

Schroder International Selection Fund – European Special Situations

Résumé

Le Compartiment conserve un score global de durabilité supérieur à celui de l'indice MSCI Europe Net TR, suivant le système de notation du Gestionnaire d'investissement. Cet indice de référence (qui est un indice de marché large) ne tient pas compte des caractéristiques environnementales et sociales promues par le Compartiment. Aucun indice de référence n'a été désigné dans le but d'atteindre les caractéristiques environnementales ou sociales promues par le produit financier. Le score de durabilité du Compartiment est mesuré par l'outil exclusif de Schroders, SustainEx™, qui fournit une estimation de l'impact sociétal ou environnemental potentiel qu'un émetteur peut créer.

Le Compartiment est géré de façon active et investit dans un portefeuille composé d'une sélection de titres en « situation spéciale », terme employé par le Gestionnaire d'investissement pour faire référence aux sociétés dont le cours ne reflète pas correctement les perspectives futures.

Le Compartiment peut également appliquer certaines exclusions. De plus amples informations sur l'ensemble des exclusions du Compartiment sont disponibles ci-dessous dans la section « Surveillance des caractéristiques environnementales ou sociales ».

Afin d'évaluer les bonnes pratiques de gouvernance, un test de bonne gouvernance central est réalisé. Ce test repose sur un cadre quantitatif fondé sur les données, qui utilise un tableau de bord pour évaluer les entreprises sur la base des catégories suivantes : structures de gestion saines, relations avec le personnel, rémunération du personnel et conformité fiscale. Schroders a défini un certain nombre de critères sur ces piliers. La conformité au test est contrôlée de manière centralisée et les entreprises qui ne réussissent pas ce test ne peuvent pas être détenues par le Compartiment, sauf si le Gestionnaire d'investissement a convenu que l'émetteur fait preuve d'une bonne gouvernance sur la base d'informations supplémentaires au-delà de cette analyse quantitative.

La proportion minimale des actifs du Compartiment utilisés pour atteindre les caractéristiques environnementales ou sociales est égale à 70 %. Le Compartiment investira au moins 25 % de ses actifs dans des investissements durables. Un investissement durable est classé comme ayant un objectif environnemental ou social selon que l'émetteur concerné a un score plus élevé dans l'outil exclusif de Schroders par rapport à son groupe de pairs applicable pour ses indicateurs environnementaux ou ses indicateurs sociaux. Dans chaque cas, les indicateurs sont constitués à la fois de « coûts » et de « bénéfiques ». Le Compartiment comprend des investissements qui sont considérés comme neutres du point de vue de la durabilité. Il inclut également les investissements qui ne sont pas notés par l'outil exclusif de Schroders en matière de durabilité et qui ne contribuent donc pas au score de durabilité du Compartiment.

Le processus d'investissement et de sélection des actifs du Compartiment a été examiné et approuvé par le Comité de développement des produits du gestionnaire d'investissement, qui comprend des représentants des fonctions juridique, conformité, produit et investissement durable. La conformité permanente aux caractéristiques de durabilité convenues est surveillée par l'équipe Conformité du Portefeuille. Il n'existe aucun contrôle externe sur cette diligence raisonnable.

Le processus d'investissement du Gestionnaire d'investissement repose sur une sélection fondamentale, ascendante et exclusive des titres. L'expertise conjointe de l'équipe d'investissement et de l'équipe de développement durable fournit des idées diversifiées et une étude scrupuleuse des idées en matière de trajectoire attendue pour la croissance sur le long terme, les caractéristiques ESG et la durabilité.

L'exclusion de certaines activités, industries ou de certains groupes d'émetteurs figure à la section « Surveillance des caractéristiques environnementales ou sociales ». Les limites d'investissement applicables au Compartiment seront, quant à elles, mesurées dans le cadre de conformité du portefeuille du Gestionnaire d'investissement.

