



LEA 02	Disclosures: Mandatory	Reason for interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency for identifying the need to take action on</p> <p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>		

RI TRANSPARENCY REPORT

2013/14

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

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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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Private							✓
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	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
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	✓	Public	✓						
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	✓	Private		✓					
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	✓	Public		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
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	✓	Private		✓					
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	✓	Public	✓						
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	✓	Public	✓						
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	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

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Reported Information

Public version

Organisational Overview

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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 only 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

3400

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.

31/12/2013

OO 04.2

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		435	397	000	000
Currency	USD				
Assets in USD		435	397	000	000

OO 04.3

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	>50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	<10%	0
Fixed income – other	<10%	0
Private debt	0	0
Private equity	0	0
Property	<10%	0

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

'Other (1)' specified

This refers to our multi-asset funds, where we don't have the breakdown required here.

'Other (2)' specified

External assets

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]
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This information is based on the geography of origination of the 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
--------------	------------------	----------------	----------------

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
- Property
- Commodities
- Other (1)
- None of the above

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

This refers our multi-asset funds, where we don't have the breakdown required here.

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
----------------	--

- Other (2)
- None of the above

	'Other (2)' [as defined in OO 05]
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External assets

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. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always 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

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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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 shareholder 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 stock 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.

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/global/about-schroders/corporate-responsibility/responsible-investment>

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
Stewardship Code	http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment/uk-stewardship-code

No

OA 02.5 Additional information. [Optional]

Please note we also have other statements which are not publicly available at present, though they have been communicated publicly (e.g. Group statement on cluster munitions).

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 type="checkbox"/> Specific guidelines on environmental issues <input 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 type="radio"/> Applicable policies cover all AUM <input checked="" 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
 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.
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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.
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Quarterly
 Biannually
 Annually
 Every two years or less
 It is not reviewed
 No

Governance and human resources

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.
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	Roles present in your organisation
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- 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
--	--------

6

OA 08.3 Additional information. [Optional]

Implementation of responsible investment activities varies by portfolio managers varies in degree across product desks.

Promoting responsible investment

OA 10 **Mandatory** **Core Assessed** **PRI 4,5**

OA 10.1 Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

Yes

OA 10.2 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

- Asian Corporate Governance Association
- 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 foudner 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.

- 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

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

- 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
- Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

UKSIF (we have provided significant support for UKSIF, it's Board and Analyst committee over the year. As well as hosting and chairing events. EUROSIF

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)

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 were participants in the development of the E-RISC project.

- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Broken Models

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]

This is a small initiative we have led in collaboration with two industry peers to promote the integration of ESG into economic models.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

No

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 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

ESG issues in asset allocation

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

OA 14.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

	% of total AUM
--	----------------

1

OA 14.3 Please specify which thematic area(s) you invest in and provide a brief description.

	Area
--	------

- Clean technology

Asset class invested

- Listed equity
- Fixed income - corporate
- Property
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Listed equity
- Fixed income - corporate
- Property
- Other area, specify

No

OA 14.4 Additional information.

Schroders has a global climate change fund and a health care fund.

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%

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 in listed equity investments.
-----------------	--

We have a team of Environmental, Social and Governance (ESG) specialists who sit with the investment teams

Quarterly ESG ratings of portfolio holdings are sent to each equity desk

An ESG research template has been developed through consultation between company analysts and ESG specialists, which is available to all internal investors

Explicit ESG company analysis and comment is undertaken by company analysts (this is supported by the ESG specialists who also undertake audits of this research)

ESG specialists produce thematic ESG research (e.g. human capital management, water resource capacity)

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.
-----------------	--

ESG incorporation strategy (select all that apply)

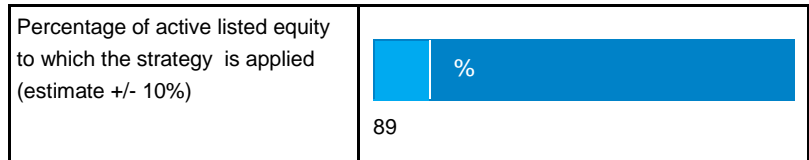
Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div style="border: 1px solid black; height: 20px; width: 100%; background-color: #0070c0; position: relative;"> <div style="position: absolute; left: 50%; top: -50%; transform: translate(-50%, -50%);">%</div> </div> <p style="margin-top: 5px;">0</p>
--	--

