Schroders

European SRI Transparency Code

Schroder ISF QEP Global ESG & Schroder ISF QEP Global ESG ex. Fossil Fuels

September 2020

trans parent

The European SRI Transparency logo signifies that Schroders commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Sustainable Responsible Investment (SRI) policies and practices relating to the fund. Detailed information about the European SRI Transparency Code can be found on www.eurosif.org, and information of the SRI policies and practices of Schroder ISF QEP Global ESG & Schroder ISF QEP Global ESG ex. Fossil Fuels can be found at www.schroders.lu/sustainability. The Transparency Code is managed by Eurosif, an independent organisation.

The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual.

Contents

Statement of Commitment

Sustainable and Responsible Investing (SRI) is an essential part of the strategic positioning and behaviour of Schroder Investment Management Limited ('Schroders'). We have been involved in SRI since 2000 and welcome the European SRI Transparency Code.

This is our third statement of commitment and covers the period 12 months from approval. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

Schroders is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Schroders Investment Management meets the full recommendations of the European SRI Transparency Code without any exception.

September 2020

Section 1 List of funds covered by the Code

Fund name:

– Schroder ISF QEP Global ESG
– Schroder ISF QEP Global ESG ex. Fossil Fuels

Dominant/preferred SRI strategy (Please choose a maximum of two strategies):

– Integration of ESG Factors into Financial Analysis
– Engagement and Voting on Sustainability Matters

Asset class:

– Actively managed, International shares

Exclusions:

– Cluster Munitions
– Anti-Personnel Landmines
– Biological Weapons
– Chemical Weapons
– Nuclear Weapons
– Blinding Lasers
– Depleted Uranium
– Incendiary Weapons
– Alcohol
– Tobacco
– Military & Civilian Weapons
– Nuclear power
– Gambling
– Adult entertainment
– Predatory Lending
– Human Embryo Cloning
– CO2 intensive (including coal)
– Thermal Coal
– Coal Power Generations
– Unconventional Oil & Gas
– Palm Oil
– Fossil Fuels *(Schroder ISF QEP Global ESG ex. Fossil Fuels only)*
– Fossil Fuel Power Generation *(Schroder ISF QEP Global ESG ex. Fossil Fuels only)*

Fund capital as at 30 June 2020:

– USD 836.0 million

Other labels:

– French SRI label

Links to relevant documents:

– KIID: https://ice.london.schroders.com/equity/Documents/SISF_QEP-Global-ESG-USD_I-Acc-KIID-EUEN.pdf

https://ice.london.schroders.com/equity/Documents/SISF_QEP-Global-ESG-ex-Fossil-Fuels-USD_IE-Acc-KIID-EUEN.pdf

– Prospectus: http://www.schroders.com/getfunddocument?oid=1.9.1755

– Annual report: http://www.schroders.com/getfunddocument?oid=1.9.49335

– Semi Annual report: http://www.schroders.com/getfunddocument?oid=1.9.25163

– Fund fact sheet: https://ice.london.schroders.com/equity/Documents/SISF-QEP-Global-ESG-I-Acc-FMI-UKEN.pdf

https://ice.london.schroders.com/equity/Documents/SISF-QEP-Global-ESG-ex-Fossil-Fuels-I-Acc-FMI-UKEN.pdf

– Financial and non-financial reporting: http://www.schroders.com/en/lu/professional-investor/literature/legal-documents/

Section 2 General information about the fund management company

2.1 Name of the of the fund management company that manages the applicant fund

Schroder Investment Management Limited

2.2 What are the company's track record and principles when it comes to integrating SRI into its processes?

At Schroders, responsible investment principles drive our investment decisions and the way we manage funds. We see ourselves as long-term stewards of our clients' capital and this philosophy naturally leads us to focus on the long-term prospects of the companies in which we invest. We believe successful investment is intrinsically linked to identifying, understanding and incorporating the effects of environmental, social and governance (ESG) trends in our decisions and ownership.

Schroders has been incorporating ESG considerations into our fundamental research and security selection process for more than 20 years. We published our first Corporate Governance policy in 1998, followed by our Responsible Investment policy in 2001. Since then, the information and tools available to us, our resources, the depth of our expertise and our approach to integrating Responsible Investment principles has evolved, but our commitment has remained the same: to be active owners of the companies in which we invest and to reflect ESG factors as part of our overall investment process.

We have a dedicated Sustainability webpage (http://www.schroders.com/en/about-us/sustainability/) which contains the following:

- Schroders' ESG Policy
- Statement of compliance with the UK Stewardship Code
- Statement of compliance with the UN Principles for Responsible Investment
- Details of industry involvement
- Quarterly Sustainable Investment Report – Current ESG related topics and thematic research, engagements details, voting details
- Annual Sustainable Investment Report – This outlines our approach to ESG Integration, policy details, current ESG related topics and thematic research, engagements details, voting and governance details, general statistics and AUMs, details of industry involvement
- Information on screening and firm-wide exclusions
- Sustainability insights on a range of environmental, social and governance topics
- Historical voting reports

2.3 How does the company formalise its sustainable investment process?

Schroders has a global ESG policy for listed assets. This outlines our principles and practices around sustainability, and reflects our commitment to responsible investment. It covers how we integrate ESG considerations as part of the overall investment process, our engagement process and rationale, our voting policy and our core corporate governance principles when determining how to vote.

2.4 How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by the company?

While ESG issues are sometimes difficult to quantify, we recognise that these factors can have a material impact on a company's performance both in the short and long term, as well as the inherent risk of investing in a company. We firmly believe that analysing a company's exposure to, and management of, ESG factors, in addition to traditional financial analysis, will enhance our understanding of a company's fair value and ability to deliver sustainable returns.

Our integration approach spans the breadth of the ownership lifecycle, from identifying trends and analysing companies, through to ownership, engagement, voting and reporting.

We believe that climate change will be a defining driver of the global economy, society and financial markets over the coming years, decades and beyond. Whether the global economy is rebuilt on less carbon intensive foundations or the temperature continues to rise, investors will be unable to avoid its impacts.

Our Sustainable Investment team produces dedicated research on the topic; our first report was in 2003 and we have published consistently since then, examining both sector-specific and portfolio level issues. Ultimately we are looking to provide tools for asset owners, portfolio managers and analysts to understand this complex issue.

In July 2017, we launched our Climate Progress Dashboard. This monitors 12 indicators to show the progress governments and industries around the world are making towards decarbonising the global economy. It compares projections made by international organisations to estimate the temperature change implied by the progress in each area. Together, they suggest that we are heading for a rise closer to 4° than the 2° commitment global leaders made in Paris in 2015. More information can be found at http://www.schroders.com/en/lu/professional-investor/featured/climate-change-dashboard/.

We have examined the extent to which company profits and investor returns could be at risk from tougher climate policies and higher carbon prices. Our Carbon Value at Risk model shows that almost half of listed global companies would face a rise or fall of more than 20% in earnings if carbon prices rose to $100 a tonne (for further details see: http://www.schroders.com/en/about-us/corporate-responsibility/sustainability/climate-progress-dashboard/carbon-var/). We have also looked at how falling demand will impact the profitability and the fate of fossil fuel producers. Our analysis shows that up to 20% of listed companies' cash flows are at risk if policies strengthen in line with political commitments (for further details see: http://www.schroders.com/en/about-us/corporate-responsibility/sustainability/climate-progress-dashboard/fossil-fuel-producers/).

