



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p>Type of engagement Individual/ internal staff engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	
<p>Type of engagement Collaborative engagements</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	
<p>Type of engagement Service provider engagements</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information <input checked="" type="checkbox"/> To engage internal staff <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	

RI TRANSPARENCY REPORT

2014/15

Schroders

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

Schroders

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory services

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United Kingdom

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

3556

OO 03

Mandatory

Descriptive

General

OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		300	017	000	000
Currency	GBP				
Assets in USD		496	104	186	179

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	<10%	0
Fixed income – other	<10%	0
Private debt	0	0
Private equity	<10%	0

Property	<10%	0
Infrastructure	0	0
Commodities	<10%	0
Hedge funds	<10%	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	10-50%	0
Other (2), specify	0	0

'Other (1)' specified

This refers to our multi-asset funds, which we do not breakdown into the underlying asset classes..

- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08 | **Mandatory to Report Voluntary to Disclose** | **Peering** | **General**

OO 08.1 | Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08.2 Additional information. [Optional]

This information is based on the geography of origination of clients' assets, not the geographies in which the assets are invested.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1 Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
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OO 11.1 Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Private equity
- Property
- Commodities
- Hedge funds
- Cash
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

This refers to our multi-asset funds, which we do not breakdown into the underlying asset classes..

OO 12	Mandatory	Gateway	General
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OO 12.1 The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate

Direct - Other asset classes with dedicated modules

- Property

Closing module

- Closing module

Schroders

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Schroders believes that well-managed companies will deliver sustainable competitive advantage and long term value, and therefore an analysis and consideration of a company's financial performance, the quality of its management structures, the suitability of internal controls and the ability of the board to manage operational performance, environmental and social risks and opportunities will affect our company valuation and selection strategies.

On behalf of our clients, Schroders has share ownership rights and exercising these rights, through company engagement and proxy voting, is an integral part of our role in managing, protecting and enhancing the value of our clients' investments. In exercising these responsibilities we combine the perspectives of our portfolio managers and company, environmental, social and governance (ESG) analysts to form a rounded view of each company and the issues it faces. It follows that we will concentrate on each company's ability to create sustainable value and may question or challenge companies about ESG issues that we perceive may affect their future value.

Our Responsible Investment policy is reviewed and updated regularly and is publicly available via our website. Any significant changes to our policy require sign-off from our group Management Committee. Our policy is available via the following link: <http://www.schroders.com/staticfiles/Schroders/Sites/global/pdf/Schroders-ESG-Policy-December-2014.pdf>

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<http://www.schroders.com/staticfiles/Schroders/Sites/global/pdf/Schroders-ESG-Policy-December-2014.pdf>

- No

OA 02.3

Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
- Yes, all
- Yes, some

OA 02.4

List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Commitment to UK Stewardship Code	http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment/uk-stewardship-code
Responsible Investment in Fixed Income	http://www.schroders.com/staticfiles/Schroders/Sites/global/global-ri-fi-policy.pdf
Responsible Property Investment	http://www.schroders.com/getfunddocument?oid=1.9.678022
Approach to engagement and screening	http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment?style=accordion&collapse

No

OA 02.5

Additional information. [Optional]

Please note we also have other statements, such as our position on cluster munitions, which is highlighted within our group Annual Responsible Investment Report (see page 20)
<http://www.schroders.com/staticfiles/Schroders/Sites/global/pdf/Annual-SRI-report-2013.pdf>

OA 03**Mandatory****Core Assessed****PRI 1,2****OA 03.1**

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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Schroders' policy regarding conflicts of interest is set out in our Environmental, Social and Governance Policy (available here: <http://www.schroders.com/staticfiles/Schroders/Sites/global/pdf/Schroders-ESG-Policy-2014.pdf>). In summary, where there is a conflict of interest between a client and Schroders, we will either a) follow the recommendation of our voting service provider or b) obtain approval from the client or c) exceptionally, where we are not following the recommendations of the proxy voting service provider because we believe the advice is not in the interests of our clients, we will obtain approval, with written justification of the reasons why it is in the interest of our clients not to follow the third party recommendation, from our Global Head of Equities.

Where the director of an investee company is also a director of Schroders plc or where we are asked to vote at an investment company where Schroders is the investment adviser, we will always vote in accordance with the recommendation of the proxy voting service provider. Schroders will always vote and act in the best interests of its clients.