Le Gestionnaire d'investissement réunit des informations sur les sociétés bénéficiaires des investissements à partir d'informations et de réunions de sociétés accessibles au public, de rapports de courtiers, d'organismes du secteur et de recherche, de groupes de réflexion, de législateurs, de consultants, d'organisations non gouvernementales et d'universitaires.

Des recherches de tiers peuvent être utilisées, mais nos analystes internes émettent un avis exclusif sur chacune des sociétés que nous analysons.

Le Gestionnaire d'investissement souscrit à des fournisseurs externes de recherche ESG, notamment MSCI ESG Research, Bloomberg, Refinitiv, Sustainalytics et Morningstar, qui font l'objet d'un examen et d'un changement périodiques.

Bien que les tiers qui fournissent la grande majorité des données utilisées aient été soigneusement sélectionnés, des erreurs de données peuvent se produire. Pour résoudre ce problème, une équipe de Gouvernance de données ESG dédiée surveille de manière proactive les erreurs et résout les requêtes de données. Ceci implique une étroite collaboration avec les fournisseurs de données tiers, ainsi que la gestion et le suivi des corrections de données.

Les limites de la méthodologie et des données du Gestionnaire d'investissement découlent principalement des erreurs de données, de la disponibilité des données, en particulier de l'absence de données publiées par la société dans certains cas et de l'estimation des données, comme détaillé dans la section intitulée « Sources et traitement des données ».

Lorsque les données ne sont pas disponibles, Schroders s'engage auprès des sociétés pour les encourager à divulguer les points de données manquants.

Certains de nos outils exclusifs déduisent les valeurs manquantes, le cas échéant. Nos modèles utilisent généralement une gamme de techniques raisonnablement efficace pour estimer les valeurs manquantes, le cas échéant.

Lorsqu'un indicateur ne contient pas assez de données pour établir des conclusions fiables, nous n'incluons pas cet indicateur dans nos outils.

Le codage et le suivi des restrictions en matière de risque d'investissement pour les mandats individuels de compartiments et de clients relèvent de la responsabilité de l'équipe Conformité du Portefeuille du Gestionnaire d'investissement au sein de la fonction indépendante de Risque d'investissement.

Les données contenues dans le cadre de la conformité du portefeuille constituent la base du suivi des limites et des indicateurs de risque, et nos équipes en charge du risque d'investissement, de la conformité du portefeuille et de l'investissement ont facilement accès aux dernières informations sur la structure du portefeuille (comme l'allocation des actifs, les positions par secteur et par pays) et aux indicateurs de risque.

Nous considérons que la propriété active constitue le levier que nous pouvons utiliser avec les équipes de direction pour garantir des pratiques durables quant aux actifs dans lesquels nous investissons. Notre objectif est de favoriser des changements qui protégeront et amélioreront la valeur de nos investissements et nous nous engageons à tirer parti de la pondération de notre société pour optimiser le fonctionnement d'une société. Nous pensons qu'il s'agit d'un aspect important de notre rôle d'intendants du capital de nos clients et de la manière dont nous les aidons à atteindre leurs objectifs financiers à long terme, conformément à nos responsabilités fiduciaires.

Source: Schroders, as at March 2024. Screening data is provided by a third party unless otherwise specified.

Maximum percentage of revenue refers to highest acceptable revenue figure for that business activity.

Value chain refers to the related business activities that are considered these include suppliers, distributors, retailers and producers.

Any tie includes companies with an industry tie to the excluded activity.

De plus amples informations sur notre approche de la politique de propriété active sont disponibles publiquement à l'adresse suivante :
<https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagement-blueprint.pdf>.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Investment Manager's approach to investing in issuers that do not cause significant harm to any environmental or social sustainable investment objective includes the following:

- Firm-wide investment exclusions apply to Schroders funds. These relate to international conventions on cluster munitions, anti-personnel mines, and chemical and biological weapons and a list of those companies that are excluded is available at <https://www.schroders.com/en/sustainability/active-ownership/group-exclusions/>. Firm-wide exclusions also apply to companies generating more than 20% of their revenue from thermal coal mining.
- The Fund excludes companies that derive revenues above certain thresholds from activities related to tobacco and thermal coal.
- The Fund excludes companies that are assessed by Schroders to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprise Schroders' 'global norms' breach list. Schroders' determination of whether a company has been involved in such a breach considers relevant principles such as those contained in the UN Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The 'global norms' breach list may be informed by assessments performed by third party providers and by proprietary research, where relevant to a particular situation. In exceptional circumstances a derogation may be applied in order to allow the Fund to continue to hold a company on Schroders' 'global norms' breach list, for example where the stated investment strategy of the Fund may otherwise be compromised. Any such company cannot be categorised as a sustainable investment.
- The Fund may also apply certain other exclusions in addition to those summarised above.

Further information on all of the Fund's exclusions is to be found further below in the "Monitoring of environmental or social characteristics" section.

Environmental or social characteristics of the financial product

The Fund maintains a higher overall sustainability score than the MSCI Europe Net TR index, based on the Investment Manager's rating system. This benchmark (which is a broad market index) does not take into account the environmental and social characteristics promoted by the Fund.

The Fund invests at least 25% of its assets in sustainable investments, which are investments that the Investment Manager expects to contribute towards the advancement of one or more environmental and/or social objective(s).

For more information on how the sustainability score is measured please refer to the "Methodologies for environmental or social characteristics" section.

Investment strategy

The sustainable investment strategy used by the Investment Manager is as follows:

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The Fund is actively managed and invests in a select portfolio of securities in special situations, where the Investment Manager believes a special situation to be a company whose future prospects are not fully reflected in its valuation.

The Fund maintains a higher overall sustainability score than MSCI Europe Net TR index, based on the Investment Manager's rating system.

The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

Companies held by the Fund are expected to show a commitment to their stakeholders, including customers, employees, suppliers and regulators. The Fund invests in those companies which consider stakeholders fairly and have good governance.

Companies in the investment universe are assessed on their governance, environmental and social profile, across a range of factors. The Investment Manager performs its own due diligence on all potential holdings including, where possible, meetings with senior management.

This analysis is supported by quantitative analysis gained from Schroders' proprietary sustainability tools. Such are key inputs to measure how companies in the portfolio are meeting the sustainability credentials outlined above.

The Fund may also apply certain other exclusions. Further information on all of the Fund's exclusions is to be found further below in the "Monitoring of environmental or social characteristics" section.

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

In order to assess good governance practices, a central Good Governance Test is applied. This test is based on a data-driven quantitative framework, which uses a scorecard to assess companies across the categories of sound management structures, employee relations, remuneration of staff, and tax compliance. Schroders has defined a number of criteria across these pillars. Compliance with the test is monitored centrally and companies which do not pass this test cannot be held by the Fund, unless the Investment Manager has agreed that the issuer demonstrates good governance based on additional insights beyond that quantitative analysis.

The Fund maintains a higher overall sustainability score than its investment universe, based on the Investment Manager's rating system.

The Investment Manager ensures that at least:

- 90% of the portion of the NAV composed of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and
- 75% of the portion of the NAV composed of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries,

is rated against the sustainability criteria. For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Proportion of investments