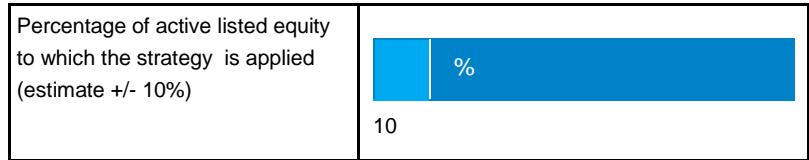
Thematic alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div style="border: 1px solid black; height: 20px; width: 100%; background-color: #0070c0; position: relative;"> <div style="position: absolute; left: 50%; top: -50%; transform: translate(-50%, -50%);">%</div> </div> <p style="margin-top: 5px;">0</p>
--	--

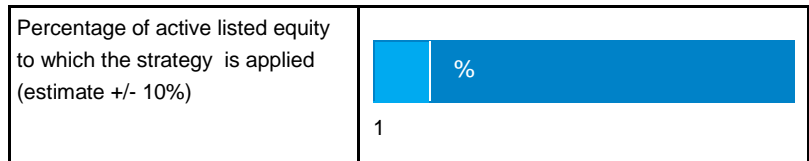
Integration alone (i.e. not combined with any other strategies)



Screening + Integration strategies



Thematic + integration strategies



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 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 (climate change and healthcare present).

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. The challenge for us and the industry remains in demonstrating this.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
-----------------	--

Type of ESG information

- Raw ESG company data

Indicate who provides this information

- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Company-related analysis or ratings

Indicate who provides this information

- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Sector-related analysis or ratings

Indicate who provides this information

- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Country-related analysis or ratings

Indicate who provides this information

- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Screened stock list

Indicate who provides this information

- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Issue-specific analysis or ratings

Indicate who provides this information

- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Other, specify

LEI 04.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
-----------------	---

Raw data can be used to compare corporate performance, or to monitor portfolio exposure to an issue.

Company analysis can be used to assess the ESG risk or opportunities that a company is exposed to and how this is managed.

Sector analysis provides a good indication of the key issues/opportunities that a sector is exposed to now and in the future.

Country related data can be used to assess the exposure of a company to country specific ESG factors through its value chain or incorporated into an assessment of sovereign bonds for example.

Screened data whether provided by a research provider or a government body can be used to implement exclusion requirements.

Essentially we use a wide range of data sources and types depending on requirements and purpose. Sometimes this information is used directly, but usually we combine it within our own in-house analysis.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
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Yes

LEI 04.4	Describe how you incentivise brokers.
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Through dedicated broker commission for relevant and quality research.

No

(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.
-----------------	--

Type of screening

Negative/exclusionary screening

Screened by

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

Description

Around 20% of our assets are managed under some form of screen. Whether this is in the form of ethical screens based on a client's specific moral investment objectives (e.g. exclusion of tobacco), or in response to national or regional legislation such as the implementation of the Convention on Cluster Munitions in Luxembourg or the Federal responses to the US government's State Sponsors of Terrorism directives.

- Positive/best-in-class screening
- Norms-based screening

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.

If a segregated mandate then we use the input of two research providers to develop screens that meet the client's investment criteria. These will be reviewed, on average, twice a year.

The cluster munition screen used to be based on our own analysis in the absence of a government list. However the Dutch Financial regulators have now published a list and we use this as an exclusionary list, in order to avoid ambiguities in definitions of involvement in cluster munitions. Our understanding is that the Dutch financial regulators will review their list once a year, as would we.

With regards to the sponsors of terrorism, the exact legal requirements vary by state and we use a specialist research provider with experience in meeting these requirements. This gets reviewed inline with the company analysis so can change month-by-month.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- 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

(B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 09.2	Describe your organisation's processes for sustainability thematic funds. [Optional]
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We manage a Global Climate change Fund and a Global Healthcare fund.

The GCC 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 fund will invest in healthcare, medical services and related products and companies on a worldwide basis. Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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In terms of our process, Environmental, Social and Governance (ESG) considerations have always been 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 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 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, 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. However this is still an embryonic area within Responsible Investment (RI) and, at present, there is no standard definition of what integration should look, or be, like.

We have identified three ways in which ESG data can be integrated in the investment process (though acknowledge that there are undoubtedly others):

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.

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).

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.
----------	---

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, however this is increasing and we recognise that, due to history, traditional governance factors will feature more highly in an analysts and PMs decisions as the quality of a company's board and the strategy it sets for the company will feature in determining the fair value for a company.

LEI 12	Voluntary	Descriptive	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.
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- 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.
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ESg notes are increasingly being completed by company financial analysts as part of their research process. This will not capture "all" analysts, though the functionality is here.

In addition the ESG team audits these notes as part of our process of continuously developing this process and reflecting on how ESG factors may influence valuations.