No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
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Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

OA 05.4

Additional information. [Optional]

The responsible investment team set objectives for proxy voting, company engagement and ESG integration into the investment decision making process across different regions and asset classes. Progress against these objectives are monitored quarterly.

Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.2 Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

10

OA 08.3 Additional information. [Optional]

There are eight staff on our ESG team, and we also work very closely with the Head of SRI at Cazenove Capital and the Head of Sustainability at Schroders Real Estate.

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

- Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

- Association for Sustainable & Responsible Investment in Asia
 Australian Council of Superannuation Investors
 CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We have been a long term member of the Carbon Disclosure Project and were one of the founding signatories to the CDP Forest and Water projects. Our former CIO (now special adviser) is the Chairman of CDP and we have often given expert advice for the development of this project. Schroders PLC has also responded to the CDP to report on its own emissions and received a disclosure score of 91 in 2013.

- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

See response to CDP Climate. Our ESG team regularly review company responses to CDP Forest and use the information to inform company engagements.

CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

See response to CDP Climate. Our ESG team regularly review company responses to CDP Water and use the information to inform company engagements.

- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Schroders is a member of UKSIF and Schroders' Head of Responsible Investment is a member of the UKSIF Analyst Committee. EUROSIF member.

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
UK Corporate Governance Forum

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Schroders' Corporate Governance Specialist is an active member of the forum and has been involved with a number of collaborative engagements with forum members.

- Other collaborative organisation/initiative, specify
Sustainable Solar Initiative

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We signed a joint letter to solar PV companies give our support to the US group the Silicon Valley Toxics Coalition (SVTC), which undertakes research on how the solar industry is managing the social and environmental impacts of its operations.

- Other collaborative organisation/initiative, specify
NAPF

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Schroders Corporate Governance Specialist is a member of the NAPF Accountability Forum.

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 11.3 Additional information. [Optional]

Examples of this include providing training trustees on responsible investment and integrating ESG within fiduciary duty, engaging with investment consultants on ESG issues and ESG integration and promoting responsible investment through involvement in industry associations including the Investment Association and NAPF.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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OA 12.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

Yes

- Yes, individually
- Yes, in collaboration with others

OA 12.2 Select the methods you have used.

- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

OA 12.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available
- No
- No

OA 12.4 Additional information.

We have conducted engagements with regard to public policy, but these engagements are not publicly disclosed.

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Property	<p>We have a Responsible Property Investment policy. We take ESG factors into account from the appraisal stage when seeking to identify new investment opportunities. Each new acquisition undergoes a responsible property investment RPI audit tailored for each local market. The process is designed to identify any weakness in the building's ability to deliver future returns resulting from issues such as flooding, contamination, energy efficiency, water management, community interaction and long-term impacts to occupier appeal.</p> <p>Asset management</p> <p>Existing buildings are asset managed in accordance with our belief that through factoring environmental and social issues into the management regime of a building it will become more attractive to occupiers. Our approach is focused on delivering on-site solutions to achieve our clients' objectives effectively. Where the management of a building is undertaken on our behalf by a managing agent we ensure their policies are fully aligned with our own. Whether driven by legislation or not, we seek to find new ways to manage occupancy costs through energy savings, reducing water consumption and facilitating the disposal of waste away from landfill. Where possible we will seek to work in partnership with our existing occupiers, although a cost benefit analysis of any expenditure is important to ensure the investment objectives of our clients are protected.</p> <p>New versus old</p> <p>Schroder Property has limited exposure to property development, but where it does undertake schemes to deliver new buildings to occupiers we will ensure that they are built to the high standard required to obtain sustainability accreditations (such as BREEAM Excellent) as appropriate for local markets. It is generally acknowledged that by 2050, the vast majority of today's buildings will still be in existence. It is key to have a process that both assesses the challenges of obsolescence in existing buildings and can deliver solutions that add value by future-proofing potential new acquisitions.</p> <p>We are continually working to improve our understanding and analysis of risk within our assets and portfolios to help deliver resilience to the ever-changing profile of risks.</p>

Schroders

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEI 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

PRI 1

LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

Passive

% of internally managed listed equities

<10%

Report on your strategies that represent <10% of listed equities

Yes

No

10-50%

>50%

Active – quantitative (quant)

% of internally managed listed equities

<10%

Report on your strategies that represent <10% of listed equities

Yes

No

10-50%

>50%

Active – fundamental and other active strategies

% of internally managed listed equities

<10%

10-50%

>50%

LEI 02

Voluntary

Descriptive

PRI 1

LEI 02.1

Provide a brief overview of how you incorporate ESG issues into listed equity investments.