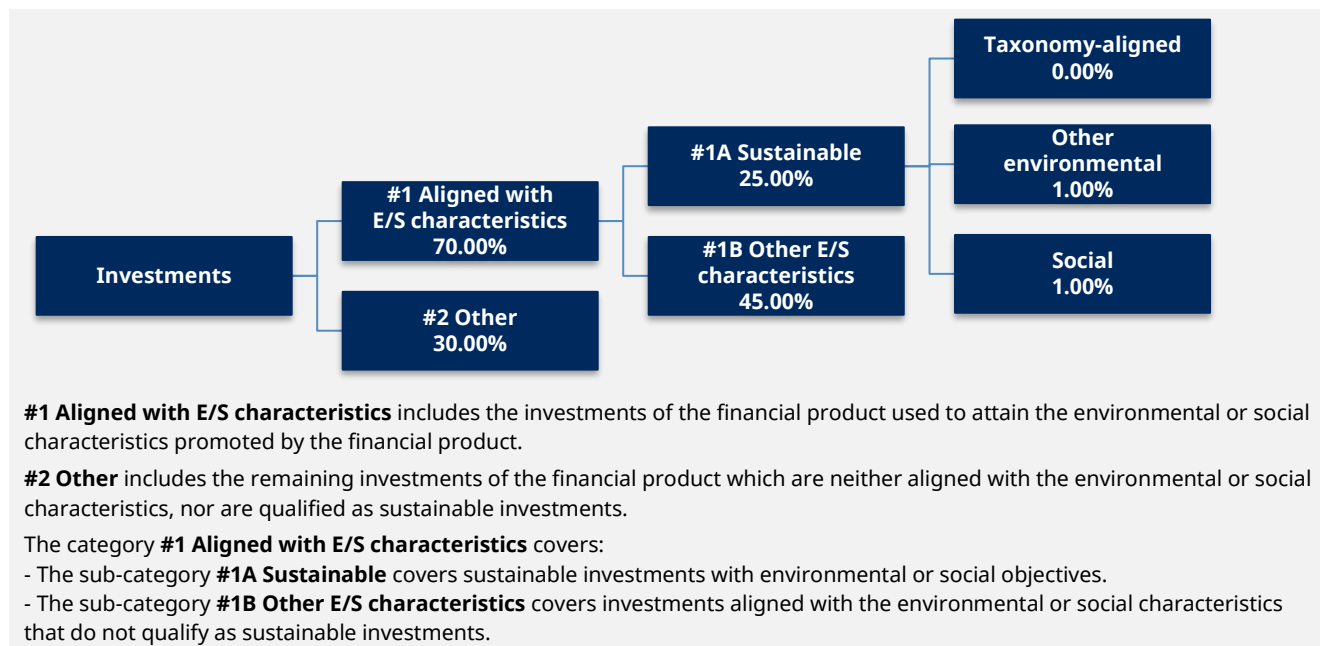
Source: Schroders, as at March 2024. Screening data is provided by a third party unless otherwise specified.

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The planned composition of the Fund's investments that are used to meet its environmental or social characteristics are summarised below.



#1 Aligned with E/S characteristics includes the minimum proportion of the Fund's assets used to attain the environmental or social characteristics, which is equal to 70%. The Fund commits to maintain a higher overall sustainability score than the MSCI Europe Net TR index, and so the Fund's investments that are scored by Schroders' proprietary sustainability tool are included within the minimum proportion stated in #1 on the basis that they will contribute to the Fund's sustainability score (whether such individual investment has a positive or a negative score). Also included within #1 is the minimum proportion of assets that are invested in sustainable investments, as indicated in #1A. The minimum proportions stated apply in normal market conditions. The actual proportion stated in #1 is expected to be higher.

For more information on how the sustainability score is measured please refer to the "Methodologies for environmental or social characteristics" section.

#2 Other includes cash which is treated as neutral for sustainability purposes. . #2 also includes investments that are not scored by Schroders' proprietary sustainability tool and so do not contribute towards the Fund's sustainability score. As #1 states a minimum proportion that is in practice expected to be higher, the proportion stated in #2 is expected to be lower.

Minimum safeguards are applied where relevant to Money Market Investments and other investments by restricting (as appropriate) investments in counterparties where there are ownership links or exposure to higher risk countries (for the purpose of money laundering, terrorist financing, bribery, corruption, tax evasion and sanctions risks). A firm-wide risk assessment considers the risk rating of each jurisdiction; which includes reference to a number of public statements, indices and world governance indicators issued by the UN, the European Union, the UK Government, the Financial Action Task Force and several Non-Government Organisations (NGOs), such as Transparency International and the Basel Committee.