We have also developed a proprietary model to help our analysts, fund managers and clients measure and manage the physical risks climate change poses. We ask "what would it cost a company to insure against physical risks caused by climate change for the remaining life of their assets?" The costs to most global companies are less than 5% of their current market value, but are higher for the most exposed companies. While smaller than the risks posed by carbon pricing or changes in demand growth, the impact is clearly significant and more certain. For further information, please see: https://www.schroders.com/en/sysglobalassets/digital/insights/2018/thought-leadership/climate-change---the-forgotten-physical-risks_final.pdf/.

2.5 How many employees are directly involved in the company's sustainable investment activity?

Schroders has an experienced and well-resourced Sustainable Investment team, which has been embedded as part of our overall investment processes for some time. The team comprises 22 dedicated ESG professionals who are responsible for ESG specialist engagement, voting and facilitating ESG integration into the investment process across teams and asset classes, ESG data management, sustainability client reporting, and product development.t. Together they have more than 230 years' combined investment experience.

2.6 Is the company involved in any responsible investment initiatives?

Yes. Schroders continues to support, and collaborate with, several industry groups, organisations and initiatives. These are important in improving sustainability standards across sectors, establishing a consistent dialogue with companies and in promoting the ongoing development and recognition of ESG within the investment industry. We also work with organisations that we are members of, and with national and regional trade associations to develop their submissions on various regulatory issues around the world.

We believe that working with peers and policy makers on ESG issues is an important activity and regularly respond to public consultations both as a firm and through our work with investor groups.

Schroders is also an active member of a number of investor groups focused on promoting ESG and dealing with specific issues or industries.

Below we provide examples of some of these important initiatives.

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
– United Nations Global Compact – EFAMA Responsible Investment Working Group – Principles For Responsible Investment (PRI) – UKSIF – EuroSIF – Swiss Sustainable Finance – Responsible Investment Association Australasia (RIAA) – Investment Association Stewardship Committee – Investment Association Sustainability and Responsible Investment Committee – Investor Forum – Financial Reporting Council – Focusing Capital on the Long Term	– CDP Climate Change – CDP Water – CDP Forest – 'Aiming for A' investor coalition – Climate Action 100+ – Transition Pathway Initiative (TPI) – Global Real Estate Sustainability Benchmark (GRESB) – Better Building Partnerships – Paris Pledge for Action – Powering Past Coal Alliance Finance Principles	– Access to Medicine Index – Business Benchmark on Farm Animal Welfare – Coalition for Inclusive Capitalism – ShareAction Workforce Disclosure Initiative	– ICGN International Corporate Governance Network – Asian Corporate Governance Association – UK Corporate Governance Forum – Institute of Business Ethics – Eumedion

2.7 What is the total number of SRI assets under the company's management?

Schroders fully supports the following international conventions:

– The Convention on Cluster Munitions (2008): prohibits the production, stockpiling, transfer and use of cluster munitions

– The Anti-Personnel Landmines Treaty (1997), also known as The Ottawa Treaty (1997): prohibits the production, stockpiling, transfer and use of anti-personnel landmines

– The Chemical Weapons Convention (1997): prohibits the use, stockpiling, production and transfer of chemical weapons

– Biological Weapons Convention (1975): prohibits the use, stockpiling, production and transfer of biological weapons.

We will not knowingly hold any security that is involved in the production, stockpiling, transfer and use of these weapons. We do not exclude those companies whose business activities or products only have the potential to be used for these purposes, or where these activities or products have not been undertaken or created with these uses in mind. Schroders will apply this policy to all Schroders funds that we directly manage. As of 30 June 2020, Schroders managed £525.8 billion (€578.4 billion/$649.6 billion) of assets globally.

We recognise that there are different approaches under the broad ESG/SRI umbrella with different definitions, goals and objectives. Across the assets that we manage, we identify whether they are Screened, Integrated and/or Sustainable. The categories are not mutually exclusive.

Screened means the fund or mandate includes negative screening beyond our firm-wide exclusions outlined above. We implement a wide range of negative screens and exclusions according to specific ethical criteria requested by our clients. As at 31 December 2019, we managed £69 billion (€82 billion/$92 billion) of assets to which such ethical screens are applied.

Integrated means sustainability is a building block of the investment process. It is robust, systematic and there is a commitment to engagement and stewardship. We seek to integrate ESG considerations across all of our investment desks. As of 30 June 2020, Schroders managed over £490 billion (€539 billion/$605 billion) of integrated assets.

Sustainable means sustainability is a cornerstone of the investment process. The resulting portfolio has a strong sustainability profile, focused on generating returns that can truly be maintained over the long term. As of 30 June 2020, Schroders managed over £2.4 billion (€2.6 billion/$2.9 billion) of sustainable assets.

Section 3 General information about the SRI fund that comes under the scope of the Code

3.1 What is (are) the fund(s) aiming to achieve by integrating ESG factors?

Schroders' Quantitative Equity Products (QEP) Investment Team combines fundamental analysis with the scalability and rigour of quantitative investment tools. The team integrates ESG considerations into our investment process both as a key component to understanding each company's performance potential as well as a way of mitigating potential risks.

Based on our analysis, we believe that corporate governance has the largest potential to enhance performance over time which is why it also forms a key component of our assessment of company quality and is the most important aspect of our QEP ESG Rating. Alongside this, we assess environmental and social risks on an industry specific basis, with a particular focus on avoiding the worst offenders.

We are active in all areas of ESG including exclusions, integration, engagement, voting and research. The funds aim to maintain a superior ESG profile versus the reference index (MSCI AC World) across a range of measures as an outcome of our ESG integration. They aim to be positively exposed to stocks that perform well on ESG measures, have a lower exposure to those with poorer ESG credentials and avoid those that do not meet our minimum acceptable standards. The only difference between the two funds in scope is the complete exclusion of fossil fuels (revenue, reserves or power generation) within the Schroder ISF QEP Global ESG ex. Fossil Fuels.

Through engagement we also aim to encourage good practice from companies in terms of their environmental and social impact, as well as strong corporate governance. We also feed engagement outcomes back into our investment process as a risk-adjustment factor. The breadth of opportunities available in global equities allows for the full integration of ESG considerations without having to sacrifice potential returns. We would argue that incorporating ESG enhances performance, providing it is integrated in an investment led manner, and that ESG considerations are likely to become increasingly additive in the future.

3.2 What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

ESG related research has been a significant component of the QEP Investment Team's research agenda for many years. All analysts within the QEP team are responsible for researching new investment strategies and enhancing our existing models, including ESG research. New ideas are discussed at the regular portfolio management and research meetings and tasks are assigned to analysts who are responsible for conducting a robust assessment of a concept's viability and efficacy. After peer review this will be escalated to the senior management team for discussion. Any new ideas will be thoroughly tested and trialled before they are introduced into the live strategies. The way in which we integrate ESG considerations into our process is continually evolving, driven by our research insights.