- We have a team of Environmental, Social and Governance (ESG) specialists who sit with the investment teams
- The team sends quarterly ESG ratings of portfolio holdings to each equity desk, which includes flagging where companies' ratings have fallen.
- The ESG team, equity analysts and fixed income analysts have developed a handbook detailing key material ESG investment risks across all sectors and sub-sectors. The handbook has been developed through a consultative process to ensure that all material ESG issues are considered, and suggests investment-relevant ESG KPIs.
- Explicit ESG company analysis and comment is undertaken by equity analysts (this is supported by the ESG specialists who also undertake audits of this research)
- ESG specialists produce thematic ESG research (e.g. data security risk, environmental issues by sector, tax optimisation, living wage) that are presented to relevant equity teams.
- We subscribe to dedicated ESG research providers, and award commission to brokers for ESG research.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.
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ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 90.6
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Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 9.3
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Thematic + integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	%
	0.1

- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

	Total actively managed listed equities
--	--

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
-----------------	---

We aim to integrate ESG issues across our entire investment process, recognising that there are different ways of integrating ESG (e.g. quantitatively and qualitatively, explicitly or implicitly). We believe that ESG integration is important in identifying long term risks and opportunities for companies we invest in, and delivering on our responsible investment commitments.

We also manage segregated mandates under ethical criteria due to client demand, as well as in response to national or regional legislation.

In addition we manage a small proportion of our assets under an ESG thematic process, recognising the opportunities that these themes (i.e. climate change, healthcare, demographics) present. We also exclude companies on our cluster munitions exclusion list.

Given our overriding long-term aim to integrate ESG into the investment process, thematic and screened funds should naturally include a consideration of ESG factors alongside thematic or screening issues.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

As at year end 2014, 9.3% of Schoders assets under management had ethical screening criteria. We apply a range of different negative or exclusionary screens across a number of segregated funds for institutional clients at Schrodgers Investment Management, as well as a number of private wealth clients and charity funds managed by our subsidiary, Cazenove Capital. Whether this is in the form of ethical screens based on a client-specific moral investment objectives (for example, the exclusion of tobacco or alcohol producers), or in response to national or regional legislation (such as the implementation of the Convention on Cluster Munitions in Luxembourg or the state responses to the US government's State Sponsors of Terrorism list). The Cluster Munitions exclusion has been extended in 2014 as we have taken the decision to block the purchase of any stock that we deem to be involved in the manufacture of cluster munitions from our funds, globally.

- Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Some funds invest on a positive / best in class approach when looking at different ESG issues and relative ESG performance within individual sectors. This approach is applied across some segregated funds as well as Schrodgers' thematic funds, such as the Global Climate Change fund.

- Norms-based screening

Screened by

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

Some segregated funds exclude companies that have breached conventions such as the International Labour (ILO) conventions.

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

For a segregated mandate, we would agree the criteria with clients and then use the input of our research providers to develop the required screens. These exclusions are managed through Charles River, our trading system, which codes and implements all exclusions across different client portfolios. These will be reviewed, on average, twice a year.

During 2014, our cluster munition screen was based on the exclusion list created by the Dutch corporate governance forum (Eumedion) and endorsed by the Dutch Financial Authority. We used this as an exclusionary list in order to avoid ambiguities in definitions of involvement in cluster munitions. We are updating this approach and will shortly move back to undertaking our own in-house research.

With regard to the State Sponsors of Terrorism, the exact legal requirements vary by state. We use a specialist research provider with experience in meeting these requirements.

LEI 07

Mandatory

Core Assessed

PRI 1

LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

LEI 07.2

Additional information. [Optional]

Schroders uses MSCI ESG Research, Eiris and Bloomberg for ethical screening purposes. Schroders regularly reviews its research providers. On winning the mandate for the Friends Life ethical funds, Schroders has started working closely with the Friends Life Stewardship Committee to review ethical screening criteria.

(B) Implementation: Thematic

LEI 09

Mandatory

Descriptive

PRI 1

LEI 09.1

Indicate the type of sustainability thematic funds or mandates that your organisation manages.

- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 09.2

Describe your organisation's processes for sustainability themed funds. [Optional]

We manage several ESG themed funds including Global Climate Change Fund, Global Demographics Opportunities Fund and a Global Healthcare Fund.