In addition, new counterparties are reviewed by Schroders' credit risk team and approval of a new counterparty is based on a holistic review of the various sources of information available, including, but not limited to, quality of management, ownership structure, location, regulatory and social environment to which each counterparty is subject, and the degree of development of the local banking system and its regulatory framework. Ongoing monitoring is performed through a Schroders' proprietary tool, which supports the analysis of a counterparty's management of environmental, social and governance trends and challenges. Any

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significant deterioration in the profile of the counterparty in Schroders' proprietary tool would lead to further analysis and potential exclusion by Schroders' credit risk team.

Monitoring of environmental or social characteristics

The sustainability score of the Fund is measured by SustainEx™, Schroders' proprietary tool that provides an estimate of the societal or environmental impact that an issuer may create.

The exclusion of certain activities, industries or groups of issuers listed below, as well as the investment limits applicable to the Fund, will be measured within the Investment Manager's portfolio compliance framework. Exclusions and limits are coded into this framework to seek to ensure that pre-trade compliance correctly flags the securities that should not enter the portfolio. Securities excluded based on revenue thresholds are evaluated quarterly by the Sustainable Investment team using MSCI's revenue data.

The coding and monitoring of investment risk restrictions for individual fund and client mandates is the responsibility of the Investment Manager's Portfolio Compliance team within the independent Investment Risk function.

The data in the portfolio compliance framework forms the basis for monitoring of risk limits and indicators, and the latest information on portfolio structure (such as asset allocation, sector and country positions) and risk metrics is easily available to our investment risk, portfolio compliance and investment teams.

Exclusion Criteria

Environmental exclusions

Excluded Activity	Criteria
Thermal Coal Mining Maximum Percentage of Revenue	10%
Thermal Coal Power Generation Maximum Percentage of Revenue	30%

Social exclusions

Excluded Activity	Criteria
Tobacco Production Maximum Percentage of Revenue	10%
Tobacco Value Chain Maximum Percentage of Revenue	25%

Bespoke Schroders exclusions

Excluded Activity	Criteria
Schroders Controversial Weapons Curated List ¹	All
Schroders' 'Global Norms' Breach List	All

Methodologies for environmental or social characteristics

The Fund promotes the following characteristic: it maintains a higher overall sustainability score than the MSCI Europe Net TR index, based on the Investment Manager's rating system. As stated above, the sustainability score is measured by SustainEx™, Schroders' proprietary tool that provides an estimate of the potential societal or environmental impact that an issuer may create. It does this by using certain metrics with respect to that

¹Schroders controversial weapons screening covers cluster munitions, anti-personnel mines, and chemical and biological weapons. Full details of the criteria and company names are available via the following link: <https://www.schroders.com/en/sustainability/active-ownership/group-exclusions/>

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issuer, and quantifying the positive (for example by paying ‘fair wages’) and negative (for example the carbon an issuer emits) impacts of each of those metrics to produce an aggregate measure expressed as a notional percentage of sales of the relevant underlying issuer. The overall sustainability score aggregates the effect of sustainability indicators including but not limited to greenhouse gas emissions, water usage, and salaries compared to the living wage. An issuer may be a company or a sovereign. The Investment Manager monitors compliance with this characteristic by reference to the weighted average sustainability score of the Fund in SustainEx™ over the previous six month period.

As part of the Fund’s investment processes, the SustainEx™ score, and the drivers of that score, are reviewed at the overall fund level. Schroders proprietary tools, including SustainEx™, may not cover all of the Fund’s holdings from time to time, in which case the Investment Manager may use alternative methods to assess relevant holdings in the Fund. In addition, certain types of assets (such as cash and certain equivalent securities such as gilts) are treated as neutral and are therefore not considered by our proprietary tools.

The Fund also invests at least 25% of its assets in sustainable investments, which are investments that the Investment Manager expects to contribute towards the advancement of one or more environmental and/or social objective(s). The Investment Manager monitors compliance with this characteristic by reference to the sustainability score of each asset in Schroders’ proprietary tool. Compliance with this is monitored daily via our automated compliance controls.

