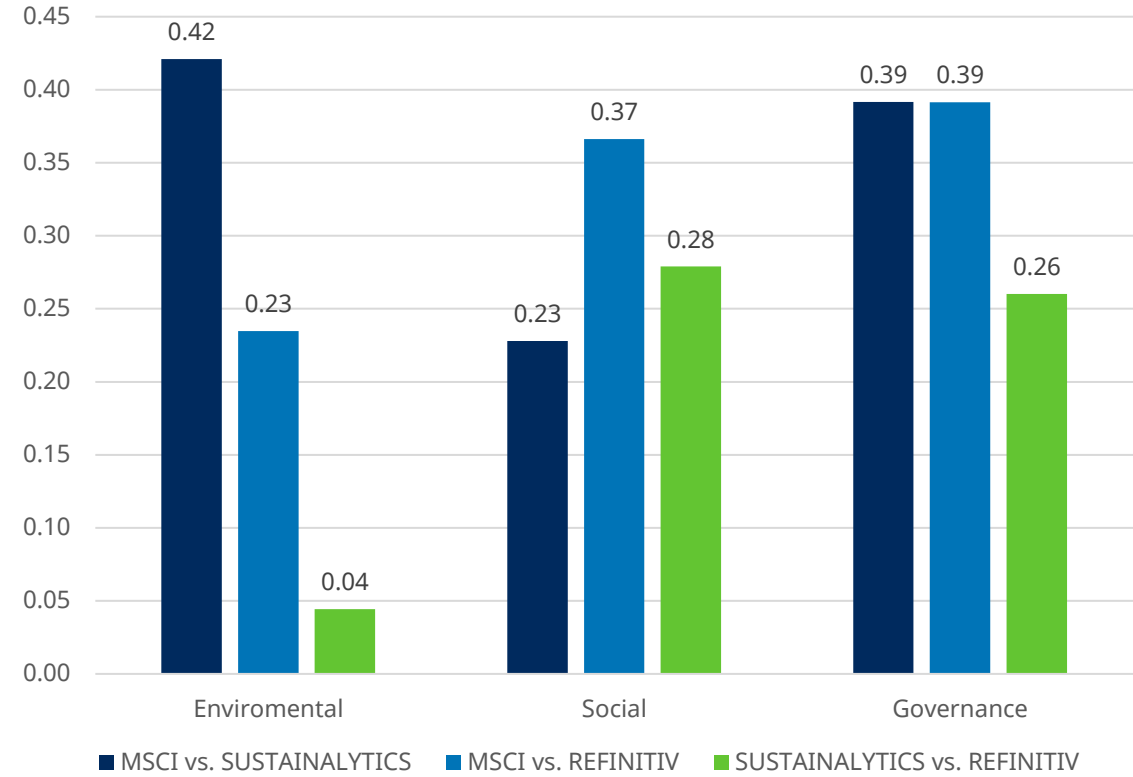
Reward disclosure over commitment

ESG scores skew to large companies and certain geographies



Inconsistent scores across providers

Correlation between scores



Disclosure and 3rd party ratings do not influence our sustainability analysis

Source: Schroders, as at December 2023

Resources: proprietary sustainability tools

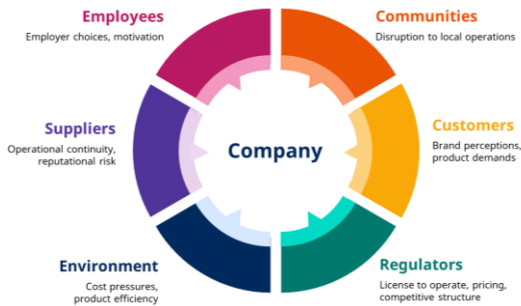
Translating research into actionable insights for investors

Investment decisions

Active ownership

Outcomes & reporting

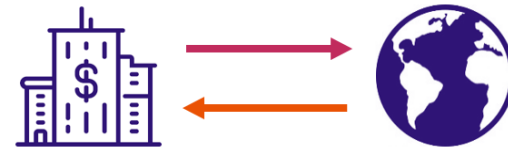
Stakeholder analysis
CONTEXT™



Climate risks & opportunities
Climate Analytics Framework

Political change	Business and finance	Technology solution	Entrenched industry
Public ambition 2.4°	Corporate planning 3.1°	Electric vehicles 2.0°	Oil & gas investment 1.7°
Public concern 2.8°	Climate finance 5.5°	Renewable capacity 3.2°	Fossil fuel reserves 4.6°
Political action 2.7°	Carbon prices 1.6°	CCS Capacity 4.9°	Fossil fuel production 5.3°

Outcomes measurement
SustainEx™



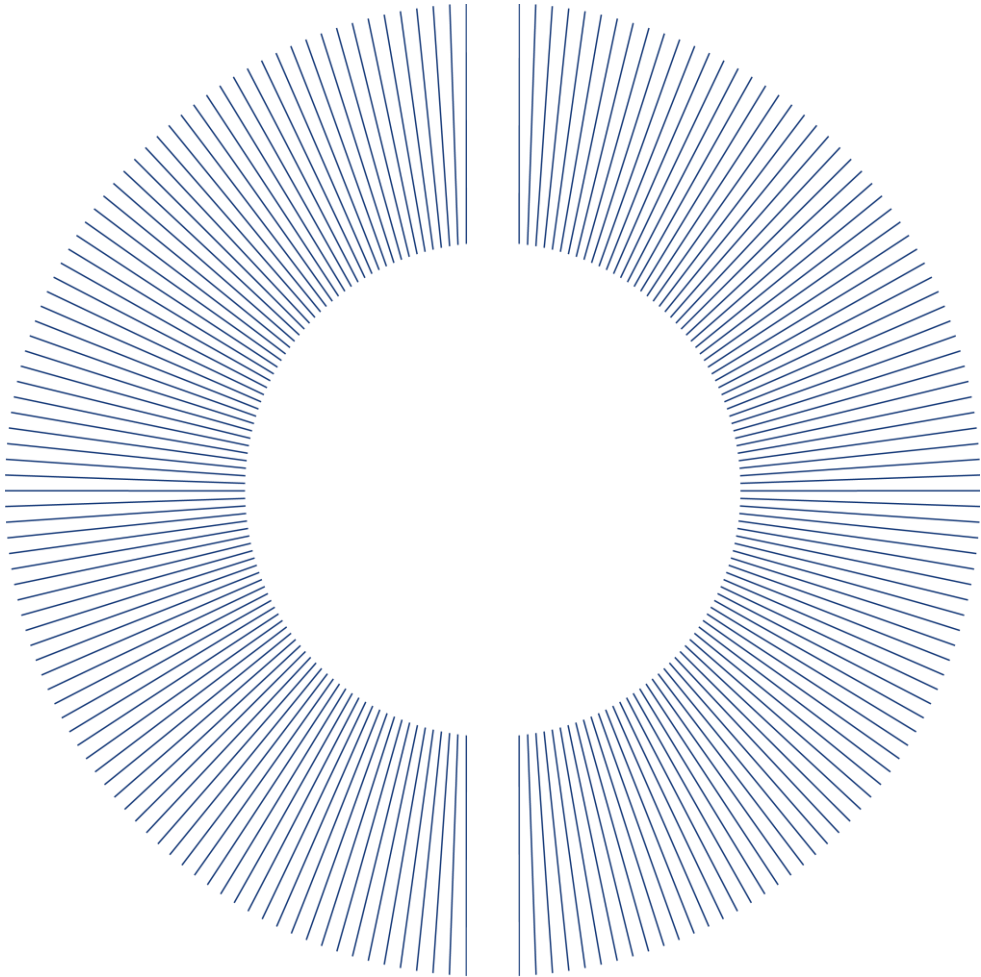
UN SDG Alignment
Impact Management Project



Powering investment decisions
Underpinned by innovative research & deep investment knowledge