The Global Climate Change Fund aims to invest in stocks that will benefit from efforts to mitigate or adapt to climate change. Stocks are researched and reviewed by the climate change universe team which includes three investors and two ESG specialists. The ESG specialists have a veto on whether a stock will demonstrate a material exposure to the Climate Change theme.

The Healthcare Fund invests in healthcare, medical services and related products as well as companies on a worldwide basis. Investment is in directly held transferable securities.

The Demographics Opportunities fund invests in worldwide issuers who may benefit from the positive economic impact of demographic trends of the global economy and global companies, such as an ageing population as well as new consumer and industrial trends.

(C) Implementation: Integration of ESG issues**LEI 10**

Voluntary

Descriptive

PRI 1

LEI 10.1

Describe how you integrate ESG factors into investment decision making processes.

Environmental, Social and Governance (ESG) considerations have always been an integral part of the stock valuation and selection process, recognising that the combination of numerous factors such as globalisation, changing political landscapes, ecosystem depletion, urbanisation, resource utilisation, demographics, climatic patterns, employee attitudes and consumer preferences creates challenging and changing markets in which companies operate. The assessment of how a company generates long-term value through adapting to these changes and capturing the opportunities is enhanced through the analysis of corporate ESG disclosure and performance; as these will help inform on how a company's strategy aligns with these macro issues.

Whilst the qualitative aspects of ESG issues are difficult to value, we consider these factors as contributing to the likelihood of both future financial success and being indicative of the risk inherent in the business. As such, while the more traditional financial indicators and the analysis of business strategy form the basis of investment decisions, ESG factors will often impact the size of position, or the selection of one stock over its peers, given its impact on the inherent risk to our financial forecasts. We primarily focus on the longer term impact of ESG issues rather than unduly weighting factors which are currently occupying market attention.

As awareness, and interest, in the ESG aspects of fund management has continued to grow, there has been a growing focus on how fund managers integrate a consideration of ESG issues into the stock selection and valuation process. While the industry is still grappling with the most effective and meaningful ways of integrating ESG, Schrodgers integrates in three different ways (though acknowledges that there are undoubtedly other ways):

1. As a proxy for the quality of management:

At its most basic, ESG data can be used as a qualitative indicator of the quality of a company's management practices and how these affect financial performance. This sort of analysis can be used to assess the ability of a company to expand into new markets, attract knowledgeable and skilled employees and access key resources, for example.

2. Linking ESG performance to financial performance:

It is clear that good ESG performance can have direct influences on the financial performance of a company. For example, energy efficiency measures will reduce the energy costs of a company's operations and hence its overall operating costs. Or indeed, reducing employee turnover will reduce direct costs associated with recruitment and training; as well as reducing the indirect costs such as lost productivity and increased workloads resulting from the loss of knowledge and skills caused by departing, experienced, employees. However in many instances the materiality of these impacts, when considered in isolation, is immaterial to the overall financial performance of companies with multi-billion pound market capitalisations. In these instances one would use the ESG performance as a proxy for the overall performance of a company. However, there are instances where ESG performance can directly influence financial performance. For example, as national and international concerns about environmental issues increase there is an increasing amount of environmental legislation that can influence the financial performance of a company and hence be integrated directly into the

financial forecasts of company analysts (e.g. climate change legislation, such as the EU Emissions Trading Scheme, puts a price on the carbon emissions of a company, which enables this environmental factor to be integrated into financial performance). We are also aware that categorising issues into environmental, social and governance can put them into unnecessary silos, and believe that where material, ESG issues are naturally considered as tangible parts of a company's valuation.

3. Thematic approaches

The final tool we have identified for integration is in the use of thematic funds. These can be set up to invest in companies with material exposure to individual or collective environmental and social themes (e.g. climate change, water or healthcare).

LEI 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
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ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 11.2	Additional information. [Optional]
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Whilst we have an advanced process for explicitly integrating ESG concerns into our investment process this is still an area that is in its early stages of development so it would be remiss of us to suggest that we have a systematic process for reviewing ESG issues for all sectors and companies. It varies across regions and markets, and across issues and sectors. We are constantly challenging and improving our integration process, and this has further strengthened during the reporting period with additional resource and new processes to integrate. Governance factors have typically been factored in systematically due to the voting process.

LEI 12	Voluntary	Additional Assessed	PRI 1
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LEI 12.1

Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

LEI 12.2

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

LEI 12.3

Additional information.

ESG notes are increasingly being completed by company financial analysts as part of their research process. Analyst teams have written guidance on how to incorporate ESG factors into their notes.