The QEP Investment team has access to hundreds of data points related to ESG issues covering a wide range of areas. External sources include MSCI, Refinitiv, Sustainalytics, BoardEx, Bloomberg, IMF, World Bank, BIS, UN, DataStream, Economist, OECD, Worldscope, The Good Country Index, Institute for Economics and Peace, Yale Centre for Environmental Law & Policy, and Centre for International Earth Science Information Network. Other external sources for data items on companies, such as stock prices and balance sheet figures, include Worldscope, IDC and IBES. The raw data items are subject to rigorous daily checking before use in our process.

Importantly, we do not use Sustainability ratings from external vendors but do utilise the raw information made available by those vendors in order to create our own assessment. Fundamentally, we do not agree with many of the methodological assumptions adopted by such vendors, e.g. sector normalisation. Our ESG models transform multiple underlying data items and combines them into a series of ranks which allows us to compare the Sustainability credentials of all the companies in broad global investment universe.

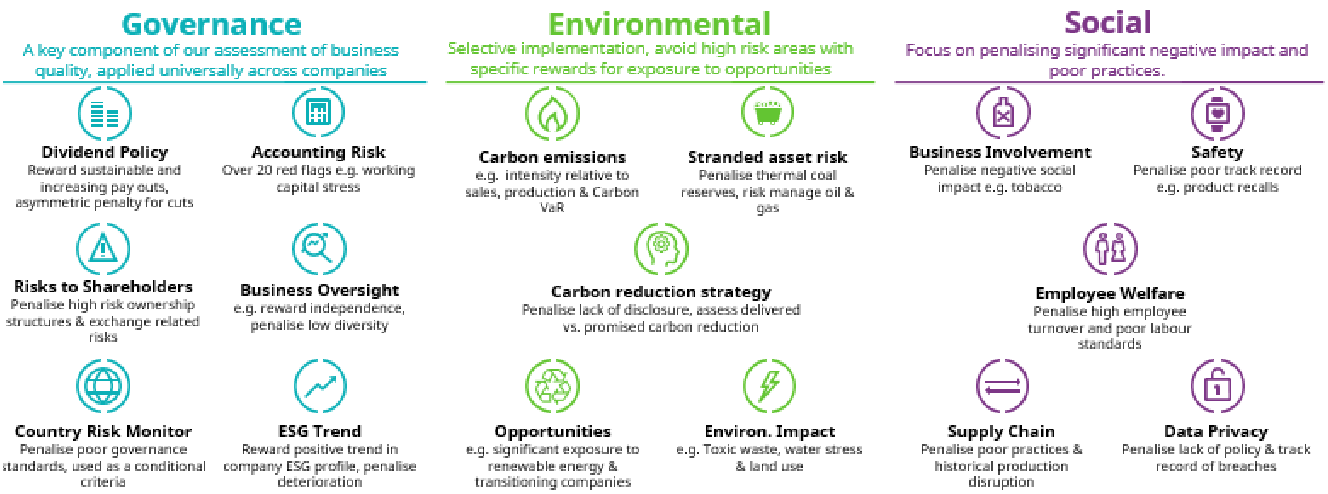
We have also developed our own tools using Natural Language Processing to sift from company news articles and regulatory submissions to identify business exposure and exposure to controversies, e.g. poor labour standards or lax data control policies.

Alongside this, we also draw upon the resources of the Schroders Sustainable Investment team, which has extensive networks within its respective field. 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.

Third party research is used by the team as a secondary consideration, and often provides a source of challenge or endorsement for our proprietary view. It serves also to indicate where consensus sits, given that a majority of our competitors systematically utilise third party research conclusions and ratings within their processes. Sector analysts also use third-party research to support their assessment of ESG issues when analysing companies. We currently subscribe to the following external ESG research providers: MSCI ESG research, Bloomberg, EIRiS, Thomson Reuters Asset4 and CDP. In addition, we subscribe to Institutional Shareholder Services (ISS) and Association of British Insurers' Institutional Voting Information Service for our proxy voting research.

3.3 What ESG criteria are taken into account by the fund(s)?

Central to our assessment of company sustainability is our proprietary QEP ESG Model. The model and its subcomponents are utilised as a stock conviction/risk adjustment which impacts stock weighting ultimately leading us to avoid certain stocks with poorer ESG credentials altogether. Our Governance model is applied universally, rewarding highly rated stocks whilst penalising those with poorer standards. In contrast, environmental and social considerations require more bespoke implementation as they are generally industry specific in nature. Moreover, we focus more on avoiding the worst offenders from an environmental or social perspective rather than rewarding those stocks that score well. Our approach avoids the pitfalls of mechanistic or passive based approaches by carefully selecting the most objective inputs to capture specific risks that are material to different industries, reflecting both absolute exposure to ESG risks and relative performance. We draw upon the resources of Schroders' Sustainable Investment team and a variety of data vendors to blend both traditional and ESG specific data sources, ultimately converting a variety of raw inputs into useable investment insights. Some of the key criteria included in our QEP ESG rating are shown below:



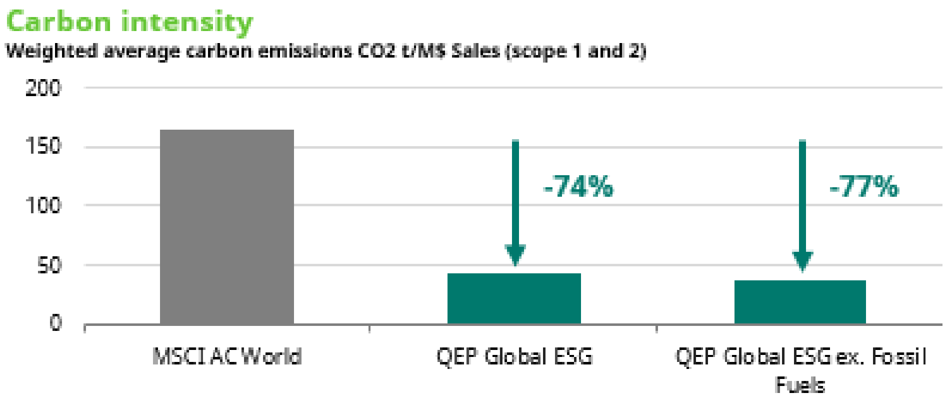
Source: Schroders, QEP.

3.4 What principles and criteria linked to climate change are taken into account in the fund?

Our work to identify investment risks within our portfolio includes climate change related risks related to the transition to a lower-carbon economy with regulatory pressure on carbon emissions continuing to intensify. In view of the potential impact of government intervention to reduce greenhouse gas emissions on companies globally, we assess and manage carbon risk explicitly in our process. As portrayed above, Carbon Emissions, Carbon Strategy, Stranded Assets, Environmental Impact and Environmental Opportunities are the key components of our environmental analysis within our QEP ESG Rating linked to climate change.

Environmental considerations require more tailored implementation. We focus on quantifiable forward looking measures in order to capture the potential threats associated with the future investment performance of those stocks exposed to environmental risks. Rather than simply adopting a best-in-class approach, we also recognise the absolute risks facing these stocks.

