

## Excluded Securities

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April 2023

From time to time, Schroder Investment Management Australia (**SIMAL**) and its parent Schroders plc (collectively referred to as the Schroders Group) may exclude certain securities from investment portfolios having regard to certain matters including regulatory considerations and the risks these matters pose for unitholders. The exclusion list is based on Schroder Group's own assessment and is subject to change without notice.

This policy applies to all SIMAL funds that we directly manage. It does not apply to portfolios managed by third party investment firms, or those over which we do not have discretion over security selection. In particular, where Schroder portfolios invest in market indices these exclusion criteria will not apply to the individual securities in those indices. SIMAL may manage segregated accounts that are tailored to mandate client preferences with explicit exclusion lists that apply to those mandates.

In relation to funds offered by SIMAL in Australia, the main groups of securities that are excluded are companies that:

- are tobacco manufacturers, being companies that derive any revenue from the manufacture tobacco products. This exclusion does not apply to companies generating revenue from the sale and distribution of tobacco, such as supermarkets;
- derive any revenue from the manufacture, sale or distribution of cluster munitions, anti-personal mines, biological and chemical weapons as assessed by Schroders plc and applied to all investments globally for the Schroders Group;
- derive 5% or more of gross revenue from nuclear weaponry manufacture. This exclusion does not apply to companies generating revenue from the sale and distribution of nuclear weaponry;
- generate more than 20% of their gross revenues from thermal coal mining. This exclusion does not apply to companies operating in other areas of the thermal coal mining industry, for example, equipment suppliers or electric utilities.

The excluded securities list will be maintained in accordance with the definition under the categories below. Further detail is available in the ESG Policy (available on SIMAL's website: [www.schroders.com.au](http://www.schroders.com.au) and the Group Exclusions Policy ([www.schroders.com/en/sustainability/active-ownership/group-exclusions](http://www.schroders.com/en/sustainability/active-ownership/group-exclusions))).

SIMAL's sustainable investment funds, including the Schroder Sustainable Growth Fund, Schroder Sustainable Global Core Fund, Schroder Global Sustainable Equity Fund and Schroder Emerging Markets Sustainable Fund, adopt additional exclusions details of which are available in the Product Disclosure Statement and Additional Information Booklet applicable to those funds.

### 1. Tobacco manufacturers

Tobacco securities as defined by GICS Sector 302030 - Tobacco, being those securities issued by companies that manufacture tobacco products.

All funds issued by SIMAL exclude direct investment in tobacco securities. Indirect exposure arising from holdings in externally managed investments including ETFs and other managed funds do not apply, as SIMAL does not have influence over the investment decisions in its investment guidelines.

## 2. Cluster munitions, anti-personnel mines, biological and chemical weapons

### Cluster munitions, anti-personnel mines, biological and chemical weapons exclusion list as assessed by Schroders plc and applied to all investments globally for the Schroder Group

The Schroder Group fully supports the international conventions on Cluster Munitions and Anti-Personnel Mines, Biological and Chemical Weapons and we will not knowingly hold any security that will derive revenue from these sources. The securities issuers listed below have been excluded from direct investment globally by the Schroder Group. This list is updated from time to time and available on the Schroders website: <https://www.schroders.com/en/sustainability/active-ownership/group-exclusions/>

#### Issuer

- Anhui Great Wall Military Industry Co Ltd
- Anhui Military Industry Group Holding
- Arys Industries
- Avibras
- Bharat Dynamics Ltd
- China Aerospace Science and Technology
- China Aerospace Science and Industry
- China North Industries Group Corp (Norinco)
- Hanwha Corporation
- LIG Nex1
- Motovilikha Plants JSC
- National Presto Industries Inc
- Poongsan Corporation
- Poongsan Holdings Corp.
- Premier Explosives Ltd
- Roketsan
- Sichuan Academy of Aerospace Technology
- SNT Dynamics Co Ltd
- SNT Holdings Co Ltd
- Splav State Research

**As at August 2022**

## 3. Nuclear weaponry (weapons manufacturers)

### Exclusions applied by SIMAL to securities that derive 5% or more of revenue from nuclear manufacture

SIMAL has identified a list of securities that derive 5% or more of revenue from the manufacture of nuclear weaponry. The issuers below have been excluded from direct investment by all SIMAL funds.

#### Issuer

- Aerojet Rocketdyne Holdings, Inc.
- BAE Systems Finance Inc.
- BAE Systems Holdings Inc.
- BAE Systems plc
- Dassault Aviation SA
- Jacobs Engineering Group Inc
- Korea Aerospace Industries, Inc.
- Lockheed Martin Corp

**As at April 2023**

## Changes to lists

In the event that a new security is added to the Excluded Securities List, portfolio managers will initiate the sell down of any positions held in an orderly manner over a reasonable period.

### 4. Thermal Coal

Coal is a major contributor to atmospheric greenhouse gas emissions and companies directly exposed to that fuel face growing social and political pressures as a result. In order to protect the value of our clients' investments, our policy is to exclude companies which generate more than 20% of their revenues from thermal coal mining. Schroders will apply this policy to all Schroders funds that we directly manage. This will apply to companies globally except companies with a corporate domicile or primary listing in Indonesia, for which the same criteria will apply from 1 January 2026.