In addition the ESG team audits equity analyst notes as part of our process of continuously developing this integration, applying a specially developed in-house scoring system to the notes.

LEI 13**Mandatory to Report Voluntary to Disclose****Core Assessed****PRI 1**

LEI 13.1 Indicate into which aspects of investment analysis you integrate ESG information.

- (Macro) economic analysis
 - Systematically
 - Occasionally
- Industry analysis
 - Systematically
 - Occasionally
- Analysis of company strategy and quality of management
 - Systematically
 - Occasionally
- Idea generation
 - Systematically
 - Occasionally
- Portfolio construction
- Fair value/fundamental analysis
 - Systematically
 - Occasionally

LEI 13.2 Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- Adjustments to income forecasts (sales, earnings, cash flows)
- Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- Other adjustments to fair value projections, specify
- Other, specify

LEI 13.3 Additional information.

There is no set tool for integrating ESG considerations into valuations, just as there are various methods of applying a valuation to a company. Analysts are free to explore whichever tool works best for the type of analysis they are undertaking. For example, it may be that a cost of carbon will affect earnings and so is reflected in investment forecasts, but for ESG factors that are difficult to put a number on, relevant issues may be reflected in valuation tools such as discount rates.

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<http://www.schroders.com/staticfiles/Schroders/Sites/global/pdf/Annual-SRI-report-2013.pdf>

Provide URL

<http://www.schroders.com/responsibleinvestment>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

LEI 18.3

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information to the public.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

LEI 18.5

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.6

Indicate how frequently you typically report this information to clients/beneficiaries.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- We disclose it to clients and/or beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

Schroders

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1 Provide a brief overview of your organisation's approach to engagement.

Engagement with companies is part of our fundamental approach to the investment process as an active investor. It has the advantage of enhancing communication and understanding between companies and investors as well as providing the opportunity to mitigate ESG risk across investee companies.

When engaging with companies our purpose is for one (or a combination of) the following three reasons:

- Monitoring the ongoing development of ESG practices within a company
- Filling in gaps in our analysis
- To seek change in ESG performance and processes that will protect and enhance the value of the investments for which we are responsible

We engage with global companies on a range of environmental, social and governance issues. Engagement methods vary from one-on-one company meetings, conference calls, group webinars and collaborative engagement with industry peers. All ESG engagements are undertaken in consultation with the relevant sector analyst or fund manager within Schroders. In addition, as part of Schroders' integrated approach, there are many company meetings undertaken without the direct input of the dedicated team which incorporate ESG issues.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1 Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

LEA 03.2

Describe how you identify and prioritise engagements.

We have a systematic approach to prioritise our ESG engagements. The majority of our engagements "to influence corporate practice" or "to encourage improved ESG disclosure" are determined by our quarterly portfolio review process. Our formal process centres on reviewing our desk holdings on a quarterly basis, analysing service providers' ESG ratings and the materiality of our exposure to a stock which will create an engagement focus list (the issues focussed on will vary from company to company). In addition, several engagements are pro-active in response to new regulation or a controversy. Our corporate governance engagements are often triggered by an AGM or remuneration consultation, or can be in response to particular concerns such as a change in management. We review the outcomes of engagement on an annual basis which may result in additional engagement with the company depending on how we rate its response to our initial request for change.

No

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

An analysis of a company's ESG performance will determine what the key ESG issues are that we wish to see improvement on. We will raise these with the company and record this request on our customised ESG database. We will review the company's progress in meeting a request for change on an annual basis. Our assessment of the outcomes of our engagement are categorised as "no change", "some change", "almost" or "achieved".

- No

Process for engagements conducted via collaborations

LEA 05	Mandatory	Core Assessed	PRI 2
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LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes

LEA 05.2 Describe how you identify and prioritise collaborative engagements.

Over the year we have continued to lend our support (whether financial, intellectual or brand sponsorship) to, as well as participate in, several industry initiatives, some of which lead to collaborative engagements. These can serve to promote the on-going development and recognition of ESG within the investment industry, and can provide us with learning opportunities or the opportunity to improve disclosure standards within the companies in which we invest.

An example of collaborative engagement during the year is our continued our long-term participation in the Carbon Disclosure Project and its off-shoot project, the Carbon Action Initiative. Along with other investors, we are engaging with companies to improve the level of disclosure by targeted companies on their carbon emissions as well as encouraging the adoption of meaningful carbon reduction targets.