More specifically, we avoid companies that have high carbon intensity (CO2 tonnes/mn $ sales) as they have a disproportionately negative impact on global Green House Gas (GHG) emissions and will face increasing regulatory pressures as a result. It is important not to just focus on the resource-heavy companies as carbon emissions from other sectors are often just as significant in terms of their impact, most notably utilities, construction and transport. The graph below highlights the efficacy of our process and the superior carbon profile of both the Schroder ISF QEP Global ESG and Schroder ISF QEP Global ESG ex. Fossil Fuels funds versus global equities as measured by the MSCI AC World.



Source: Schroders QEP, MSCI, as at 30 June 2020.

Whilst we mostly focus on carbon emissions generated either directly or indirectly by a company during the course of its operations (i.e. Scope 1 and 2), we also acknowledge emissions that result from its supply chain (Scope 3). In addition, by explicitly avoiding an industry relative assessment, our approach accepts that carbon emissions are lower in certain industries. More specifically, we reward companies that have a good track record of reducing their carbon emissions, particularly if the company has an explicit reduction target. On a more forward looking basis, companies are penalised where they have no reduction target and this penalty increases if they have a higher level of carbon intensity. The largest rewards are for those companies that have aggressive annualised reduction targets and have actually reduced their carbon emissions intensity historically. We also reward companies with future carbon reduction targets but place less emphasis on this versus those that have historically reduced their emissions.

We also incorporate a view on stranded assets for those companies running the risk of owning obsolete assets in the future. In terms of environmental impact, we also punish companies with higher levels of toxic emissions, indications of increased water stress or poor land use from a biodiversity perspective. Finally, we reward companies that are active in areas of environmental opportunity including generating renewable energy.

In addition, we aim to avoid any company with significant revenue exposure to unconventional Oil & Gas production (oil & tar sands, shale oil) in the Schroder ISF QEP Global ESG fund while excluding any fossil fuel involvement entirely in the Schroder ISF QEP Global ESG ex. Fossil Fuels fund. Unconventional fossil fuel extraction methods have a significant impact on local environments, as well as being much more carbon intensive to extract. We also exclude companies with any revenue derived from thermal coal. For example, those companies with any thermal coal reserves or where the burning of coal in used in the process of power generation. Thermal coal is the dirtiest of the fossil fuels, emitting over three times the amount of greenhouse gases than gas to generate the same amount of energy.

Further, In terms of physical climate risks, we identify those companies at risk of water shortages, facing opposition over water use, or subject to higher water costs. Companies that lack strategies to manage and reduce water use will score lower. Companies that proactively employ water efficient processes, water recycling and alternative water sources are rated more highly.

Finally, we also incorporate Carbon Value at Risk (as detailed in section 4.2 below), which is a model built by Schroders Sustainable Investment team, in our assessment of the environmental risks of companies.

3.5 What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

The strategy is active in all areas of ESG and incorporates environmental, social and governance considerations into the investment process in a number of ways. Our starting point is a universe of over 7,000 companies, those companies with ESG data coverage. We then:

– Apply the exclusions as listed above to the funds
– Integrate ESG into stock selection and position sizing through our proprietary QEP ESG Rating
– Use our country risk monitor to assess relevant ESG (as well as macro/political) concerns at a country level
– Work in partnership with Schroders' Sustainable Investment team, we have an active programme of company engagement and voting.
– We analyse key ESG themes on an ongoing basis, assessing opportunities to integrate these insights into our process.

For further details please see section 4, Investment process

3.6 How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

The continual development of our on desk ESG analytical and reporting capabilities has been a priority of the QEP Investment team for some time. Within the QEP Investment team specifically, we have created our own suite of ESG based analysis and reporting tools in order to facilitate the ongoing monitoring of ESG exposures across our entire strategy range. Our QEP ESG portfolio analysis reports, produced on a daily basis for all QEP funds, provide analysis across each of the three ESG pillars (environmental, social, governance) at the fund level with each of the underlying metrics available at the issuer level also. This has provided the necessary tools to effectively monitor ESG exposures and outcomes on a daily basis in a scalable way.

Our Sustainable Investment team acts as a central point of liaison for analysts and fund managers across Schroders who may have exposure to the company in a variety of instruments. Our ESG specialists are responsible for assessing the impact of the incident, drawing on a wide body of information from direct contact with the company to insights gained from our Data Insights Unit. Together with analysts and fund managers, they will agree a programme of engagement to understand why the incident occurred, and what remedial steps have been/will be taken to prevent the incident from reoccurring.

With regards controversies specifically, these are managed by our proprietary QEP Controversy model. This model reviews company news articles in conjunction with a machine learning algorithm to identify and assess the ongoing materiality of a range of different types of controversies. To construct this approach, we have trained a machine learning model on the textual descriptions of past controversies to produce a list of associated words and phrases. We have further augmented this analysis using our fundamental research observations of key words. We then train our model to determine whether the controversies are related to Environmental, Social or Governance based on the textual description. A key benefit of this model is that news datasets often have wide coverage across the market, allowing us to target many stocks in a timely manner. Whilst we recognise that many controversies cannot easily be predicted in advance, we seek to ensure we are able to analyse the latest information across our broad investment universe and ultimately integrate concerns within our ESG model in a timely manner.

We monitor the output of this model on an ongoing basis. Where we identify areas of material concern, we apply a penalty within the relevant E, S or G rank in our own ESG model. This in turn will impact the attractiveness of that company and ultimately, for severe controversies, will lead us to risk adjust our holding downwards. Within our ESG funds we go a step further and, for very severe issues, we would look to exclude a company entirely. In determining the ongoing materiality we consider the time elapsed since the event, management changes since the controversy e.g. a change in CEO, the level of current news flow and whether or not the controversy has been resolved. The two case studies below illustrate how this model works in practice:

		Rio Tinto	Boohoo
Text analysis of news articles	**Controversial word search** *Daily monitoring of news articles using machine learning models*	"**26/05/2020:** Rio **Blasts** 46,000 year-old **Aboriginal site** to expand iron mine"	"**02/07/2020:** Boohoo defends **supply chain** practices after Leicester report""
	News Coverage *High proportion = higher risk*	Moderate	High
	Time Decay *Recent = higher risk*	May 2020	July 2020
	Resolution status *Settlement = lower risk*	-	-
Company response	**Management change** *e.g. change of CEO, senior execs.*	CEO and two other senior executives to step down	No change
	Engagement outcome *Informed by the ESG team's stewardship insights*	Proactive response, expressed regret, implementing detailed review	Identified lack transparency and progress in addressing issues
Controversy penalty	**Topic Materiality** *Severity level determined with ESG team*	Local communities	Supply chain labour standards
	QEP Social rank *Integrating the controversy penalty*	**61%**	**89%**

Section 4 Investment process

4.1 How are the results of the ESG research integrated into portfolio construction?

As described above, the funds are active in all areas of ESG, incorporating environmental, social and governance considerations into the investment process in a number of ways. Our starting point is a universe of over 7,000 companies, which are those with sufficient ESG data coverage. We incorporate ESG data into our portfolio construction and monitor the ESG profile of our portfolios on a daily basis. ESG considerations are integrated into the investment process at the stock, industry, thematic and country level as described below:

– **The exclusion list described earlier is applied to the investment universe**

– **QEP ESG Rank is central to our assessment of company sustainability and is utilised as a stock conviction/weighted risk adjustment**

Within our proprietary QEP ESG Rank, we capture a wide range of ESG risks by combining longstanding QEP measures with metrics built from underlying external ESG data sources in order to provide a view of overall company sustainability. We view Governance as the "anchor" with environmental and social considerations treated more as "scalars" or risk factors. Alongside more traditional fundamental metrics, a company's QEP ESG rank is central to our assessment of a stock's attractiveness. We prioritise stocks which are attractive on ESG and fundamental measures, and where we have no concerns over its liquidity or volatility. These would be allowed our full target weight at time of purchase of 1% per company. Less attractive and/or riskier characteristics are penalised, resulting in our full target purchase weight being scaled back (sometimes to zero).