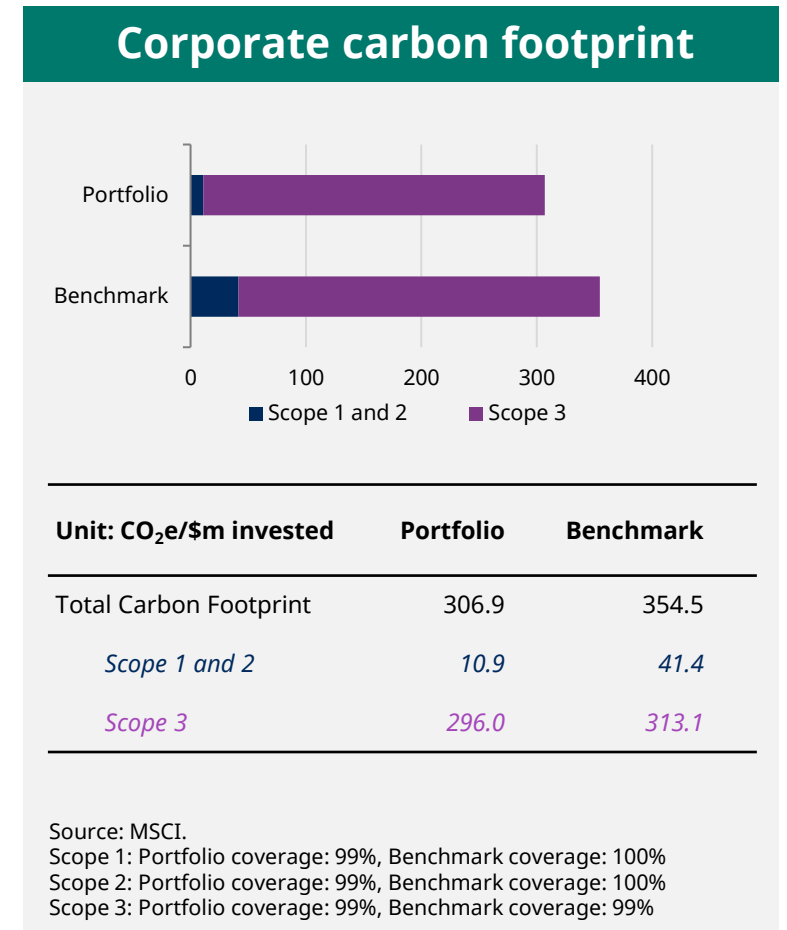
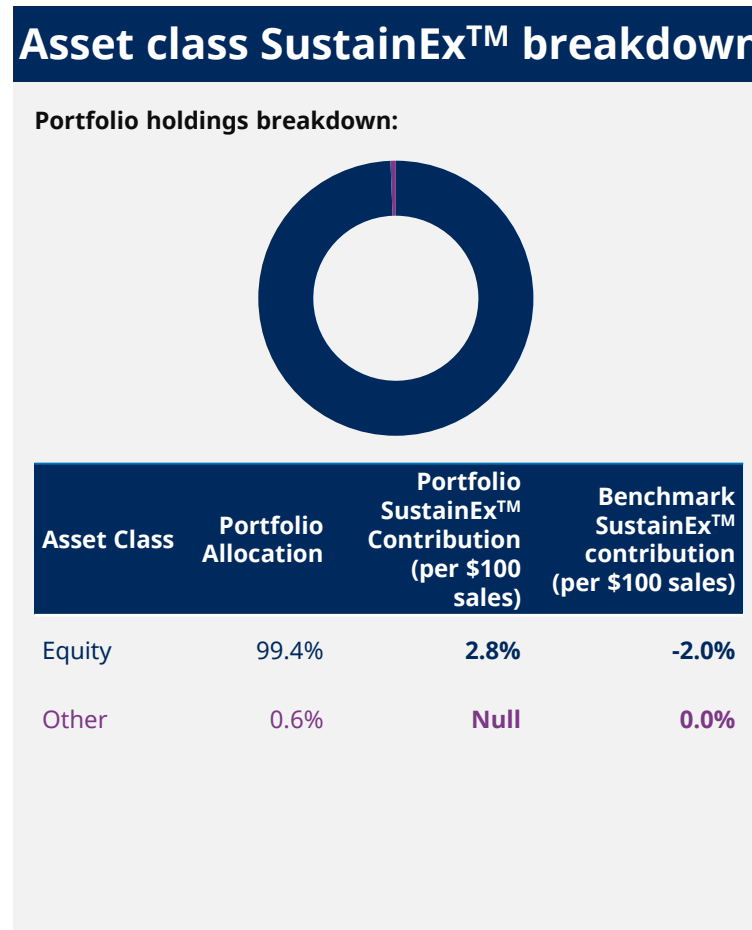
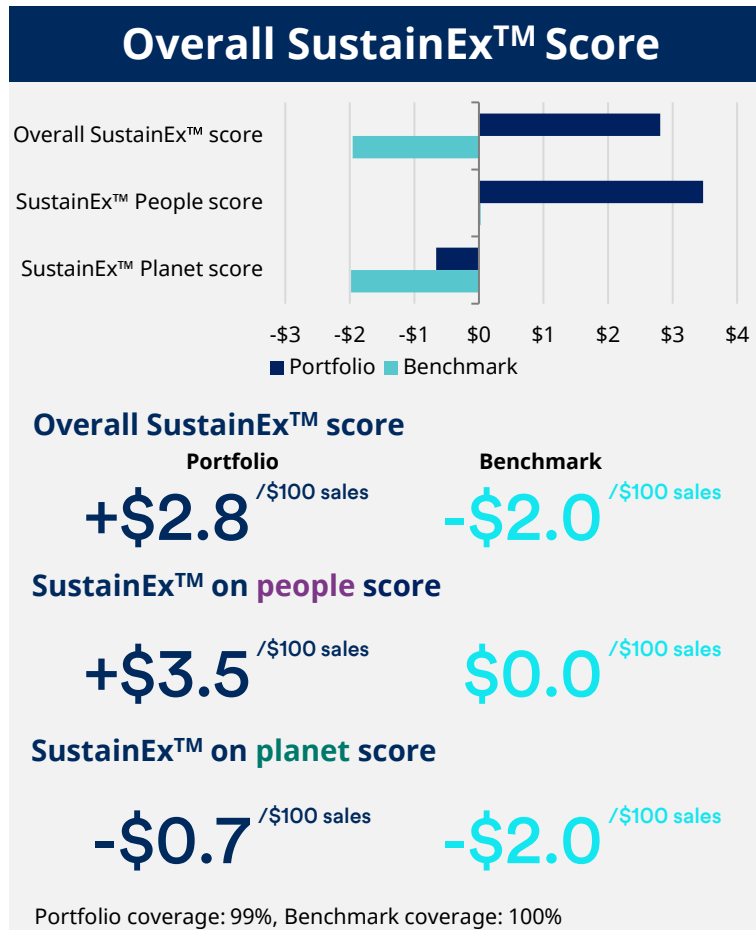
Source: Schroders.

