

Verifier Statement

Independent Verification Report

Prepared for Schroders: September 26, 2023

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, Schroders engaged BlueMark to undertake an independent verification of the alignment of Schroders' impact management (IM) system with the Impact Principles. Schroders' assets under management covered by the Impact Principles (Covered Assets) totals \$733 million², as of September 2023.

Summary assessment conclusions

BlueMark has independently verified Schroders' extent of alignment with the Impact Principles. Key takeaways from BlueMark's assessment are as follows:

Principle 1: Schroders has established intent as a core attribute for its impact-driven strategies, including by articulating impact goals and developing a theory of change (ToC) for each of the impact-driven strategies, that link the challenge and investment activities to the outcomes sought for each Fund. Each Fund-level ToC includes a summary of supporting evidence.

Principle 2: Schroders has developed an Impact Scorecard which facilitates the comparison and analysis of impact performance for each strategy within the impact-driven fund range. Schroders assesses employees against annual goals and objectives related to impact performance which inform performance reviews.

Principle 3: Schroders articulates its expected contribution, both financial and non-financial, to the impact of each investment in the Impact Scorecard. The firm assesses its degree of influence and determines the issues it plans to engage on, in line with its six priority engagement themes. Schroders sets engagement objectives, tracks progress annually, and captures engagement outcomes to validate its efforts.

Principle 4: Schroders' Impact Scorecard is the framework used to assess the expected impact of each investment in the impact-driven fund range, leveraging the IMP's Five Dimensions and the SDGs. The assessment includes a comprehensive assessment of impact risk and the impact need of the targeted geography and results in an overall impact score.

Principle 5: Schroders conducts a sustainability analysis within the Impact Scorecard for each investment, that leverages proprietary tools alongside external data to identify and manage ESG risks. The firm conducts ESG engagements to improve practices and address ESG risks and underperformance.

Principle 6: Schroders has developed an impact performance monitoring process based on the KPIs established ex-ante in the Impact Scorecard, leveraging investment-level Fund-specific Impact Trackers that are updated annually. The Impact Trackers assess impact progress, sustainability performance, controversies and unintended impacts, and engagement progress.

Principle 7: Schroders has developed Responsible Exit Guidelines, including asset-class specific guidance, and an Exit Questionnaire to assess their contribution to impact over the life of the investment and the likelihood impact will continue beyond their investment. To further align, Schroders should show clear application of exit considerations for its private markets' strategies.

Principle 8: Schroders reviews the impact performance of each investment on a regular basis through monthly Portfolio Reviews. Schroders has ongoing processes to improve operational and strategic investment decisions, including Process Review and Reflection sessions.

¹ Principle 9 states that signatories "shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns."

² Assets under management figure as confirmed by Schroders as of 09/26/2023. BlueMark's assessment did not include verification of the AUM figure.

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Detailed assessment conclusions

The chart below summarizes findings from BlueMark’s verification of Schroders’ extent of alignment to the Impact Principles, using the following four ratings:³

- Advanced (Limited need for enhancement);
- High (A few opportunities for enhancement);
- Moderate (Several opportunities for enhancement); and
- Low (Substantial enhancement required).⁴

P r i n c i p l e	A l i g n m e n t
1. Define strategic impact objective(s), consistent with the investment strategy	A D V A N C E D
2. Manage strategic impact on a portfolio basis	A D V A N C E D
3. Establish the Manager's contribution to the achievement of impact	A D V A N C E D
4. Assess the expected impact of each investment, based on a systematic approach	A D V A N C E D
5. Assess, address, monitor, and manage potential negative impacts of each investment	A D V A N C E D
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	A D V A N C E D
7. Conduct exits considering the effect on sustained impact	H I G H
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	A D V A N C E D

³ The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by Schroders. BlueMark has relied on the accuracy and completeness of any such information provided by Schroders. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from Schroders.

⁴ The decision to publicly disclose the results of BlueMark’s detailed assessment, and the specific ratings assigned to each Principle, is left to the sole discretion of Schroders.

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Assessment methodology and scope

Schroders provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of September 2023. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.⁵

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
 - *Compliance* of the IM system with a threshold level of practice;
 - *Quality* of the IM system’s design in terms of its consistency and robustness; and
 - *Depth* of sub-components of the system, focused on completeness
2. Interviews with Schroders staff responsible for defining and implementing the IM system;
3. Testing of selected Schroders transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Schroders, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Permissions

This statement, including our conclusions, has been prepared solely for Schroders in accordance with the agreement between our firms. We permit Schroders to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Schroders’ alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Schroders for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Tideline company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit www.bluemarktideline.com.

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