

# IST3 PRIVATE EQUITY EUR

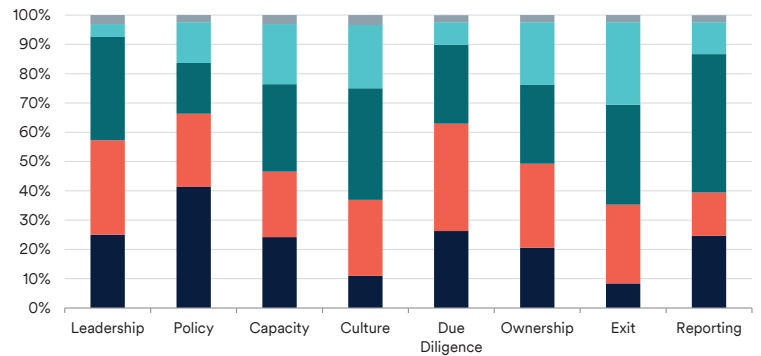
## IST Portfolio

Portfolio Manager	Schroders Capital
SFDR Category <sup>1</sup>	Not applicable
Investment strategy	Active

<sup>1</sup> SFDR: The Sustainable Finance Disclosure Regulation is a European regulation introduced to improve transparency in the market for sustainable investment products. <https://www.eurosif.org/policies/sfdr/>

Schroders' proprietary RISE framework ("Raising Impact, Sustainability & Engagement"):

Portfolio RISE Primary assessment score – breakdown



Legend: ■ Leading ■ Developing ■ Initial ■ Not Yet Started ■ Lack Information / Not Applicable ■ Negative Instances  
Source: Schroders Capital 2023. Data as of 31 December, 2022.

## Applied ESG Approaches

### Exclusion



**Yes.** IST and Schroders exclusion lists and processes are applied:

Composition of IST exclusion list			
SVVK-ASIR	THEMATIC / SECTOR EXCLUSION	COUNTRY EXCLUSIONS	ENGAGEMENT / VIOLATIONS OF NORMS
<ul style="list-style-type: none"> <li>– Nuclear weapons</li> <li>– Cluster munitions and anti-personnel mines</li> </ul>	<ul style="list-style-type: none"> <li>– Coal mining and power generation (turnover &gt; 25%)</li> </ul>	<ul style="list-style-type: none"> <li>– UN Security Council Arms Embargo</li> <li>– OFAC</li> <li>– Swiss sanctions</li> </ul>	<ul style="list-style-type: none"> <li>– Exclusion of non-cooperative companies</li> <li>– Violation of internationally acceptable standards</li> </ul>

### Proxy Voting

**Partially applied** as Limited Partner through Advisory Board representation where applicable.

### Engagement



**Yes.** Dialog with GP (fund managers) to address engagement priorities. <https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagement-blueprint.pdf>

### ESG Integration



**Yes.** Schroders Capital assesses sustainability factors across the pre-investment selection, investment due diligence and post-investment monitoring of all our investments. Our process is based on three pillars: (1) identifying investment opportunities that will meet our return expectations through the active search for sustainability leaders (positive selection), (2) managing downside ESG related risks and exclusion of certain business activities and industries, and (3) actively seeking increased adoption of sustainable investment practices and standards among our fund managers and portfolio companies through assessment, engagement, monitoring and reporting.

### Best-in-Class

**Yes.** The respective managers assess the same sustainability factors and apply the same three pillar process like Schroders Capital (see above).

### Thematic/ Impact Investing

**Not applicable**

## Portfolio manager: Schroders Capital

### Facts & figures

Assets under management	USD 17.1 bn
Whereof in sustainable investment strategies	USD 17.1 bn
Number of inv. profess.	61
Whereof dedicated to ESG	4
Signatory to UNPRI	Yes
UNPRI rating	****
Memberships (selection only):	
• UN Global Compact Guidelines	• Science Based Targets Initiative (SBTI)
• Operating Principles for Impact Managers	• TCFD
• Net Zero Asset Management Initiative	• SASB Standards
	• Invest Europe ESG Committee
	• Level 20

### Consultant/ Partnerships

N/a

### Carbon Strategy

Yes, through the SBTi process we have set new operational greenhouse gas emissions targets, against a base year of 2019, aligning with our ambition to limit global warming to 1.5°C and reach science-based net zero emissions.

### Voting Activity

Yes, over 400 AGMs attended

### Engagement

Yes, via engagement with General Partners.

Engagement Blueprint:

<https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagement-blueprint.pdf>

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### Integration of sustainability and impact into investment process

Schroders Capital assesses sustainability factors across the pre-investment selection, investment due diligence and post-investment monitoring of all our investments. Our process is based on three pillars: (1) identifying investment opportunities that will meet our return expectations through the active search for sustainability leaders (positive selection), (2) managing downside ESG related risks and exclusion of certain business activities and industries, and (3) actively seeking increased adoption of sustainable investment practices and standards among our fund managers and portfolio companies through assessment, engagement, monitoring and reporting.

Our efforts are rooted in our proprietary RISE framework ('Raising Impact, Sustainability & Engagement') which currently includes four tools that are applied for different investment strategies:

- RISE Primary: consistently applied to all our primary investments this tool assesses ESG adoption and programme maturity of our General Partners and integrates methodologies from the United Nations Principles for Responsible Investment ('UNPRI') and the Environmental Defense Fund
- RISE SDG: all Schroders Capital's direct and co-investments are reviewed to identify if the business model of the investment might positively contribute to one or more United Nations Sustainable Development Goals ('UN SDGs') and where possible its targets
- RISE Direct: a tool to assess and score direct and co-investments' ESG profile. This is a proprietary methodology that looks at multiple underlying indicators through seven focus areas that consider the SASB Materiality Map and are further weighted by the deal team: climate change, conservation, workforce, diversity, equity & inclusion, community impact, transparency, and policies & practices. This tool is part of the investment process for 'Sustainability Driven' and 'Impact Driven' strategies
- RISE Impact: a tool aimed at capturing the impact intent, contribution, and measurement framework for direct and co-investments, as well as funds. It uses the Impact Management Project's framework as guiding principle, following a 'what, who, how much, contribution, risk' assessment. The UN Sustainable Development Goals are generally used as guiding impact themes. This tool is at the heart of the due diligence process for 'Impact Driven' investment strategies.

This is complemented with a standard exclusions list, more bespoke assessments and by integrating several external tools including RepRisk.

### Next steps and further developments

Schroders' main goals are to reach net zero by 2050 or sooner and achieve implied temperature score from transitioning the implied temperature rise of its in-scope managed portfolios toward a 1.5°C aligned pathway. In order to do so, Schroders has formulated the following targets:

- Align portfolios to a 2.2°C pathway by 2030 and to a 1.5°C pathway by 2040
- Reduce scope 1 and 2 emissions by 46% by 2030 (compared to base year 2019)
- achieve 100% renewable electricity by 2025
- reduce business travel emissions by 50% by 2030
- 67% of suppliers to set science-based targets by 2026

Source: IST, Schroders Capital; as of 30.06.2023