Sustainability Reporting



Sustainability metrics overview

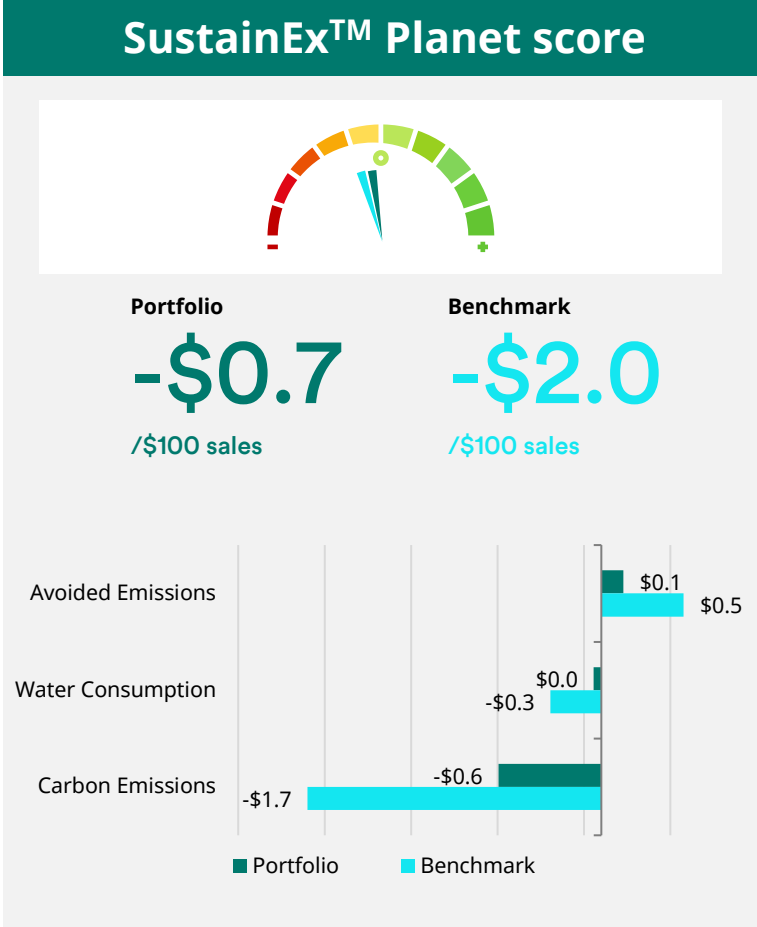
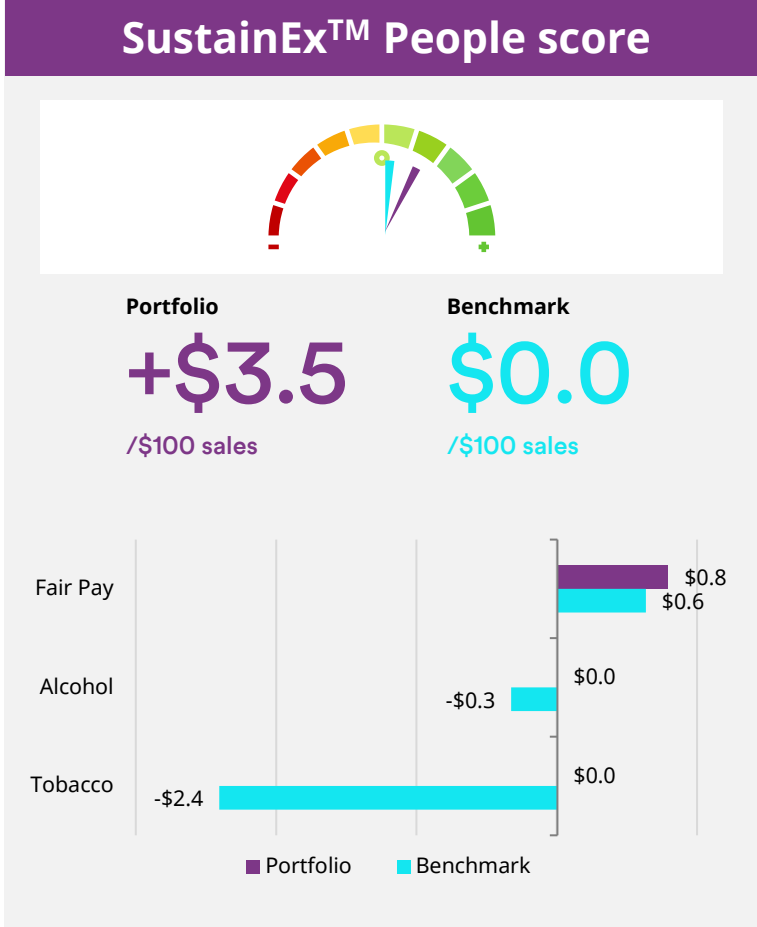
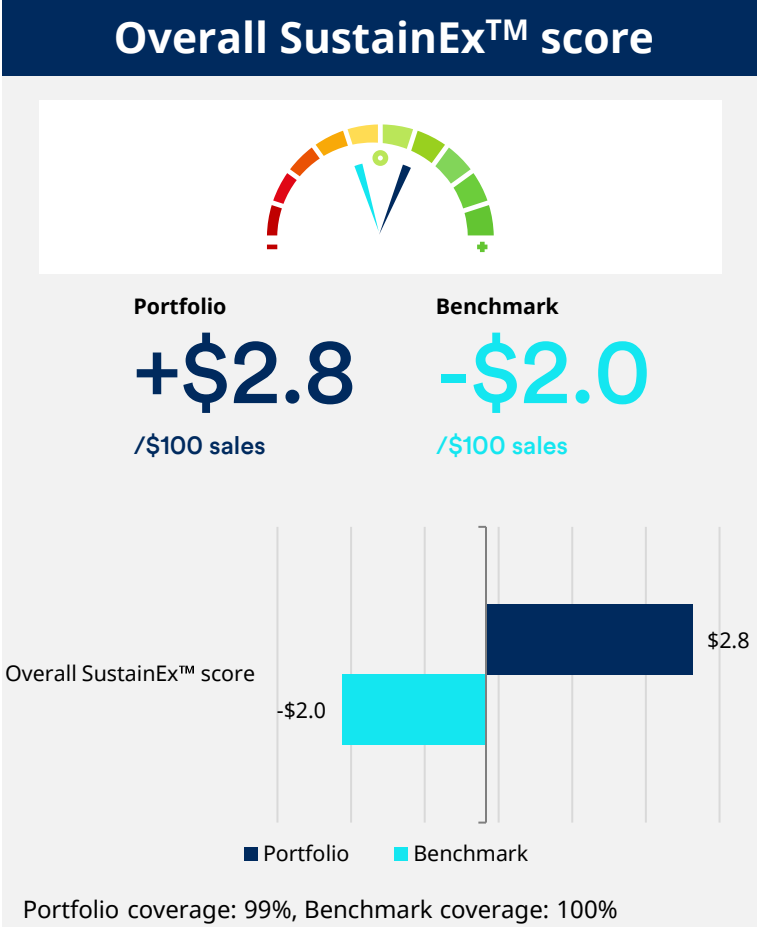
Portfolio as at 31 December 2024



Source: Schroders as at 31 December 2024. The 'Overall SustainEx™ score' is based on Schroders' proprietary tool, SustainEx™, which gives an indication of the Portfolio and benchmark's externalities. All holdings exclude cash and currency holdings. 'SustainEx™ on People score' and 'SustainEx™ Planet score' indicate the Portfolio's underlying benefits and harms compared to its benchmark across the aggregated people and planet metrics, respectively. The 'Asset class contribution' provides a view of the fund's asset class allocation and how each of these contributes to the 'SustainEx™ score' compared to its benchmark. MSCI as at 31 December 2024. The 'Carbon footprint' metric provides a view of the portfolio's carbon footprint, as well as a Scope 1 + 2 and 3 breakdown compared with the benchmark. The calculation methodology is in-line with TCFD recommendations and principal adverse indicators under SFDR. Certain information © MSCI ESG Research LLC. Reproduced by permission. Benchmark data MSCI AC World (USD). Please refer to the 'Sustainability definitions' and 'Disclaimers' slides at the back.