– **QEP Governance incorporated as a key component of our assessment of business quality**

Alongside our more traditional measures of profitability, stability and financial strength, our view of business quality incorporates QEP governance as a fourth component. Quality considerations are one of the key drivers in the stock selection process, along with an awareness of valuations and a company's ESG profile as described above. A key driver of our view of quality is Governance which has a direct impact on our assessment of the attractiveness of the stocks we analyse. We have a broad definition of Governance including more traditional areas of corporate governance (board efficiency, pay, ownership, accounting standards) combined with areas including shareholder friendliness (with a focus on a company's track record of maintaining and increasing dividends), risks to minority shareholders and corruption and stability. Our multi-faceted view of governance is particularly helpful in emerging markets where it assists us in understanding the heightened risk around state owned enterprises and exposure to countries with higher risk of corruption.

– **QEP Country risk Monitor**

The Country Risk Monitor helps us to understand the corporate environment and enables us to adjust our portfolios' exposure to countries with elevated risks. An overall country risk 'ranking' is driven by consideration of five key groups of factors: Currency Valuation, Currency Credibility, Credit Risk, Growth Prospects and Political / ESG. Within Political/ESG, indicators examined include freedom of speech, labour laws, income inequality, corruption and the impact of the environment on human health, e.g. air quality. The credibility of policymakers and the institutional environment more generally is an important influence on decision making at the corporate level, particularly in less developed markets. We therefore compliment our bottom up stock assessment with country level analysis incorporating top-down measures of political and ESG concerns.

– **QEP Thematic Monitor**

The team carries out research around ESG themes and, where appropriate, we incorporate into the stock selection process penalties or rewards for stocks which are part of a negative or positive theme respectively. Examples of negative themes which are currently in focus for the team are predatory lending (businesses engaged in this practice face increased regulatory risk) and water stress (firms that consume large quantities of water in water-stressed regions face material risks). In contrast, renewable energy is a positive theme.

– **Active ESG engagement, voting and research through collaboration with Schroders' Sustainable Investment Team**

The outcome and feedback from our stewardship activities is integrated back within the investment process. We have a formal quarterly engagement process. Working closely with the central Schroders sustainability team, we identify those companies with which we engage and the topics we wish to engage on. Candidates and topics for engagements can be reactive, for instance due to a controversy or a deterioration in ESG profile, or down to on desk research from our analysts. We treat the engagement outcome as another piece of information, with the engagement outcome able to depict a higher or lower level of risk associated with a certain company. As such, our engagement process is circular, with engagements highlighted by our investment process with the outcomes feeding back into it.

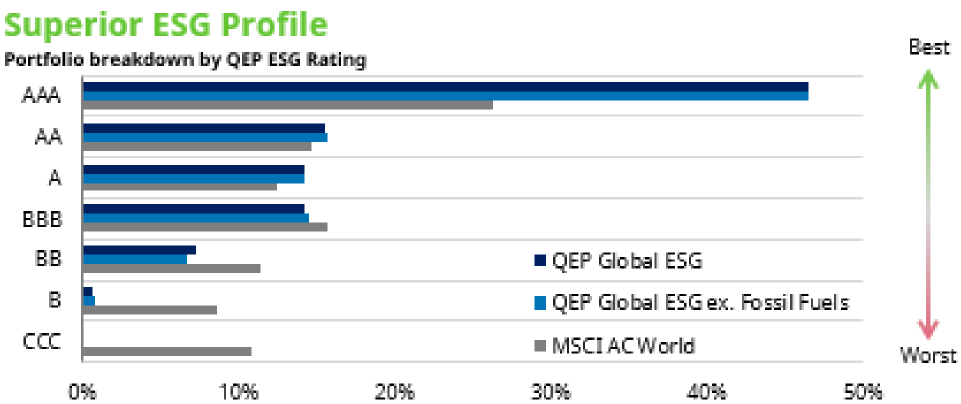
Awareness of risk management is integrated throughout our investment process and in particular in portfolio construction. The most critical role of our portfolio managers is to understand when stocks are attractive on a risk-adjusted basis, including ESG considerations, maximising return opportunities within a comprehensive risk framework.

Portfolios are exceptionally diversified, accessing a genuinely broad opportunity set across countries, sectors and market capitalisations, while reducing stock-specific risk. Stock selection is primarily driven by bottom-up decisions made on the basis of our evaluation of a company's ESG characteristics, stock fundamentals and other metrics as described above. Sector, country and regional allocations are generally allowed to build from our stock selection process – we only invest where we see the best opportunities.

We take a disciplined and sophisticated approach to portfolio construction. Portfolio managers review their accounts on a daily basis to determine whether rebalancing is appropriate. Every day our models are run and a proprietary allocator tool, which takes account of the particular parameters appropriate to that portfolio, produces a list of recommended trades. Portfolio managers review every trade which has been recommended and make the final decision on implementation; no trade is made automatically. These experienced investors monitor a range of portfolio characteristics and ensure that the risk profile of the portfolio remains appropriate, as well as providing an important overlay in terms of awareness of future opportunities and risks in global markets.

In implementing investment decisions we make use of a variety of different trading techniques and venues to keep dealing costs low. Liquidity considerations are built in at every stage of the QEP investment process in order to keep market impact costs to a minimum.

As a result of our ESG Integration, we would expect our portfolio to maintain a superior ESG profile versus the reference index as shown in the graph below:



Source: Schroders, QEP as at June 30, 2020.

4.2 How are criteria specific to climate change integrated into portfolio construction?

As described in question 3.3 above, we integrate environmental considerations, including climate change risk into our proprietary QEP ESG Rating. We identify multiple areas as noted above which determine the extent of a company's exposure to climate change an environmental risks more broadly, with each of these areas containing multiple environmental data points to drive our overall view. Each area behaves as a scalar on the overall QEP Environmental rank, driving it higher or lower dependant on the positive or negative underlying considerations and with it driving the overall QEP ESG rank higher or lower. Our QEP ESG rating, alongside our fundamental measures, determines the attractiveness of companies through our stock selection process and therefore the likelihood a given company will be held in the portfolio.