Many of our collaborative engagements concerning corporate governance issues are prioritised through our discussions with peers in the UK Corporate Governance Forum.

No

LEA 06	Mandatory	Core Assessed	PRI 2
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LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
 - Yes, for all collaborative engagement activities
 - Yes, for the majority of collaborative engagement activities
 - Yes, for a minority of collaborative engagement activities
- No

LEA 06.2 Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 06.3 Describe how you monitor and evaluate the progress of your collaborative engagement activities.

All company engagements, whether individual or collaborative engagements are recorded on our internal ESG database. We regularly monitor any progress against engagement asks.

No

General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2
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LEA 09.1 Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2 Additional information.

All company engagements are recorded on our internal ESG database. All relevant ESG company engagements are also recorded on our internal investment research database. All new meeting notes are highlighted to investment staff via email notifications. ESG engagements and research are shared with investment staff via report publications and short videos on Schroders intranet as well as our online research hub, called Talking Point.

LEA 10 **Mandatory** **Gateway/Core Assessed** **PRI 2**

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2 Additional information. [Optional]

All individual and collaborative engagements are recorded on our internal ESG database. This database includes all engagements conducted since 2000, which allows us to monitor our engagement successes over the long term. We monitor progress against all engagement asks and rate engagement success on a scale of 'no change' to 'achieved'.

Outputs and outcomes

LEA 11 **Mandatory to Report Voluntary to Disclose** **Core Assessed** **PRI 2**

LEA 11.1 Indicate the number of companies with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	243
Collaborative engagements	5

LEA 11.2 Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.3 Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.5 Additional information. [Optional]

While all engagements, individual and collaborative, are recorded on our internal ESG database, they are not categorised as individual or collaborative. The number of engagements is accurate, but the proportion that are collaborative is an estimate. Please note that these only capture engagements led by the ESG team and do not reflect the 15,000 company meetings a year held by Schroders investment analysts, that may include ESG issues.

LEA 14	Voluntary	Descriptive	PRI 2
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LEA 14.1

Provide examples of the engagements that your organisation carried out during the reporting year.

Add Example 1

Topic or ESG issue	Remuneration
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Address capital allocation at board level and change performance metrics for executive remuneration
Scope and Process	<p>Underpinning the future of Debenhams' remuneration</p> <p>2014 has been a difficult year for Debenhams. The UK retailer ended 2013 with a profit warning and opened 2014 with major board changes. These problems prompted us, as a sizable shareholder, to have a number of engagements with the company.</p> <p>Balance sheet concerns have been an area of particular focus. We have been pushing for discipline in how the company allocates its capital. For example, Debenhams has signed leases with lengths of up to 20 years - longer than those signed by its peers. In the face of structural changes in shopping habits and the rise of online shopping, we have therefore been pushing to ensure that any lease commitments make sense and create value over the full length of the lease.</p> <p>During the year, the company contacted us with proposed changes it was making to the performance share plan element of its executive remuneration structure in 2015. We were concerned about a move away from a return on capital employed (ROCE) target towards measures based on the share price. Given our focus on capital allocation, we felt strongly that ROCE should be retained as a component in determining remuneration and also that store leases should be included in the calculation of the capital base. We communicated this view to the company during face to face meetings.</p>
Outcomes	Following our comments, the company introduced a ROCE underpin in the performance share plan. The vesting of the plan will now be subject to an underpin based on an improvement in ROCE over three years. This calculation will also include a capitalised value of future store rental payments, while profitability will be calculated before both tax and rentals. We saw this as vindication of our engagement efforts, which should lead to much better alignment between board pay and the long-term development of the company.