SustainEx score summary

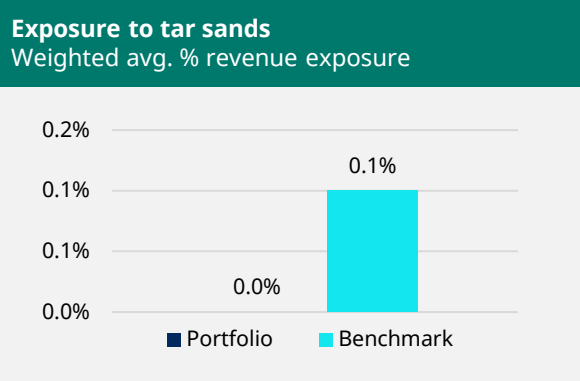
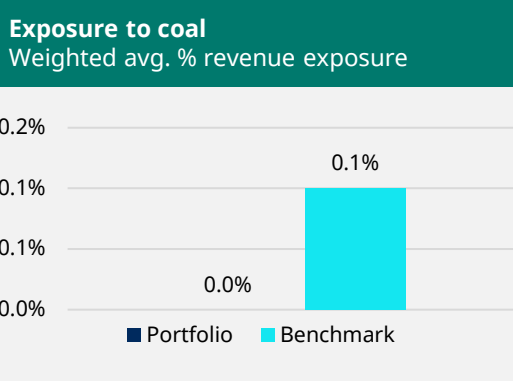
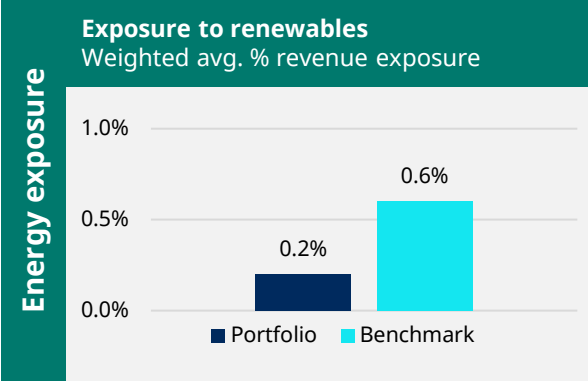
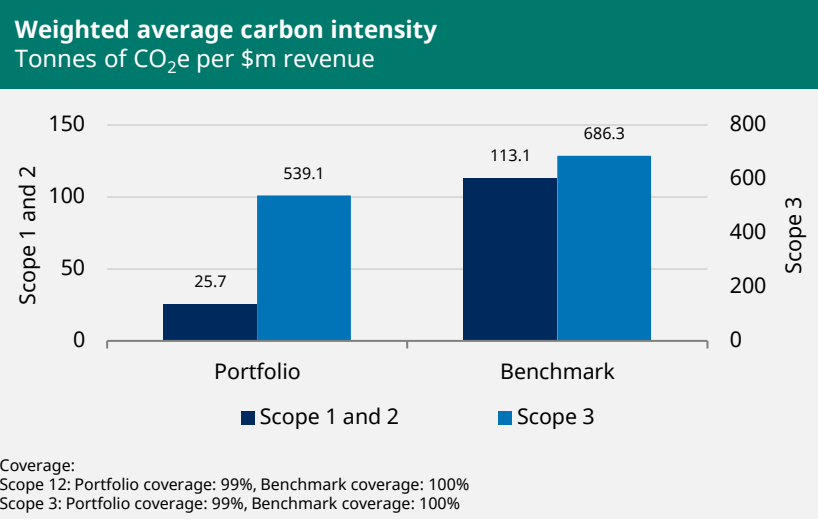
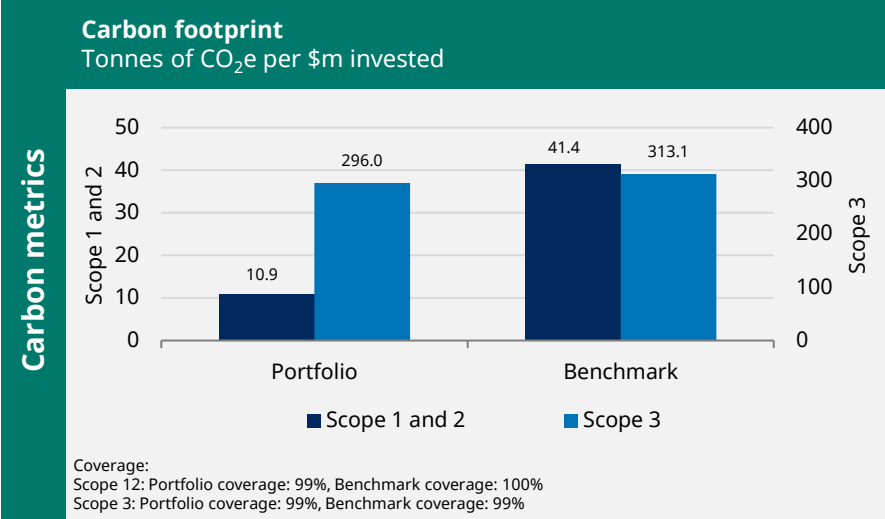
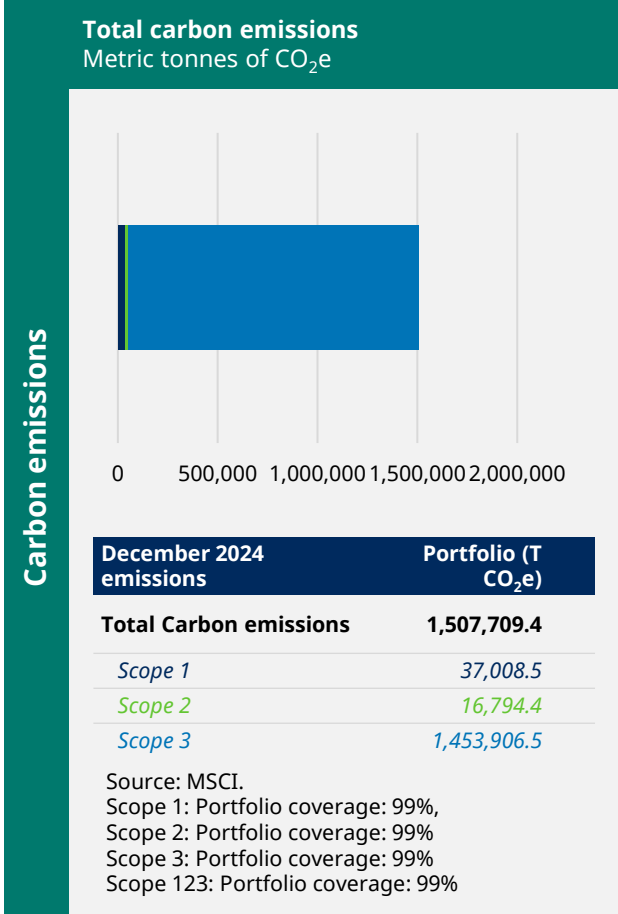
Portfolio as at 31 December 2024



Source: Schroders as at 31 December 2024. The 'Overall SustainEx™ score' is based on Schroders' proprietary tool, SustainEx™, which gives an indication of the Portfolio and benchmark's externalities. All holdings exclude cash and currency holdings. 'SustainEx™ People score' and 'SustainEx™ Planet score' indicate the portfolio's underlying benefits and harms compared to its benchmark across the aggregated people and planet metrics, respectively. Benchmark data MSCI AC World (USD). The three People and Planet metrics shown have been selected based on their significance to the overall score. They are not necessarily the main contributors to the portfolio score, nor should they sum to the 'SustainEx™ People score' or 'SustainEx™ Planet score' scores shown. Schroders uses SustainEx™ to estimate the potential "externalities" that an issuer may create in terms of net social and environmental "costs" or "benefits" of that issuer. It does this by using certain indicators with respect to that issuer, and quantifying them positively and negatively to produce an aggregate notional measure of the effect that the relevant underlying issuer may have on society and the environment. It does this using third party data as well as Schroders own estimates and assumptions and the outcome may differ from other sustainability tools and measures. Please refer to the 'Sustainability definitions' and 'Disclaimers' slides at the back.

Corporate Climate metrics

Portfolio as at 31 December 2024



Source: MSCI as at 31 December 2024. Total carbon emissions, carbon footprint and Weighted Average Carbon Intensity (WACI) use calculation methodologies in-line with TCFD recommendations and prescribed by SFDR Principal Adverse Impacts. Of these three measures, only WACI is re-weighted or 'normalised' based on the portfolio's coverage. Schroders only uses estimated data for Scope 3 emissions.

Schroders as at 31 December 2024. Fossil fuel exposures calculated based on company revenue derived from coal extraction, tar sands (oil extraction), and/or renewables activities. Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission Benchmark data MSCI AC World (USD). Our proprietary ESG tools are designed to enhance the research and evaluation process but do not guarantee favourable investment results. Please refer to the 'Sustainability definitions' and 'Disclaimers' slides at the back.

*'Portfolio corporate allocation' refers to the proportion of the portfolio invested in listed equity and corporate bonds, which is utilised in the calculation of the 'Corporate climate metrics'.