We also leverage thematic research and proprietary tools from the Schroders' Sustainable Investment team, to better understand and build a more detailed and accurate picture of how companies and industries will evolve and adapt as part of a low-carbon economy. These have been detailed below.

Climate Progress Dashboard

The Climate Progress Dashboard was created to help Schroders' analysts, fund managers and clients track the scale of climate action required and the progress being made. Meeting global leaders' commitments to limit temperature rises to 2°C will require action across a range of areas, by a range of stakeholders.

The Climate Progress Dashboard is based on examining the difference between the IEA current policies scenario and a 2 degree scenario (2DS). The 2DS analysis developed by the IEA has been developed to include a lot of associated work on implications for carbon prices, renewables investment etc. We use that analysis both qualitatively and quantitatively. That scenario analysis provides a platform from which we can build more detailed investment risk models. For example, by examining the implied trajectory of oil, gas and coal demand through 2050, based on the IEA's analysis, we can assess the potential risks to producers of those products under a range of assumptions for industry disciplines, and the associated implications for the values of individual companies.

By comparing the incremental impact of a two degree transition on the value of investments, relative to a current policies baseline in which no further policy action is forthcoming, our analysts are able to understand the exposure of different industries to components of a 2 degree world.

We incorporate these tools and analysis into our investment processes. This may result in changes to views of valuations, business sustainability, future profitability and investment risk.

Carbon Value at Risk

Carbon Value at Risk (Carbon VaR) is another tool developed by the Sustainable Investment team to help our fund managers and analysts better understand how carbon pricing could affect company profitability. It estimates the impact on companies' earnings of raising carbon prices to $100 a tonne, based on their current emissions, business models, cost structures and elasticity of demand.

The Carbon Value at Risk model allows the team to consider the impacts through a range of different lenses. At the sector level, the model shows the extent to which companies are impacted (positively or negatively) from rising carbon prices. Analysts may overlap their fundamental views with the outputs of our Carbon VaR model, generating insights into how carbon pricing may play out as an investment risk across the board. As a risk management tool at the portfolio level, the model may be used as a standalone measure or comparatively across portfolios or against market benchmarks. The model provides the necessary information for fund managers to form a view of portfolio risk,as well as the ability to look into the details within sectors and industries that contribute to that risk. At a more granular level, fund managers can also see which companies are likely to be most severely impacted.

4.3 How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?

All holdings that are present in the portfolio are subject to ESG analysis.

4.4 Has the ESG evaluation or investment process changed in the last 12 months?

The investment process of this strategy has been consistent since its inception. However, constantly changing market conditions, additional data sources and increased transparency demand new ideas and fresh perspectives. The QEP Investment Team carries out innovative, forward-looking research and often makes incremental enhancements to the process. Over time, we continue to seek opportunities to enhance our forward looking ESG measures in an incremental manner in collaboration with Schroders' Sustainable Investment Team.

4.5 Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

Positive social impact is an outcome of the strategy. Social risks are captured via our QEP Social model, with the methodology we use implicitly emphasising risks that are specific to certain industries. For example, product quality is a key measure for manufacturing and consumer businesses which is why we focus on product recalls, particularly for high impact industries such as pharmaceuticals. By way of another example, data privacy is material for an increasing number of companies but is especially important for IT services and financials. We are focused on avoiding or scaling back exposure to companies with higher social risks avoiding areas involved in certain businesses altogether (e.g. tobacco). Our response to question 3.3, highlights the specific social themes that we deem important in gauging a company's overall social profile, with each separate area incorporating multiple underlying social data points, each having a direct impact on the QEP Social model & overall QEP ESG model.

Further, as noted previously we also employ the QEP Thematic Monitor to highlight and reward those companies operating in industries that we consider positive from an ESG perspective, such as renewable energy or cyber security. As well as this, companies that have a strong corporate culture, are managed for the long term, and consider the impact of their operations and policies on stakeholders will typically demonstrate positive 'social' and non-financial attributes.

4.6 Does (do) the fund(s) engage in securities lending activities?

No, the fund does not engage in securities lending.

4.7 Does (do) the fund(s) use derivative instruments?

As stated in Appendix I of the Schroder ISF prospectus, derivatives (including futures, swaps and forwards) may be used for the purpose of efficient portfolio management of the fund's assets or used to provide protection against exchange rate risks under the conditions and within the limits laid down by law, regulation and administrative practice.

4.8 Does (do) the fund(s) invest in mutual funds?

The fund does not invest in mutual funds.

Section 5 ESG controls

5.1 What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund as defined in section 4?

As mentioned earlier, on a daily basis, alongside reviewing fundamental, portfolio construction and risk management considerations, portfolio managers will also review any changes in the ESG profile of the companies within our universe. These changes can stem from changes in underlying external data and our ESG models. Any significant deterioration beyond our acceptable standards will trigger substantial review of a holding. Depending on the severity of the deterioration, this review may result in engagement or in extreme cases, divestment from a company. This process is also followed in the case of a significant controversy.

When investing in a company previously not held in the fund, we perform a qualitative sense check of our QEP ESG model output, the underlying ESG data and general company information.

Based on the specific exclusion criteria, Schroders' Sustainable Investment team will draw on a variety of sources including MSCI, EiRIS and Bloomberg to construct the fund's exclusion list. This exclusion list, along with any other controls in line with our ESG policy, is provided to our central compliance and risk department for coding in our order management system, Aladdin®. The investment team uses Aladdin as their global compliance monitoring system. The Aladdin platform combines sophisticated risk analytics with comprehensive portfolio management, trading and operations tools on a single platform to enable informed decision-making, effective risk management, efficient trading and operational scale.

Exclusions are coded into Aladdin to ensure that pre-trade compliance correctly flags the securities that should not enter the portfolio. Securities excluded based on revenue thresholds are evaluated quarterly by the Sustainable Investment team using MSCI's revenue data. The coding and monitoring of investment risk restrictions for individual fund and client mandates is the responsibility of the Portfolio Compliance team within the independent Investment Risk function.

The data in Aladdin forms the basis for monitoring of risk limits and indicators, and the latest information on portfolio structure (such as asset allocation, sector and country positions) and risk metrics is easily available. Users of Aladdin are able to build customised reports to focus on specific aspects of the portfolio.

The central Schroders Sustainable Investment team also provide a further layer of oversight, given their continual assessment of a company's ESG profile and communication of various ESG themes which they monitor. The QEP team and the central Schroders Sustainable Investment team have a close relationship, collaborating across multiple streams, from the facilitation of stewardship activities to knowledge and research sharing. We meet with the Sustainable Investment team on both a monthly and quarterly basis, ensuring any ESG based developments, whether they be company specific or thematic in nature, are communicated swiftly and effectively. This provides us with the tools and information to mitigate any such risks in a timely manner and ensure we maintain the desired ESG profile of the portfolio.

Section 6 Impact measures and ESG reporting

6.1 How is the ESG quality of the fund(s) assessed?

As a result of our ESG Integration the portfolios in scope are skewed towards companies with stronger ESG credentials and away from the lower rated businesses compared to global equities as measured by the MSCI AC World. To that extent, we closely monitor the funds' overall ESG profile versus the reference index on a continual basis and ensure a superior ESG profile is maintained across a range of measures and on an overall basis. One such measure on which the portfolios are notably better than the MSCI AC World is the exposure to climate change related risks (over 70% reduced carbon intensity as shown before). As mentioned, Carbon Intensity, Carbon Strategy, Stranded Assets, Environmental Impact and Environmental Opportunities are the key components of our environmental analysis within our QEP ESG Rating linked to climate change.