LEI 13	Voluntary	Additional Assessed	PRI 1
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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 so our analysts are free to explore whatever tool they think works. It maybe that a cost of carbon will affect earnings and so is reflected in investment forecasts, but was also find that most ESG factors are less tangible than this and so will be reflected in valuation tools

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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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/global/about-schroders/corporate-responsibility/responsible-investment>

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 clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> 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
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.

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

- Monitoring the on-going 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

Engagement approaches vary from contact with executive and/or non-executive directors, meeting with executives (1-on-1 or group), voting, communicating via the company's advisers, submitting resolutions at general meetings or requisitioning an extraordinary general meeting.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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

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.

The majority of our engagements "to influence corporate practice" or "to encourage improved ESG disclosure" are determined by our quarterly portfolio review process, though we also may use corporate ESG roadshows to request change. With regards to our formal process we will review our desk holdings on a quarterly basis, analysing the 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). We will 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

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 in a log. We will review the company's progress in meeting a request for change on an annual basis. Our assessment of the progress a company has made in meeting a request for change is subjective and ranges from "no change" to "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
 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.

This depends on the collaboration. We are active members of the Carbon Action Initiative which publishes a review of the achievements and progress of the initiative allowing us to assess the initiative.

- 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 type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1	Indicate if you track the number of companies you engage with.
----------	--

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

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
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	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	109
Collaborative engagements	6

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 during the reporting year. [Optional]

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

LEA 11.5 Additional information. [Optional]

This only montiros the number of engagements by the ESG team. As a group, Schroders' analysts have over 15,000 meetings with companies a year, at which ESG topics may be raised though this isn't reflected here.

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

please provide URL

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

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

- Yes
- No

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

Reporting to the public	Reporting to clients/beneficiaries
<p>Engagement information disclosed</p> <ul style="list-style-type: none"> <input type="checkbox"/> Details of the selections, priorities and specific goals of engagement <input checked="" type="checkbox"/> Number of engagements <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the engagement <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information 	<p>Engagement information disclosed</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Details of the selections, priorities and specific goals of engagement <input checked="" type="checkbox"/> Number of engagements <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input checked="" type="checkbox"/> An assessment of the current status of the engagement <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information

LEA 15.4 Indicate how frequently you typically report engagements information.

Reporting to the public	Reporting to clients/beneficiaries
<ul style="list-style-type: none"> <input type="radio"/> Disclosed continuously (prior and post engagements) <input type="radio"/> Disclosed quarterly <input checked="" type="radio"/> Disclosed annually <input type="radio"/> Disclosed every two years or less <input type="radio"/> Other, specify 	<ul style="list-style-type: none"> <input type="radio"/> Disclosed continuously (prior and post engagements) <input checked="" type="radio"/> Disclosed quarterly <input type="radio"/> Disclosed annually <input type="radio"/> Disclosed every two years or less <input type="radio"/> Other, specify

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

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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).		

In determining how to vote, Schroders will apply the voting policy set out in our Investment and Corporate Governance: Schroders' Policy. 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
LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.		
	Approach		
	<input type="radio"/> We use our own research or voting team and make our own voting decisions without the use of service providers.		
	<input type="radio"/> We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.		
	<input checked="" type="radio"/> 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.		
	Based primarily on		
	<input type="radio"/> the service provider voting policy signed off by us		
	<input checked="" type="radio"/> our own voting policy		
	<input type="radio"/> our clients requests or policy		
	<input type="radio"/> other, explain		
	<input type="radio"/> We hire service provider(s) which make voting decisions on our behalf.		
LEA 18	Mandatory	Descriptive	PRI 2

LEA 18.1	Of the voting recommendations that your service provider made in the reporting year, indicate what percentage your organisation reviewed, and the reasons for the review.
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Percentage of voting recommendations your organisation reviewed

- >20%
- 5-20%
- 1-5%
- <1%

Reasons for review

- Specific ESG issues
- Votes where a significant level of ownership is held
- Votes against management or abstentions
- Conflicts of interest
- Corporate actions such as M&A, disposal, etc.
- Other, explain

LEA 18.2	Additional information [Optional]
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We review most vote recommendations.

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- Obtain confirmation that votes have been lodged:
 - for a majority of votes
 - for a minority of votes
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
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ISS has procedures in place to prompt us if a ballot has not been delivered to the company by the deadline date. We will attempt to confirm a vote on some material votes and receive confirmation from the custodian, ISS or both.

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.
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Please select one of the following

- We recall most securities for voting on all ballot items
- We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- We empower our securities lending agent to decide when to recall securities for voting purposes
- We do not recall our shares for voting purposes
- Other (please specify)

No

LEA 20.3	Additional information. [Optional]
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We recall stock on material meetings where we feel we need our full shareholding to support or vote against the board.