Corporate sustainability performance measures

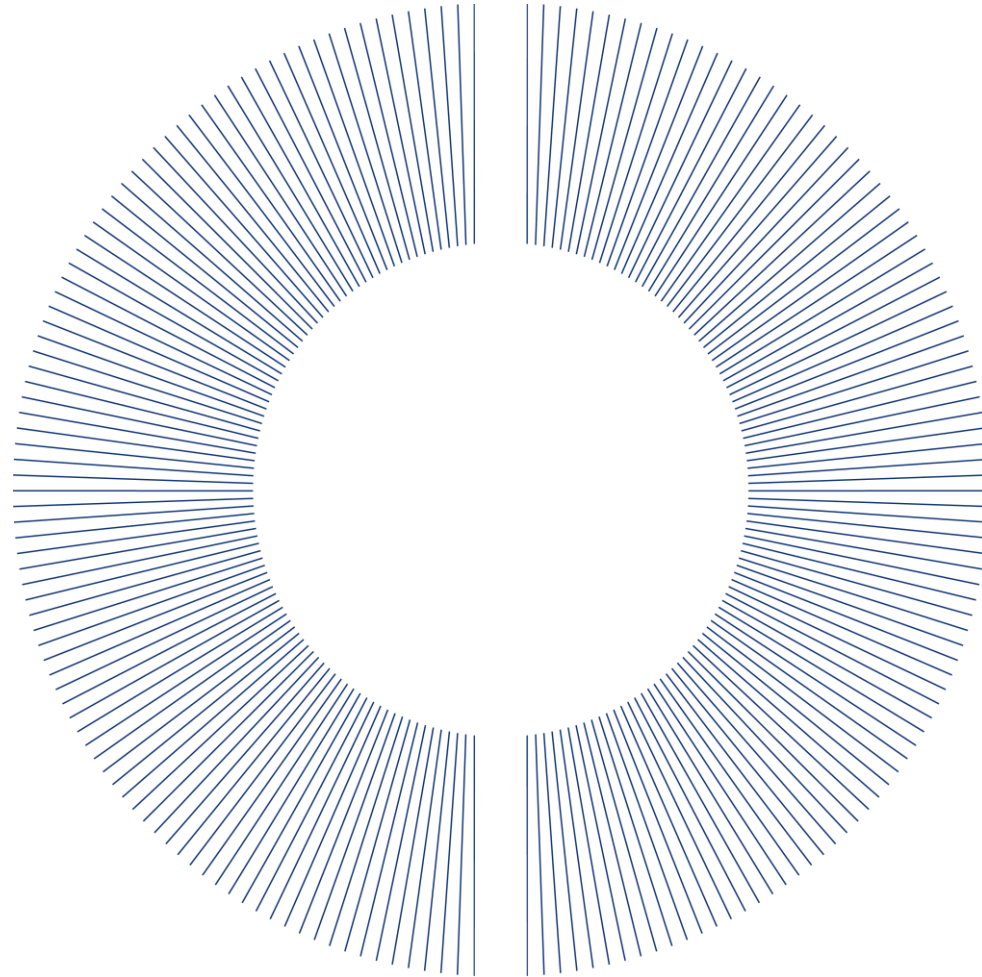
Portfolio as at 31 December 2024

	Metric	Principal Adverse Impact	Unit	Portfolio	Coverage	Benchmark	Coverage
People	UNGC and OECD principal policies	Share of investment in companies without policies to monitor compliance with UNGC and OECD principal	%	0.0	99%	0.3	100%
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	12.3	88%	14.0	86%
	Board gender diversity	Average ratio of female to male board members in investee companies	%	35.0	96%	34.1	95%
	Exposure to controversial weapons	Share of investments in companies involved in the manufacture or selling of controversial weapons	%	0.0	100%	Null	Null
	Supplier code of conduct availability	Share of investments in companies without any supplier code of conduct (e.g. child and forced labour)	%	Null	Null	Null	Null
Planet	Total GHG emissions	Scope 1 and 2 greenhouse gas emissions	Metric Tonnes	53,802.9	99%	N/A	N/A
		Scope 3 greenhouse gas emissions		1,453,906.5	99%	N/A	N/A
	Carbon footprint	Carbon footprint	Tonnes of Co2 per €m invested	334.9	99%	388.2	100%
	Weighted Average Carbon Intensity	GHG intensity of investee companies	Tonnes of Co2 per €m sales	614.1	99%	849.7	100%
	Fossil fuel sector exposure	Share of investment in companies active in the fossil fuel sector	%	0.0	99%	9.5	100%
	Non-renewable energy exposure	Share of non-renewable energy consumption and production	%	51.1	99%	64.5	99%
	Exposure to activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with operations in or near biodiversity sensitive areas	%	4.7	99%	10.3	100%
	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested	Tonnes of emissions to water per €m invested	0.0	4%	0.0	1%
	Hazardous waste ratio	Hazardous waste by investee companies per million EUR invested	Tonnes of hazardous waste per €m invested	0.3	99%	1.6	95%
	Exposure to companies without carbon emissions reduction initiatives	Investing in companies without carbon emission reduction initiatives aligned with the Paris Agreement	%	0.0	99%	9.4	100%

Source: MSCI as at the 31 December 2024.

The table above shows some of the indicators related to Principal Adverse Impacts (PAIs) of this portfolio and its benchmark, where applicable. The PAIs aim to show the potential for significant negative effects that investment decisions made in respect of the portfolio have on sustainability factors. Sustainability factors are defined in the European Union's Sustainable Finance Disclosure Regulation (SFDR) as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. We also identify the coverage, which refers to the percentage of indicator data available at month-end for the underlying holdings of the portfolio and benchmark, where applicable. The aggregation of index level metrics has been calculated by Schroders and not MSCI. Of the three emissions measures (Total GHG emissions, carbon footprint and Weighted Average Carbon Intensity (WACI)), only WACI is re-weighted or 'normalised' based on the portfolio's coverage. Schroders only uses estimated data for Scope 3 emissions. Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission. *Portfolio corporate allocation* refers to the proportion of the portfolio invested in listed equity and corporate bonds, which is utilised in the calculation of the 'PAIs'. Benchmark Data: MSCI AC World (USD).

Company Engagement and Active Ownership



Engagement activity

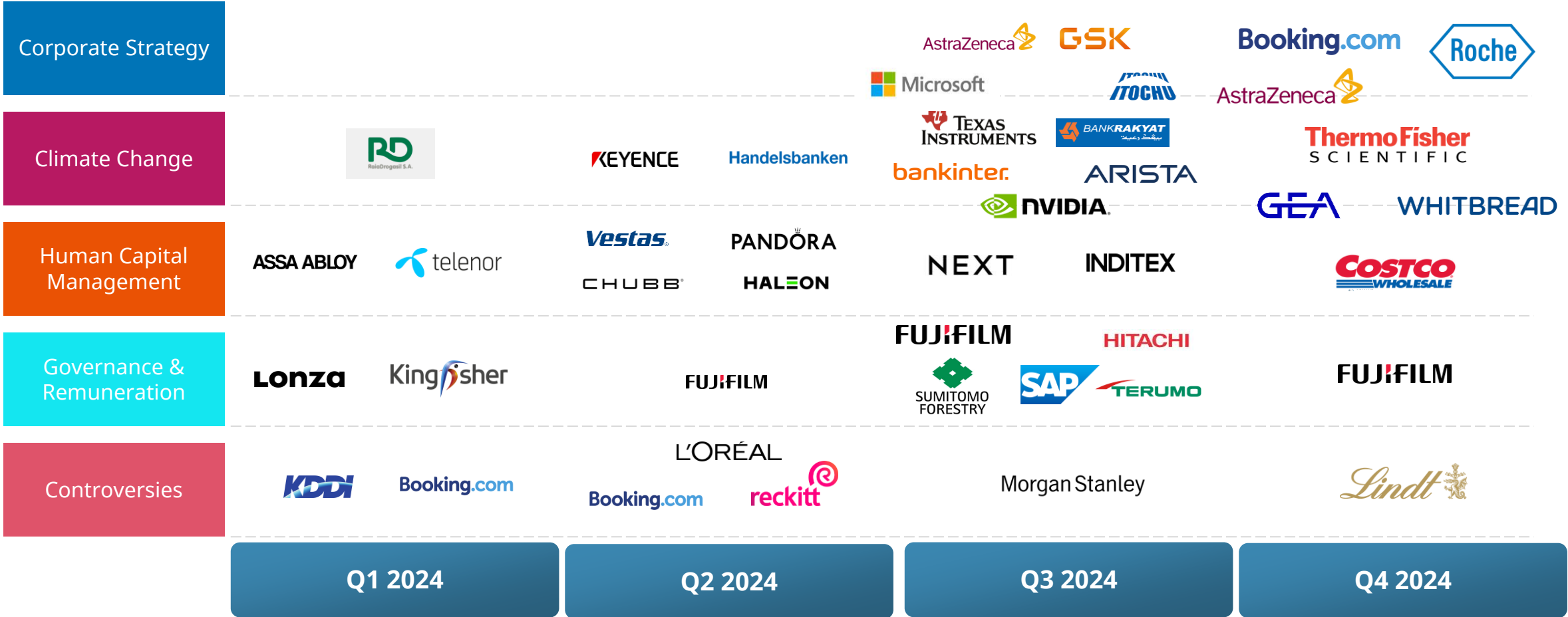
Topics in discussion with companies held in the Univeristy's portfolio

Company	Theme	Topic	Date initiated	Outcomes or insights driven	Ask communicated	Ask acknowledged	Committed to improve	Ask implemented
BBVA	Climate Change	Establish decarbonisation goals in line with net zero, including financed emissions	Jul-22	Outcomes				
Lululemon	Climate Change	Establish decarbonisation goals in line with net zero	Oct-22	Outcomes				
Keyence	Climate Change	Set SBTi targets and disclose on avoided emission	May-23	Outcomes				
UnitedHealth	Human Capital	Set objectives and targets for employee mental health	May-23	Outcomes				
Unilever	Natural Capital	Progress verification of Deforestation and Conversion Free supply chain	Nov-23	Outcomes				
Microsoft	Climate Change	Strengthen trajectory to meet 2030 climate goals	Aug-24	Outcomes				
Microsoft	Human Rights	Strengthen policies for how AI principles are built into products	Aug-24	Outcomes				
Inditex	Climate Change / Human Rights	Just resilience – disclose approach to climate-related risks in supply chain	Aug-24	Outcomes				
Texas Instruments	Climate Change	Enhance climate ambition and Scope 3 emissions reporting	Sep-24	Outcomes				
AstraZeneca	Inclusion	Establish a strategy to improve diversity in clinical trials	Oct-24	Outcomes				
Alphabet	Governance	Engage with investors on sustainability topics outside of a group call	Oct-24	Outcomes				
Booking.com	Climate Change	Achieve SBTi verification for 2030 targets	Nov-24	Outcomes				
Roche	Climate Change	Establish decarbonisation goals in line with net zero	Dec-24	Outcomes				

Source: Cazenove Capital, Schroders [Engagement Blueprint](#), December 2024. This information does not include Insights-driven engagements.

