

Schroder International Selection Fund – BlueOrchard Emerging Markets Climate Bond

Sustainable investment objective

The Fund has the objective of sustainable investment (within the meaning of Article 9 SFDR). The Fund invests in companies that do not cause significant environmental or social harm and have good governance practices, as determined by the Investment Manager's rating criteria.

Sustainability criteria of the Fund

The Investment Manager applies sustainability criteria when selecting investments for the Fund.

Issuers are assessed via an ESG and impact analysis, which consists of (1) screening against the International Finance Corporation Exclusion List; (2) an assessment of the issuer's performance on a range of ESG criteria, informed by both internal and external research; (3) an impact assessment of how a company is achieving its sustainable goals based on a proprietary tool and resulting in a rating; and (4) secondary opinion reports produced by third party data providers.

Through this assessment, the Investment Manager selects bonds that it classifies as green or renewable in accordance with (1) the Green Bond Principles; and (2) its own impact assessment process. A green bond is a fixed or floating rate security whose proceeds will be applied exclusively to finance or re-finance in part or in full, new and/or existing eligible projects and areas aligned to the four core components of the Green Bond Principles. A renewable bond is a fixed or floating rate security issued by an issuer that the Investment Manager believes aims to support climate action. Both the issuer and the bond are considered in the assessment of sustainability.

The sources of information used to perform the analysis include information provided by the companies, such as company sustainability reports and other relevant company material, as well as BlueOrchard's proprietary tools and third-party data.

Due to the nature of its investments, and in particular the need for currency hedging, the Fund may also hold a portion of investments that the Investment Manager deems to be neutral under its sustainability criteria. These may include (but are not limited to) derivatives for hedging purposes, cash and Money Market Investments.

The Investment Manager ensures that at least 90% of companies in the Fund's portfolio are rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.

For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy. This universe is comprised of fixed and floating rate securities denominated in various currencies and issued by companies worldwide, including emerging market countries. The universe (for the purpose of this test only) does not include fixed or floating rate securities issued by public or quasi-public issuers.

Target constraining and/or comparative benchmarks do not take into account the environmental and social characteristics of the Fund.

In order to achieve its environmental and social characteristics, the Fund does not directly invest in the sectors included in the below IFC Exclusion List:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist#2007

BlueOrchard's approach to Sustainability

Further information on BlueOrchard's approach to sustainable investment can be found in the following webpage:

<https://www.blueorchard.com/sustainability-disclosure-documents/>

Schroders' approach to Sustainability

Further information on Schroders' approach to sustainable investment can be found in the following webpage:

<https://www.schroders.com/en/ch/asset-management/sustainability/making-an-impact-through-sustainability/>

Schroder ISF Marketing material

The Schroder International Selection Fund has its registered office in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier.

Schroders Investment Management (Switzerland) AG is the Swiss representative («Swiss Representative») and Schroder & Co Bank AG the paying agent in Switzerland. The prospectus for Switzerland, the key investor information documents, the articles of association and the annual and semi-annual reports may be obtained free of charge from the Swiss Representative.