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%)

%

95

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
- 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 proposals	 <p>90</p>
Against (opposing) management proposals	 <p>9</p>
Abstentions	 <p>1</p>

100%

LEA 23.3	For the reporting year, describe your approach towards voting on shareholder resolutions.
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We review shareholder resolutions on a case by case basis, taking into account the wording of the resolution, the issue, the performance of the company with regards to the issue and whether we have voted on a similar resolution previously.

No, we do not track this information

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.
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We disclose it publicly

	provide URL
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<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.
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Yes

No

LEA 26.3	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
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Reporting to the public	Reporting to clients/beneficiaries
<p>Indicate how much of your voting record you disclose</p> <p><input checked="" type="radio"/> All voting decisions</p> <p><input type="radio"/> Some voting decisions</p> <p><input type="radio"/> Only abstentions and opposing vote decisions</p> <p><input type="radio"/> Summary of votes only</p>	<p>Indicate how much of your voting record you disclose</p> <p><input checked="" type="radio"/> All voting decisions</p> <p><input type="radio"/> Some voting decisions</p> <p><input type="radio"/> Only abstentions and opposing vote decisions</p> <p><input type="radio"/> Summary of votes only</p>
<p>Indicate what level of explanation you provide</p> <p><input type="radio"/> Explain all voting decisions</p> <p><input type="radio"/> Explain some voting decisions</p> <p><input type="radio"/> Only explain abstentions and votes against management</p> <p><input checked="" type="radio"/> No explanations provided</p>	<p>Indicate what level of explanation you provide</p> <p><input type="radio"/> Explain all voting decisions</p> <p><input type="radio"/> Explain some voting decisions</p> <p><input checked="" type="radio"/> Only explain abstentions and votes against management</p> <p><input type="radio"/> No explanations provided</p>

LEA 26.4 Indicate how frequently you typically report voting information.

Reporting to the public	Reporting to clients/beneficiaries
<p><input type="radio"/> Continuously (primarily before meetings)</p> <p><input type="radio"/> Continuously (soon after votes are cast)</p> <p><input type="radio"/> Quarterly or more frequently</p> <p><input checked="" type="radio"/> Between quarterly and annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Other, specify</p>	<p><input type="radio"/> Continuously (primarily before meetings)</p> <p><input type="radio"/> Continuously (soon after votes are cast)</p> <p><input checked="" type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Between quarterly and annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Other, specify</p>

- 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

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.

Fixed income – corporate

Strategies

Passive

Percentage of internally managed fixed income - corporate

<10%

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

Yes

No

10-50%

>50%

Active – quantitative (quant)

Percentage of internally managed fixed income - corporate

<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

<10%

10-50%

>50%

FI 02

Mandatory to Report Voluntary to Disclose

Peering

General

FI 02.1 Provide a breakdown of your internally managed fixed income investments by credit quality.

Credit quality	Fixed Income - Corporate	
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" 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 checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	

ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
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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%)	
	100

- 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.

FI 05

Voluntary

Additional Assessed

PRI 1

FI 05.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- Raw ESG company data
- Issuer-related analysis or ratings

Describe who provides this information.

Our internal Responsible Investment (RI) and Corporate Governance teams have extensive networks within their respective fields. Information is drawn from publicly available corporate information and company meetings, from broker reports, industry bodies, and research organisations, think tanks, legislators, consultants, Non-Governmental Organisations and academics; wherever it is felt the information would add value. We currently subscribe to the following external ESG research providers: MSCI ESG research, Bloomberg, EIRiS, Institutional Shareholder Services and Association of British Insurers' Institutional Voting Information Service.

- Sector-related analysis or ratings
- Country-related analysis or ratings
- Screened bond list
- Issue-specific analysis or ratings
- Other, specify

FI 05.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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Externally sourced ESG ratings are posted onto Schroders' analyst research database, known as the GRiD. The GRiD is a combined research and market information depository common to both equity and credit research analysts. Importantly, research findings from our ESG team are disseminated by e-mail to both equity and credit research teams providing valuable and timely information. Third party research is used by the RI team as a starting point for ESG research and engagement programme. Sector analysts also use third-party research to support their assessment of ESG issues when analysing companies.

(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. 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 12	Voluntary	Descriptive	PRI 1
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FI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- 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

FI 12.2	Describe how ESG information is held and used by your portfolio managers.
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- 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

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

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 place 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 2013, Schroders credit analysts were involved in 3,231 company contacts, 934 of which were one to one meetings.

- No