Active ownership contributing to stronger outcomes

Engagements informed by the “SQ” analysis



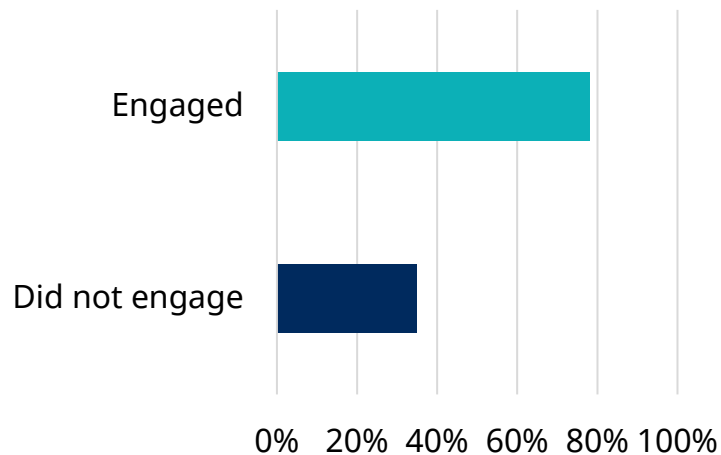
Source: Schroders. Logos are the property of the companies shown

Engagement driving progress and returns

Relative to peers, the large global companies Schrodgers have engaged with since 2021...

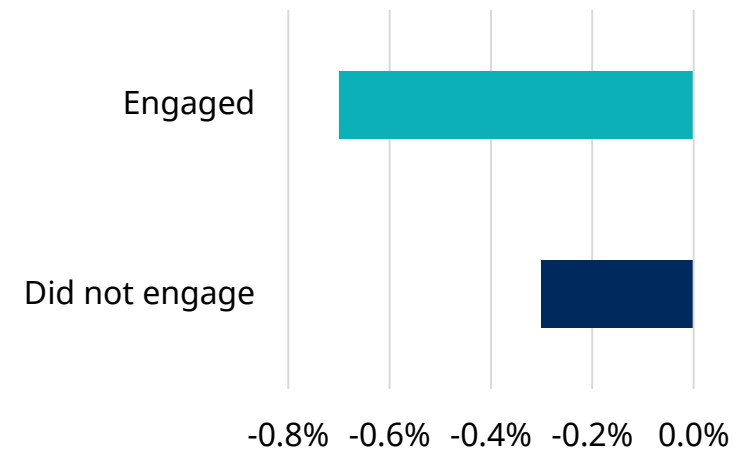
Were more than twice as likely to publish new emission-reduction targets

Percentage of companies setting new emission targets¹



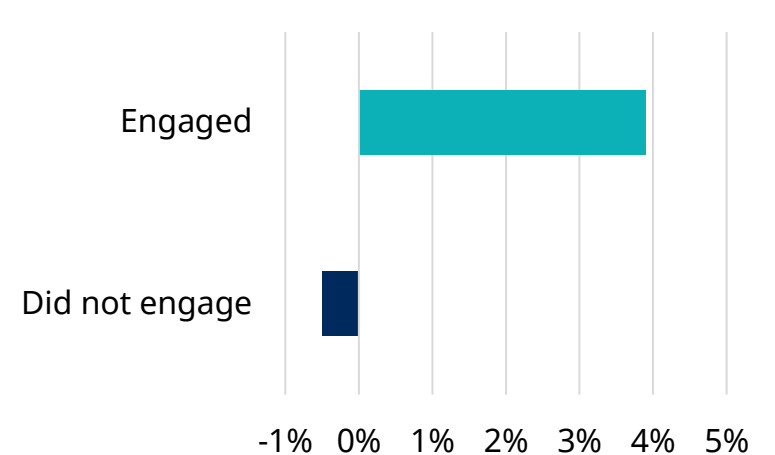
Reduced their emission intensity twice as quickly

Trend pace of annual emissions intensity reduction¹



Outperformed by approximately 4% annually

Total shareholder return relative to market average¹



Based on logged engagements with more than 1,000 companies on climate topics

Source: ¹MSCI, Refinitiv, Schrodgers Engagement database (ActiveIQ), Schrodgers calculations. Note: Analysis is based on constituents of the MSCI ACWI IMI global equity index. We examined the proportion of companies setting a new emissions intensity target since the start of 2021 (includes companies that previously had targets), the trend pace of annual emissions reduction (since 2019, reflecting lags in reporting emissions data) and total shareholder return relative to the simple average of all index constituents.

Engagement themes

Priorities for the year ahead



Climate

Avoid the worst impacts of climate change by setting targets to limiting global warming to 1.5°C

Engaging companies who do not currently report on or set targets to reduce their GHG emissions in line with a 1.5°C warming scenario, and managers who do not have a target to reach net zero at both the firm and strategy level. For managers that have made a target, we will prioritise engagement on near-term targets.



Human Capital Management

Foster a culture where all workers can afford a decent and secure standard of living for their families

Continuing discussions with companies on expected employee data disclosures, particularly in the US where paid sick leave is currently not guaranteed under federal law.



Human Rights

Formally commit to respect human rights and carry out effective human rights due diligence.

Continuing to engage on topics initiated in 2023. Additional engagement plans in discussion.



Biodiversity and Natural Resource Constraints

Reduce biodiversity loss and protect and restore natural capital

Priority companies for deforestation engagement have been identified (those with direct exposure to deforestation risk commodities as well as exposure in their supply chains). Engagement across direct and indirect holdings.



Inclusion and Diversity

Full participation and equal opportunities for women and underrepresented minorities

Engaging with investment trust Boards without any ethnic minority representation. Continuing to vote against companies who do not meet our expectations on board diversity.



Governance and Oversight

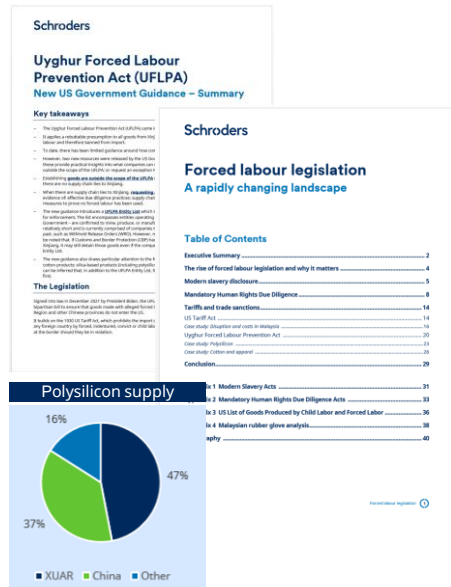
Develop effective, accountable, inclusive and transparent business practices

Ongoing engagement with laggard managers. We encourage managers to adopt robust ESG policies, commit to net zero, set ESG targets to which they can be held accountable and influence the companies in which they invest through a constructive engagement and voting approach.

Reducing risk

Human rights violations in the solar supply chain

1. In-house research highlighting possible updates to forced labour legislation



Solar supply chain identified as vulnerable to forced labour

95% of solar panel modules are made with polysilicon. 47% of global production originates in XUAR¹.