Add Example 2

Topic or ESG issue	Climate change strategy, shareholder rights and executive remuneration
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Provide more transparency on climate change scenarios, amend performance metrics for remuneration and extend listing of spin off to London listing as well as South Africa and Australia
Scope and Process	<p>Schroders held several engagement discussions with BHP Billiton to gauge its response to the challenges facing the global mining sector, including volatile commodity prices and cost cutting measures.</p> <p>Cyclical industry, cyclical pay?</p> <p>One key strand in our discussions was how the cyclical downturn in the mining industry was affecting the remuneration of BHP's management team. We feel it is important that incentives provide the right signals for management to allocate capital to maximise returns. Discussions are ongoing and we expect them to be concluded by the time of the company's AGM next year.</p> <p>Protecting the London listing</p> <p>A second area of concern was the London-listed company's plan to spin off some assets in a new company (now named 'South32'), to be listed only in South Africa and Australia. This would prevent certain European funds - including Schroders - from investing in South32, thereby reducing our exposure to BHP's aluminium, nickel, coal and silver assets which we felt could benefit from enhanced management attention leading to better value creation. We therefore held several meetings directly with BHP to encourage it to consider an additional London listing, resulting in an announcement from the company's CEO in October that this would be done - allowing us to maintain our exposure to these assets.</p> <p>Increasing climate change transparency</p> <p>In the third major area of engagement for the quarter, we were heartened by news that BHP had gone some way to delivering on an earlier promise to Schroders to increase the amount of information it provided about its carbon exposure. This followed a meeting earlier in the year when we had met BHP's climate experts to find out how it factored carbon regulation changes into its capital expenditure planning, especially for high-risk coal mining projects. At the time, we were encouraged to learn that BHP applied several different 'carbon scenarios', using a shadow carbon price to attribute a cost to those assumptions. We then wrote to the chairman of the company's sustainability committee to encourage more transparency on these scenarios and disclosure of the carbon price assumptions used. This would allow investors to evaluate BHP's climate strategy against policy developments and thereby determine the potential costs.</p>
Outcomes	BHP has now provided more information about the scenarios, but has fallen short of disclosing its carbon price assumptions. This has diluted the good news and we continue to encourage further transparency from the company.

Add Example 3

Topic or ESG issue	Shareholder rights
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative
Objectives	Encourage France-listed companies to opt out of double voting rights clause
Scope and Process	Following adoption of the Florange Law in March 2014 we were signatories to a joint investor letter sent to companies in the CAC40/SBF80 index raising concern over the end of the neutrality principle during a takeover-bid period and the implementation of double voting rights (and loyalty dividends) for registered shares. We urged companies to review their current practice on both of these issues - to take advantage of the Act's opt-out clause to uphold the board's position of neutrality in the event of a takeover bid and to re-consider the implementation of double voting rights at companies where this was already an established practice.
Outcomes	Together with other peers involved in the collaboration, we are monitoring company responses. One French company has already contacted us directly to confirm that they have opted out of the clause.

- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA 15.1

Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly

provide URL

<http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment?style=accordion&collapse>

LEA 15.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEA 15.3 | Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

LEA 15.4 | Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify

No

- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8 | Additional information. [Optional]

Our Annual Responsible Investment Report is disclosed publicly and a more detailed quarterly report is sent to clients every quarter. We started to make our quarterly report public towards the end of 2014. Clients receive more detailed reporting on engagement successes.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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In determining how to vote, Schroders will apply the voting policy set out in our Environmental, Social and Governance Policy available on our website. In applying the policy, we consider a range of factors, including the circumstances of each company, performance, governance, strategy and personnel. We may also take advice from third parties and in particular whoever may be appointed to provide voting services (at present ISS).

We generally look to support the management of the companies. Where proposals are not consistent with the interests of shareholders we will vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We use ISS to implement and deliver our ballots.

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

97

	Specify the basis on which this percentage is calculated
--	--

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
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The sole reason we would not be able to vote at a meeting is due to shareblocking or Power of Attorney (PoA) restrictions. We actively still analyse these companies to determine whether the benefits of voting and blocking the shares outweigh the ability to sell shares. Power of Attorney meetings are still voted but if a PoA document is not filed then the vote is rejected. This practice is implemented as on occasion our clients may file a PoA without our knowledge, so we always input a vote.




We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
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Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
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Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 92.1
Against (opposing) management recommendations	 7.8
Abstentions	 0.1

100%

LEA 23.3 For the reporting year, describe your approach towards voting on shareholder resolutions.

Our ESG team considers each shareholder resolution, undertaking further research if necessary, and provides a voting recommendation based on this research.

No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2
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LEA 24.1 Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

Yes

No

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

We disclose it publicly

provide URL

<http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information to the public.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

LEA 26.5

Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.6

Indicate how frequently you typically report voting information to clients/beneficiaries.

- Continuously (primarily before meetings)
 - Continuously (soon after votes are cast)
 - Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Schroders

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

FI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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FI 01.1	Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.
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	Fixed income – corporate
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Strategies

- Passive
- Active – quantitative (quant)

	Percentage of internally managed fixed income - corporate
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<10%

Report on your strategies that represents <10% of corporate fixed income

- Yes
- No
- 10-50%
- >50%
- Active - fundamental and other active strategies

	Percentage of internally managed fixed income - corporate
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- <10%
- 10-50%
- >50%

FI 02	Mandatory to Report Voluntary to Disclose	Peering	General
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FI 02.1	Provide a breakdown of your internally managed fixed income investments by credit quality.
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Credit quality	Fixed Income - Corporate
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
High yield	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

ESG incorporation in actively managed fixed income

FI 03

Voluntary

Descriptive

PRI 1

FI 03.1

Provide a brief overview of how you incorporate ESG issues in fixed income investments.

