

Exclusions Policy

May 2025

At Schroders, (Schroder Investment Management Australia Limited (**SIMAL**) and its parent Schroders plc, collectively referred to as the **Schroders Group**), we apply certain exclusionary criteria in the management of our clients' assets through screening.

We remain committed to active ownership, influencing investee companies and assets to transition toward sustainable business models. However, where transition is no longer possible or we conclude that their activities are unacceptable for inclusion in Schroders-managed portfolios, we apply exclusionary criteria to avoid investment in those companies or assets.

On this basis, we apply the following exclusions to all Direct Investments in company-issued public securities held either by SIMAL or other Schroders-managed funds that apply SIMAL's exclusions and where SIMAL has discretion over security selection.

Schroders Group Exclusions

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

The Schroders Group fully supports the international conventions on cluster munitions, anti-personnel mines, and chemical and biological weapons. Accordingly, we exclude companies that we identify as being involved in the production, stockpiling, transfer and use of these weapons.

The Schroders Group applies these restrictions across all Schroder-managed funds globally.

Insofar as no definitive or widely accepted lists of exposed companies are available, we have established our own exclusion list based on our own analysis and judgement, which is publicly available on the Schroders website: <https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/group-exclusions/>

2. Coal

Coal is a major contributor to atmospheric greenhouse gas emissions and we believe that companies directly exposed to coal face growing social, political and financial 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. 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 Schroders Group applies this policy across Schroder-managed funds globally, unless certain exceptions apply, for example in relation to companies with a corporate domicile or primary listing in Indonesia (for which we expect to apply the same criteria from January 2026) and client portfolios with legacy exposure to thermal coal mining (for which exceptions may be agreed, for example when disposals are impractical or likely to result in client loss).

SIMAL Exclusions

3. Tobacco, nicotine alternatives and tobacco-based products

Aligned with Australian industry standards and client expectations, SIMAL's policy is to exclude securities issued by companies that derive more than 10% of their revenues from the production of tobacco products, nicotine alternatives and tobacco-based products.

This exclusion does not apply to companies generating revenue from the sale and distribution of tobacco, such as supermarkets.

4. Nuclear weapons

SIMAL's policy is to exclude securities issued by companies with 5% or more of revenue from nuclear weapons, intended and dual-use (ie. civilian and military use) components for such products, delivery platforms capable of deploying nuclear weapons, essential components for such delivery platforms, and support services for such products.

Scope of Application

Note that the above exclusions do not apply to Indirect Investments, which are defined as those investments in securities by way of units held in investment vehicles managed by other entities including those managed by other Schroders entities, and investments where SIMAL does not have discretion over security selection. This includes Indirect Investments within SIMAL portfolios (i.e. advisory portfolios and funds and portfolio management services such as separately managed accounts), portfolios delegated to other entities within the Schroders Group where SIMAL does not have discretion over security selection, fund of funds or portfolios managed by third party investment firms (including joint venture partners). In particular, where Schroder portfolios invest in or track market indices, invest in externally managed investments such as ETFs and other externally managed funds, the exclusion criteria may not apply to the individual securities in those indices, and these vehicles are unable to be reasonably screened.

Certain financial instruments such as securities issued by government, semi-government or supranational entities, derivatives, alternative investments such as private equity, private debt or direct investments into infrastructure, as well as financial instruments where the underlying end recipient is unknown or investment decisions are not within our control (this includes, but is not limited to, Commercial Mortgage Backed Securities, Residential Mortgage Backed Securities, Asset Backed Securities, Collateralised Loan Obligations, Collateralised Mortgage Obligations and Insurance Linked Securities) are also not in scope for these exclusions. This is because such securities or issuers are not able to be reasonably screened for involvement in the above-mentioned activities.

For all SIMAL funds, Indirect Investments and the use of the abovementioned securities in our portfolios may inadvertently result in a small exposure to companies that would normally be excluded by our screens. These exposures are subject to a de minimis threshold of typically less than 1% of the total portfolio assets at any one time. The exception to this rule is two of SIMAL's Active ETF range, ASX Exchange code: GROW and Cboe Exchange code: PAYS, due to their fund structure and resulting fluctuating exposures to Indirect investments. Further details are available in the Funds' PDS documents.

Schroders Capital, our Private Assets business, is also not in scope of this policy. Managed direct investments are subject to our private markets approach. Specific exclusions applied to each Schroders Capital fund offered by SIMAL can be found in the relevant Fund's PDS.

Further detail is also available in the Schroder Group Sustainability Policy available here:

<https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf>

Client specific exclusions

Occasionally, a client may request that, rather than apply an exclusionary screen, we consider the social, political and financial pressures on such companies as an integrated part of our investment process. Clients may also explicitly express views in relation to exclusions in our agreements with those clients or relevant disclosure. In accordance with our fiduciary duties, we may manage their portfolio in accordance with these instructions and implement exclusions according to the specific criteria requested by those clients.

Fund specific exclusions

Individual Schroders managed funds may also exclude certain other securities as part of their investment strategy, such as those with a sustainable label. SIMAL's sustainable investment funds, including the Schroder Sustainable Growth Fund and the Schroder Global Sustainable Equity Fund adopt additional exclusions details of which are available in the Product Disclosure Statement and Additional Information Booklet applicable to those funds.

Important Information

Where Schroders does not rely on its own proprietary methodology, the application and interpretation of exclusionary screening criteria and terminology is determined by third-party providers used by Schroders (including but not limited to MSCI). Schroders relies on the accuracy of data from our third-party providers. The providers' interpretation of the criteria and terminology may differ to that of an investor in the funds.

Information relating to non-proprietary methodologies are based on MSCI information, including but not limited to the MSCI Business Involvement Screening Research Methodology, the MSCI Fossil Fuels and Power Generation Metrics Methodology, data supplied through and defined within the MSCI ESG Manager platform, and the relevant universe coverage, and may be subject to change without notice. For more information on the MSCI screening methodology and specific details on each sector/activity, please refer to the MSCI website for [ESG](#) and [climate disclosures](#). Some useful documents include the [MSCI Business Involvement Screening Research Methodology](#) and the [MSCI Fossil Fuels and Power Generation Metrics Methodology](#).¹

¹ Note that these documents and their links may change as MSCI make updates from time to time.