Source: Schroders, Cazenove
1: XUAR is Xinjiang Uyghur Autonomous Region

2. Schroders fund managers engage directly with relevant companies. Cazenove share findings with third party managers and collect evidence of due diligence on supply chains

- Majority of managers commit to industry pledges e.g. Solar Energy Industry Association and Solar Energy UK
- Managers are mapping supply chains and monitoring human rights DD
- Examples of underlying companies terminating business with suppliers where forced labour was identified
- Fund managers divesting from companies where exposure risks were too high, finding alternative investments

Comfort that most managers are **taking human rights due diligence seriously** and **adjusting portfolios** where necessary.

3. In June 2022, US bans all imports from XUAR unless proven there is no forced labour. Europe and Australia considering similar legislation

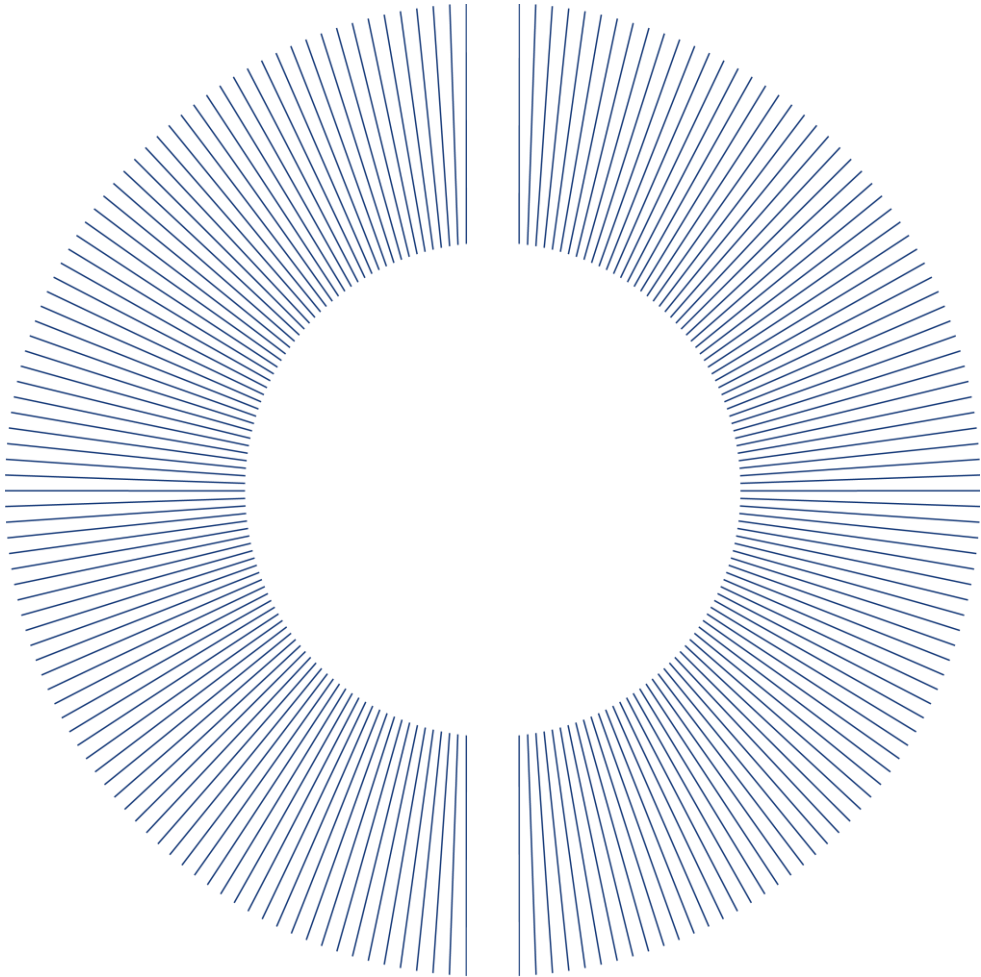
UYGHUR FORCED LABOR PREVENTION ACT



U.S. CUSTOMS AND BORDER PROTECTION
OPERATIONAL GUIDANCE FOR IMPORTERS
June 13, 2022

Solar companies with XUAR in supply chains are likely to incur **business disruption** and **implications for future profitability**.

Appendix



Climate Transition Action Plan

We believe that meeting climate commitments is consistent with achieving our clients' financial goals. We have therefore made the following commitments:

1 Intention

100% of our discretionary assets to become net zero by 2050, or sooner

2 Influence

To use our influence to encourage companies and managers we invest in to also commit to net zero

3 Invest

To allocate capital to climate solutions

Direct investments	Targets	Indirect investments
<ul style="list-style-type: none">Align to a 1.5°C degree pathway by 2040Interim target of 2.2°C by 2030Measured in line with the Science Based Targets initiative methodology		<ul style="list-style-type: none">100% of funds aligned to a net zero pathway by 2040Interim target of 100% of listed equity and credit funds by 2030 to have a stated net zero ambitionMeasured by our alignment methodology

Source: Cazenove Capital [Net Zero: Our Climate Transition Action Plan](#). Only discretionary assets are in scope and inclusion of investments in our carbon analysis will be dependent on availability of methodologies. Managing climate risk is only one part of fiduciary duty. We will remain adaptable and review our policy annually. Targets may change.

Portfolio Holdings

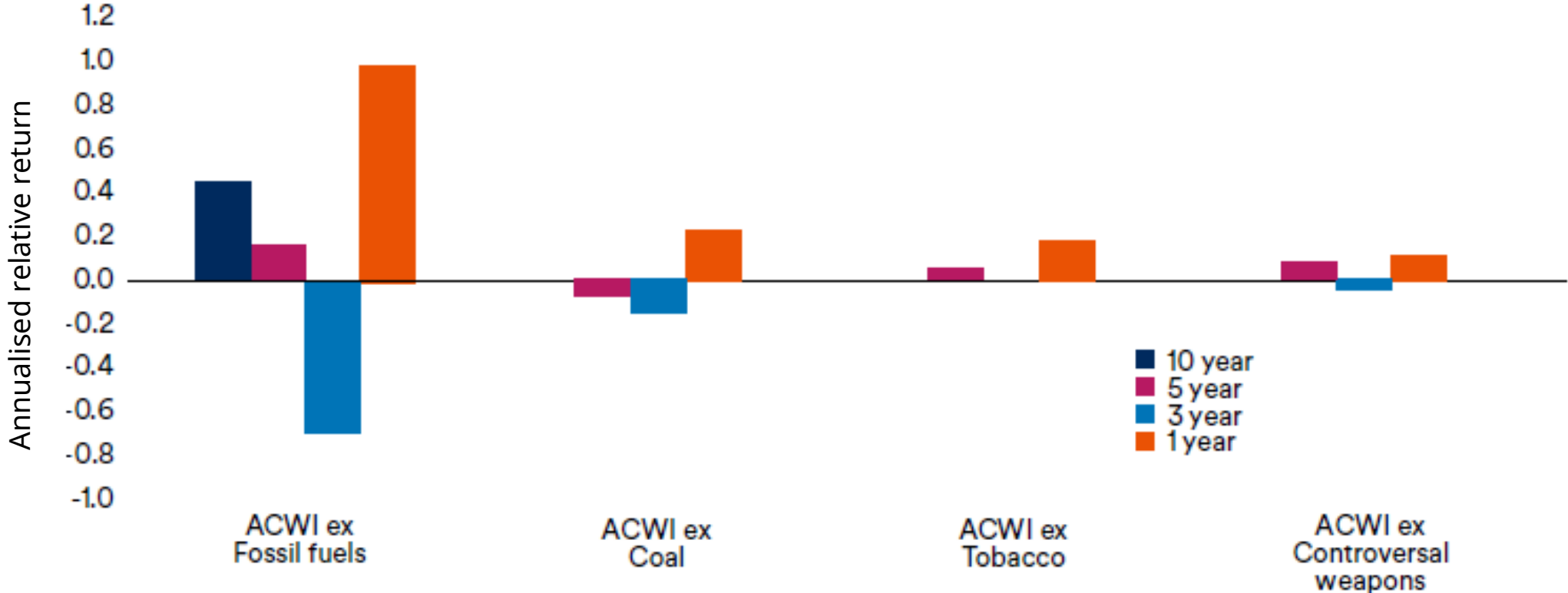
As at 31 December 2024

Consumer									
Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	IT	Materials	Com Services	Utilities
Booking Holdings	Raia Drogasil		BBVA	AstraZeneca	Bunzl	Adobe Systems	Norsk Hydro	Alphabet	
Greggs	Unilever		DBS Group	Elevance Health	Emerson Electric	Arista Networks			
Inditex			FinecoBank	GSK	Hitachi Ltd	ARM Holdings			
Kingfisher			Mastercard	Roche	Legrand	ASML			
Lowe's Cos.			Morgan Stanley	Terumo	Recruit	FUJIFILM			
Lululemon			Visa	Thermo Fisher	Relx	Keyence			
Pandora				UnitedHealth Group	Schneider Electric	Lam Research			
					Spirax Group	Microsoft			
						Salesforce			
						SAP			
						ServiceNow			
						TSMC			
						Texas Instruments			