In our fixed income portfolios, ESG issues are incorporated into our investment and construction process. ESG factors will be initially addressed at the credit analyst level and will be discussed by the credit research team to determine the importance to the stability of future earnings streams and the resulting ability of the issuer to meet the interest and principal obligations on their outstanding debt. ESG factors are then taken into consideration in the portfolio construction process. Whilst qualitative factors such as ESG issues are difficult to value, we consider these factors as contributing to the likelihood of both future financial success and in its impact on the risk inherent in the business. As such, while the more traditional financial indicators and the analysis of business strategy form the basis of investment decisions ESG factors will often impact the size of position, given its impact on the inherent risk to our financial forecasts. We primarily focus on the longer term impact of ESG issues rather than unduly weighting factors which are currently occupying market attention.

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.
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ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<table border="1" style="width: 100%; height: 30px; background-color: #0072bc; color: white;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">%</td> <td style="width: 80%;"></td> </tr> </table> <p>100</p>		%	
	%			

- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

	Total actively managed fixed income - corporate
--	---

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

We do not employ ESG screening or thematic strategies as standard across our fixed income portfolios. We find that ESG perspectives can be quite different between clients, and so work with our clients to try and establish a policy that best suits their objectives if possible. However, we do apply integration strategies into our credit research, because we consider these factors as contributing to the likelihood of both future financial success and in its impact on the risk inherent in the business.

(C) Implementation: Integration of ESG factors**FI 10****Voluntary****Descriptive****PRI 1****FI 10.1**

Describe how you integrate ESG issues into investment decision-making processes.

ESG factors will be initially addressed at the credit analyst level and will be discussed by the credit research team to determine the importance to the stability of future earnings streams and the resulting ability of the issuer to meet the interest and principal obligations on their outstanding debt. ESG factors are then taken into consideration in the portfolio construction process. Whilst qualitative factors such as ESG issues are difficult to value, we consider these factors as contributing to the likelihood of both future financial success and in its impact on the risk inherent in the business. As such, while the more traditional financial indicators and the analysis of business strategy form the basis of investment decisions ESG factors will often impact the size of position, given its impact on the inherent risk to our financial forecasts. Conversely if we find issuers have a more positive response to certain ESG issues facing them, we may have a bigger position. We primarily focus on the longer term impact of ESG issues rather than unduly weighting factors which are currently occupying market attention.

FI 11**Mandatory****Core Assessed****PRI 1****FI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 11.2 Additional information. [Optional]

ESG research and indicators form a part of our basic models, although it may not always be referred to as ESG.

Outputs and outcomes

FI 15	Voluntary	Descriptive	PRI 1
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FI 15.1 Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe.

Fixed Income - Corporate

- Narrow down or prioritise the investment universe
- Buy / sell / weight decisions
- Other, specify

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly

Provide URL

<http://www.schroders.com/staticfiles/Schroders/Sites/global/global-ri-fi-policy.pdf>

Provide URL

<http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment>

FI 18.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

FI 18.3 Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

FI 18.4 Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
- We disclose it to clients/beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

FI 18.7 Additional information. [Optional]

We disclose information about our approach to ESG in Fixed Income within our 'Responsible Investment in Fixed Income' Policy, and we disclose further detail on how this is implemented in our Annual Responsible Investment Report, both of which are available on our website www.schroders.com/responsibleinvestment.

Engagement in fixed income investments

Fixed Income - Corporate

FI 19	Voluntary	Descriptive	PRI 2
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FI 19.1

Indicate if you engage with corporate issuers.

Yes

FI 19.2

Describe your organisation's approach to engagement in corporate fixed income.

Our credit research team places great emphasis on corporate engagement. Our forward looking credit investment process relies on our analysts developing a clear and thorough understanding of company business models in order to identify the companies that will benefit or suffer as investment themes play out over various horizons. As discussed earlier, ESG issues will play a significant part in determining the success of a company.

In 2014, Schroders credit analysts were involved in 3,072 company contacts, 927 of which were one to one meetings.

No