As part of its broader assessment, the Investment Manager also considers the following:

CONTEXT

Context is a proprietary ESG research tool which provides a systematic framework for analysing a company’s relationship with its stakeholders and the sustainability of its business model. Comprising over 260 metrics across over 13,000 companies, it is designed to support the Investment Manager’s understanding of the sustainability of companies’ business models and profitability, and provides structured, logical and wide-ranging data.

The tool enables analysts to select the most material ESG factors for each sector, weight their importance and apply relevant metrics. Analysts are then able to compare companies based on the metrics selected, their own company assessment scores or adjusted rankings (size, sector or region), with the flexibility to make company specific adjustments to reflect their detailed knowledge. The tool is fully integrated within Schroders’ global research platform, which is readily accessible across investment desks and geographies.

External Research

The Investment Manager uses information from several external ESG research firms, but only ever as one input into the Investment Manager’s own company assessments to be questioned, examined and built on. External data providers are used to challenge or endorse the proprietary view of the Investment Manager.

The Investment Manager’s Sustainable Investment team has extensive networks within its respective field. Information is drawn from publicly available corporate information and company meetings, from broker reports, industry bodies, and research organisations, think tanks, legislators, consultants, Non-Governmental Organisations and academics; wherever it is felt the information would add value to the Investment Manager’s analysis.

Through this process, the Investment Manager aims to evaluate the relevance and materiality of a range of ESG factors on future earnings growth and as potential risk factors for a company.

Data sources and processing

In order to assess and understand the potential impact of sustainability risks and opportunities, Schroders has developed a range of proprietary tools. These tools rely on data that is available at the level of the underlying investment holdings.

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The Investment Manager draws information on investee companies from publicly available corporate information and company meetings, from broker reports, industry bodies, and research organisations, think tanks, legislators, consultants, Non-Governmental Organisations and academics.

Third party research may be used, however our internal analysts form a proprietary view on each of the companies we analyse. Financial analysts may also use third-party research to support their assessment of ESG issues when analysing companies, in addition to consulting with our in-house ESG specialists. Through this process, we aim to evaluate the relevance and materiality of a range of ESG factors on the sustainability of future earnings growth and as potential risk factors for a company.

The Investment Manager subscribes to external ESG research providers including; MSCI ESG research, Bloomberg, Refinitiv, Sustainalytics and Morningstar, which is subject to periodic review and change.

Whilst the third parties that deliver the vast majority of the data used have been chosen carefully, data errors may occur. To address this, a dedicated ESG Data Governance team pro-actively monitors for errors and resolves data queries. This involves close collaboration with the third-party data providers, and managing and tracking data corrections.

Where data is not available, Schrodgers will engage with companies to encourage them to disclose the missing data points. This additional information will be used alongside data from conventional and unconventional data sources that feed into our proprietary tools.

Some of our proprietary tools infer missing values where applicable. Our models typically employ a range of techniques to estimate missing values where appropriate and reasonably robust. For example, in one tool, where reported values are missing for companies, we fill using metric-specific rules such as filling with the industry peer group 60th percentile where higher values are considered negative and the peer group 40th percentile where higher values are considered beneficial (which is a conservative approach).

Where data for a metric is not sufficiently available to form robust conclusions, we do not include that metric in our tools.

Whilst there may be some data estimation, it tends to be a marginal amount at the portfolio level with regard to our assessment of the sustainability characteristics of each company. The proportion of estimated data may vary over time.

Limitations to methodologies and data

Limitations to the Investment Manager's methodology and data mainly arise from data errors, data availability, specifically the lack of company reported data in some cases and data estimation as detailed in the section titled "Data sources and processing". Due to the range of data sources and due to combining both qualitative and quantitative elements involving a degree of subjectivity and judgement from the investment manager, we believe that these data limitations do not in aggregate materially impact our attainment of the environmental or social characteristics of the Fund.