We avoid companies that have high carbon intensity (CO_2 tonnes/mn $ sales) as they have a disproportionately negative impact on global Green House Gas (GHG) emissions and will face increasing regulatory pressures as a result while also excluding any companies that derive any revenues from coal or with any exposure to coal reserves (or fossil fuels completely in the ex Fossil Fuel fund). It is important not to just focus on the resource-heavy companies as carbon emissions from other sectors are often just as significant in terms of their impact. On a more forward looking basis, companies are penalised where they have no reduction target and this penalty increases if they have a higher level of carbon intensity. We also reward companies with future carbon reduction targets but place less emphasis on this versus those that have historically reduced their emissions. The largest rewards are for those companies that have aggressive annualised reduction targets and have actually reduced their carbon emissions intensity historically.

Social risks are potentially the most subjective area of ESG to measure due to the scarcity of hard data. Many of our engagements with companies involve social issues as a result. It is not always easy to determine if the absence of a policy is due to the company not managing their risks or simply a lack of public disclosure. For this reason, we do not automatically penalise companies that have low disclosure and view these as candidates for engagement. Many of our engagements with companies involve social issues as a result.

Across our strategies, we are particularly focused on avoiding or scaling back exposure to companies with higher social risks. For our dedicated ESG strategies, we will avoid areas involved in certain businesses altogether (e.g. tobacco). Within our QEP ESG rank, we focus on quantifiable risks where possible and are selective on data points to make sure we avoid biases and topics that are hard to measure. Business involvement captures any association with activities that generate a negative social impact. We track revenue exposure to tobacco, gambling, adult entertainment, alcohol, weapons and predatory lending across companies. Focusing more on the internal workings of a company, we measure employee satisfaction and welfare by employee turnover, disruptions due to labour unrest and various indicators of job satisfaction. Gender diversity is measured by the proportion of women in leadership positions. Our definition of safety spans multiple topics from human injuries to product quality issues where we also include the products of financial companies. Injury and fatality rates are another good example of objective, quantifiable data as industries like mining and construction are inherently more dangerous so these are treated as absolute risks. Thus, we are able to measure, monitor and manage the social profile of the QEP ESG portfolio and the risks associated with this.

As such, ESG considerations are fully integrated within the QEP ESG strategy. The QEP ESG model rank and its subcomponents are utilised as a stock conviction/risk adjustment which impacts stock weighting in the portfolio, ultimately leading us to avoid certain stocks with poor ESG credentials altogether. We also apply our broadest exclusion policy to our ESG strategy to create a socially responsible universe. The QEP ESG strategy naturally exhibits an ESG profile far superior to that of the broader MSCI AC World index across a variety of measures, and this profile is consistently evaluated to ensure ESG quality remains high. Our QEP ESG portfolio analysis reports, produced on a daily basis for all QEP funds, provide analysis across each of the three ESG pillars (environmental, social, governance). In the tables below we provide a sample of these reports for our the Schroder ISF QEP Global ESG fund, highlighting it's more beneficial sustainability profile across a range of measures. Given the growing reference to the UN Sustainable Development Goals (SDGs) as the preferred industry framework for Sustainable reporting, we have linked each underlying measure to an applicable UN

SDG. Portfolio managers are responsible for reviewing these reports on a daily basis with observations feeding back into the overall QEP research process.

Environmental							
Strategy	**UN SDG^**	**Measure**	**Outcome**	**QEP Global ESG**	**MSCI AC World**	**Difference**	**% Change**
Carbon Emissions		Total Carbon Emissions (mn tons CO2)	Sum of total carbon emissions of companies held	207	12,685	-12,477	-98%
		Carbon Intensity - Scope 1 & 2 (tCO2e/USD million sales)	Weighted average carbon intensity - Scope 1 & 2 (Direct & Indirect from electricity usage)	41	158	-116	-74%
		Carbon Intensity - Scope 3 (tCO2e/USD million sales)	Weighted average carbon intensity - Scope 3 (Indirect Upstream - Tier 1 suppliers)	49	55	-5	-10%
		Total Potential Carbon Emissions (mn tons CO2)	Sum of total potential carbon emissions of companies held	7,616	476,282	-468,666	-98%
		Carbon VaR	Weighted average percentage of company earnings at risk if carbon prices rise to U$100/ton	-4.6%	-8.2%	+3.5%	-43%
		Carbon Intensity of Production (kg per BOE)	Weighted average carbon intensity relative to energy production	0.31	1.14	-0.83	-73%
Stranded Asset Risk		Thermal Coal reserves (metric tons)	Sum of total thermal coal reserves of companies held	—	72,476	-72,476	-100%
		Oil Reserves (mmboe)	Sum of total oil reserves of companies held	9,599	439,504	-429,906	-98%
Environmental Impact		SOx Intensity (metric tons/USD million sales)	Weighted average Sulpur Oxide Intensity	0.01	0.51	-0.5	-98%
		SOx Emissions (metric tons)	Sum of total Sulpur Oxide emissions of companies held	0.06	19.47	-19.4	-100%
		NOx Intensity (metric tons/USD million sales)	Weighted average Nitrogen Oxide Intensity	0.01	0.58	-0.6	-98%
		NOx Emissions (metric tons)	Sum of total Nitrogen Oxide emissions of companies held	0.14	21.68	-21.5	-99%
Business Involvement		Thermal Coal - Any Tie[2]	Exposure to companies with any industry tie to thermal coal	—	4.3%	-4.3%	-100%
		Nuclear Power Revenue[2]	Exposure to nuclear power (>5% revenue exposure)	—	1.6%	-1.6%	-100%
		Unconventional Oil & Gas Revenue[2]	Exposure to unconventional oil & gas (>10% revenue exposure)	—	0.4%	-0.4%	-100%

Social							
Strategy	**UN SDG^**	**Measure**	**Outcome**	**QEP Global ESG**	**MSCI AC World**	**Difference**	**% Change**
Business Involvement		Controversial Weapons Exposure[1]	Exposure to controversial & nuclear weapons (>0% revenue exposure)	—	0.6%	-0.6%	-100%
		Nuclear & Conventional Weapons Exposure[1]	Exposure to nuclear & conventional weapons systems (> 0% revenue exposure)	—	0.5%	-0.5%	-100%
		Civilian Weapons Exposure[2]	Exposure to civilian weapons (>0% revenue exposure)	—	0.6%	-0.6%	-100%
		Military Weapons Exposure[2]	Exposure to military weapons (>5% revenue exposure)	—	1.5%	-1.5%	-100%
		Gaming Exposure[2]	Exposure to gambling (>5% revenue exposure)	—	0.3%	-0.3%	-100%
		Predatory Lending Exposure[2]	Exposure to predatory lending (>5% revenue exposure)	—	—	—	—
		Tobacco Exposure[2]	Exposure to tobacco (>5% revenue exposure)	—	0.9%	-0.9%	-100%
		Alcohol Exposure[2]	Exposure to alcohol (>5% revenue exposure)	—	1.4%	-1.4%	-100%
		Adult Entertainment Exposure[2]	Exposure to adult entertainment (>5% revenue exposure)	—	—	—	—
Safety		Employee Fatalities	Weighted average of total employee fatalities	0.17	0.37	-0.2	-54%