High conviction in every holding

Impact of exclusions on returns

Excluding fossil fuel companies has not had a material impact on returns



Past performance is not a guide to future performance. Source: Cazenove Capital, MSCI, Total return in GBP to 31st December 2023 of MSCI ACWI indices

Portfolio decarbonisation vs real world impact

Motivations and priorities will determine which levers to use

Investment reallocation



Reduce carbon intensive assets



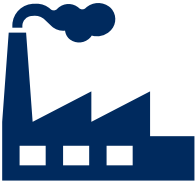
- ✓ Portfolio's carbon emissions fall
- ✓ Send social signal
- × May not have real world impact if shares are sold to someone else



Increase allocation to climate solutions



- ✓ May have real world impact
- × May not lower a portfolio's carbon emissions



Total portfolio
emissions
Day 1

Active ownership



Remain invested in carbon intensive
assets



- × Portfolio emissions unlikely to fall in the near term



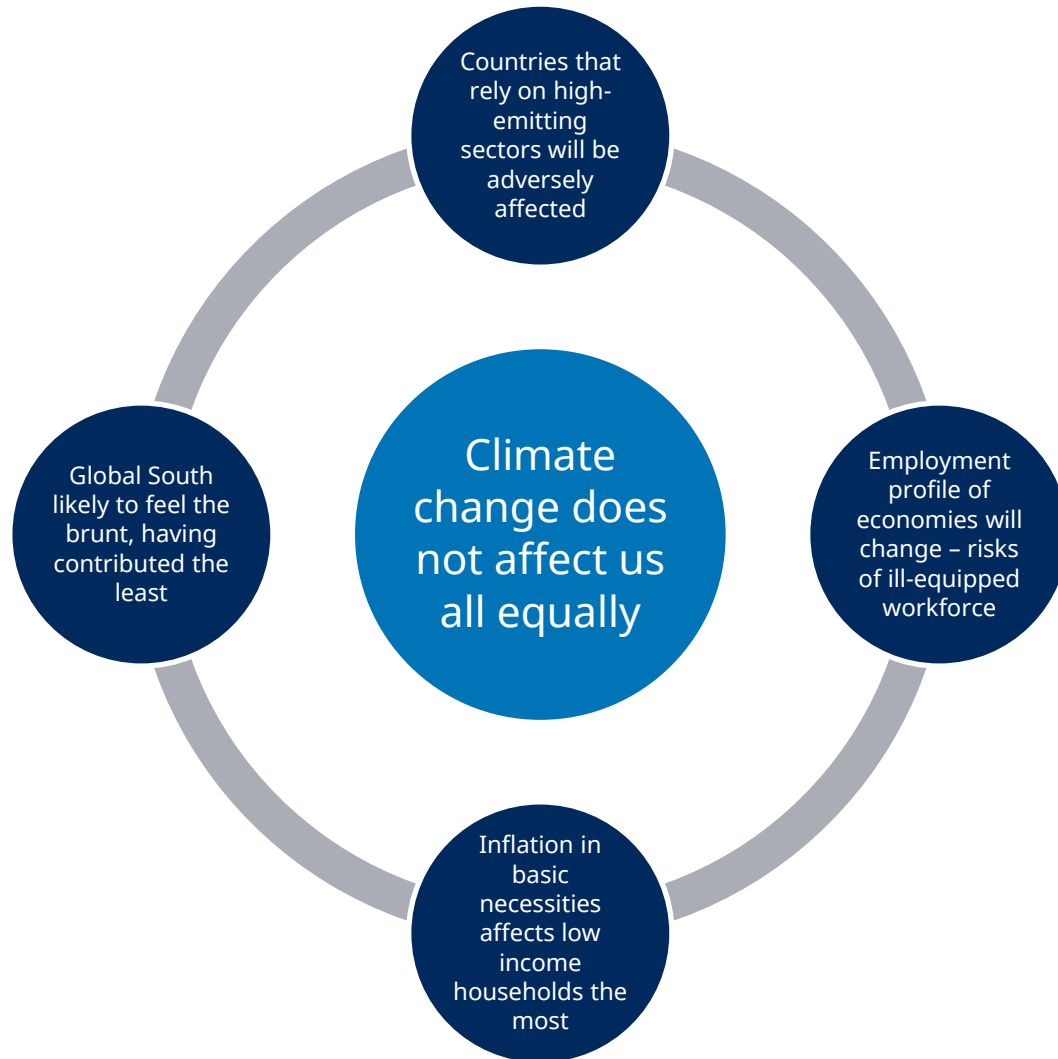
Engage with the company to reduce
their emissions



- ✓ Successful engagement can lead to lower real-world emissions
- ✓ Portfolio emissions could therefore fall over time

Just transition

Protecting those at risk of being left behind



How can universities invest for a just transition?

1. Ensure managers consider **socio-economic as well as environmental factors** in relation to climate change

2. Ask for evidence that the investment process includes **impact of transition on communities and employees**

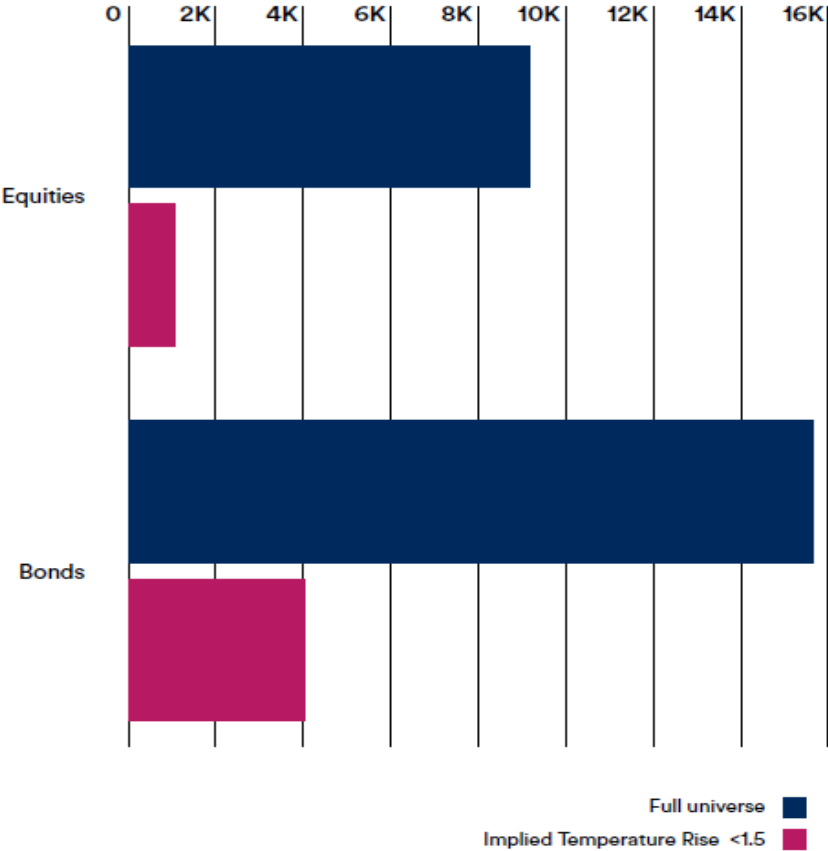
3. Allocate capital **directly to areas in need of support** e.g. re-skilling workers

4. Ask for **evidence of engagement** on consideration of stakeholders in company transition plans

Why can't we reach net zero today?

Limited diversification and unintended consequences

Currently, only a small proportion of equities and bonds are aligned with a 1.5 degree future



- ① Significantly **reduced universe**
- ② Increased **industry concentration**
- ③ Increased **country concentration**

Source: Schroders, MSCI ACWI and Bloomberg Aggregate Corp Bond index, Jun 2023. Temperature alignment is based on MSCI's calculation methodology, not necessarily reflecting actual Science-based target commitments.

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