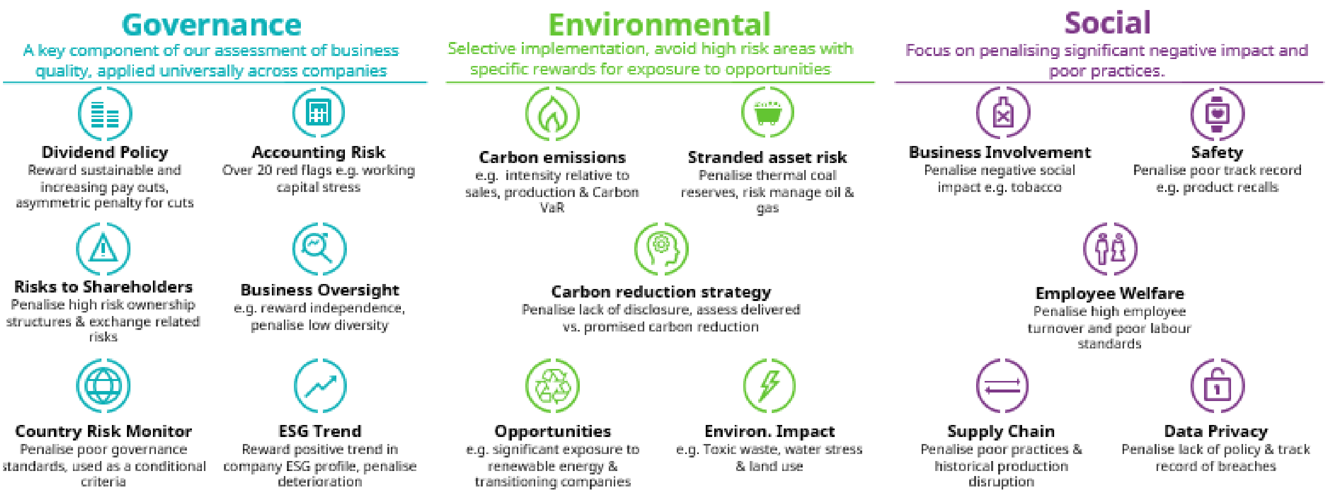
Governance							
Strategy	**UN SDG^**	**Measure**	**Outcome**	**QEP Global ESG**	**MSCI AC World**	**Difference**	**% Change**
Risks to Shareholders		Stock suspensions	Exposure to stocks suspended for over 1% of trading days in last 5 years	—	0.3%	-0.3%	-100%
		Controlling Shareholder	Exposure to companies with controlling shareholders (> 30%)	18.8%	21.0%	-2.1%	-10%
		Variable Interest Entities	Exposure to Variable Interest Entities	7.3%	14.3%	-7.1%	-49%
		Capital Restriction	Exposure to companies listed in markets with capital controls	—	0.72%	-0.7%	-100%
		Foreign Ownership Restriction	Exposure to companies with foreign ownerships restrictions	1.1%	2.3%	-1.2%	-52%
Country Risk		QEP Country Governance	Weighted average QEP Country Governance Rank (Lower = better)	23.6%	28.4%	-4.9%	-17%
		QEP Country PESG* Risk Rank	Weighted average QEP Country PESG Rank (Lower = better)	32.4%	38.0%	-5.6%	-15%
Dividend Policy		Dividend Run Rate	Exposure to companies that have raised or held dividends	80.8%	68.8%	+11.9%	+17%
		Dividend Run Rate	Weighted average dividend run rate (raise or hold)	16.2	12.0	+4.1	+35%
		Dividend Cuts	Exposure to companies that have cut their dividends	6.2%	12.8%	-6.7%	-52%
		Dividend Non Payer	Exposure to companies which have never paid a dividend	8.4%	18.3%	-9.9%	-54%
ESG Trend		Positive ESG Rating Trend	Exposure to companies with positive ESG Rating Trend	14.0%	15.4%	-1.3%	-9%
Accounting Risk		Qualified Auditor Opinion	Exposure to companies with a qualified auditor opinion	—	0.1%	-0.1%	-100%

Source: Schroders as at August 2020. *Political & ESG rank, ^United Nations Sustainable Development Goals. [1]QEP desk level restriction. [2]QEP ESG Strategies restriction

6.2 What ESG indicators are used by the fund(s)?

All of the criteria described in question 3.3, have associated measures and are used in our stock selection and portfolio construction process with some of these measures also depicted in the tables above within question 6.1.

The key ESG indicators used by the funds are shown once again below:



6.3 What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Please find below a list of documents we produce to provide investors with information about the SRI approach of the fund:

Monthly Investment Report which includes:

– Market review

– Portfolio and benchmark performance

- Explanation of the factors contributing to the portfolio's performance, at the sector and individual stock level
- Portfolio activity
- Fund positioning, including the allocation to the various themes
- Outlook

Quarterly sustainability report, which includes:

- Climate portfolio measures
- Environmental performance measures
- Social performance measures
- Human rights performance measures
- Governance performance measures
- Most significant engagements by topic

Full fund holdings are also available upon request subject to NDA agreements.

As mentioned earlier, Schroders has a dedicated Sustainability webpage (http://www.schroders.com/en/about-us/sustainability/) which contains the following:

- Schroders' ESG Policy
- Statement of compliance with the UK Stewardship Code
- Statement of compliance with the UN Principles for Responsible Investment
- Details of industry involvement
- Quarterly Sustainable Investment Report – Current ESG related topics and thematic research, engagements details, voting details
- Annual Sustainable Investment Report – This outlines our approach to ESG Integration, policy details, current ESG related topics and thematic research, engagements details, voting and governance details, general statistics and AUMs, details of industry involvement
- Information on screening and firm-wide exclusions
- Sustainability insights on a range of environmental, social and governance topics
- Historical voting reports

6.4 Does the fund management company publish the results of its voting and engagement policies? If so, please include links to the relevant activity reports.

Yes. We believe that clear and ongoing communication to clients and other stakeholders on our ESG and stewardship activities is important. We publicly report on our engagement and voting activities in our annual and quarterly Sustainable Investment reports, and include case studies. We also publicly disclose our global voting activity.

Schroder ISF QEP Global ESG & Schroder ISF QEP Global ESG ex. Fossil Fuels: Risk Factors
The following risks may affect fund performance. China country risk: Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the fund. Counterparty risk: The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Currency risk / hedged share class: Changes in exchange rates will affect the returns on your investment. The aim of this euro hedged share class is to provide you with the performance returns of the fund's investments by reducing the effects of exchange rate fluctuations between euro and the fund's base currency US dollar. Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative. Emerging markets & frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. Operational risk: Failures at service providers could lead to disruptions of fund operations or losses.