Due diligence

The Fund's investment and asset selection process has been reviewed and approved by the Investment Manager's Product Development Committee that includes representatives from the Legal, Compliance, Product and Sustainable Investment functions. Ongoing compliance with the agreed sustainability characteristics is monitored by the Portfolio Compliance Team. There are no external controls on that due diligence.

Engagement policies

We consider active ownership to be the influence we can apply to management teams to ensure sustainable practices in the assets in which we invest. We aim to drive change that will protect and enhance the value of our investments and we are committed to leveraging the weight of our firm to change how a company is

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operating for the better. We believe this is an important aspect of our role as stewards of our clients' capital and how we help clients meet their long-term financial goals in line with our fiduciary responsibilities.

Our active ownership priorities reflect the combined perspectives of our fund managers, investment analysts and sustainability specialists across the firm, supported centrally by the Sustainable Investment team. As a result, we are able to take a common approach across investment desks.

We focus on sustainability issues which we determine to be material to the long-term value of our investee holdings. When material and relevant, we believe that companies that address these factors, where lacking, will drive improved financial performance for our clients. These issues reflect expectations and trends across a range of stakeholders including employees, customers, and communities, to the environment, suppliers and regulators. By strengthening relationships with that range of stakeholders, business models become more sustainable. The governance structure and management quality that oversee these stakeholder relationships are also a focus for our engagement discussions. In addition, we seek to reflect the priorities of our clients. Based on this process, we identify six broad themes for our engagement: climate, natural capital & biodiversity, human rights, human capital management, diversity & inclusion and governance.

Our themes are underpinned by additional cross-cutting thematic priorities. We also increasingly recognise the interconnectedness of ESG themes, such as the "just transition", which recognises the social dimension of the transition to a resilient and low-carbon economy. We seek to reflect this interconnectedness in our engagements with companies.

How we engage

We identify three key methods for practicing active ownership:

1. Dialogue: We speak with companies to understand if and how they are preparing for the long-term sustainability challenges they face.
2. Engagement: We work with companies to help them to recognise the potential impact of these challenges and to help them take action in the areas where change may be required.
3. Voting (where applicable): We use our voice and rights as shareholders to make sure these changes are effected.

These forms of active ownership can take place directly with companies, led by our fund managers, investment analysts and Sustainable Investment team; they can also take place in collaboration with other groups. Engagement is therefore a component of the portfolio's investment strategy, both from an environmental and social perspectives.

We recognise that effective engagement requires continuous monitoring and ongoing dialogue. Where we have engaged repeatedly and seen no meaningful progress, we will escalate our concerns. Decisions on whether and how to escalate are based on the materiality of each issue, its urgency, the extent of our concern and whether the company has demonstrated progress through previous engagements. We identify a number of methods to escalate our engagements, such as meeting or otherwise communicating with non-executive directors or the chair of the Board, publicly stating our concerns, withholding support or voting against management and directors (where applicable) up to divesting partially or fully.

Our approach to active ownership focusses on achieving real-world outcomes and achieving change. When determining when to engage and setting an objective for the engagement, we consider:

1. Materiality: We seek to focus our engagement on the most material sustainability threats and opportunities to the company.
2. Regional context: The materiality of issues and the expectations we have of companies vary by country and region; for example, differing socio-cultural factors, regulatory maturity and resource constraints. Where possible we reference country or regional initiatives, regulations and leading practice from peers in our dialogue with companies.

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3. Realistic outcomes: We consider both leading practice and what could realistically be achieved by the company in the next few years, including considering the size of the company.
4. Ability to monitor progress: We use objective, measurable metrics or indicators that can be used to assess company performance on an issue.
5. Length of engagement: We aim to set short- to mid-term objectives – that can often be achieved over a 12- to 24-month period depending on the intensity of the engagement – but with a longer-term vision in mind.

We aim to set pre-defined SMART (specific, measurable, achievable, realistic and time-bound) engagement objectives. We regularly monitor progress against the engagement objectives, at least annually, and at a frequency that is appropriate for the priority of the engagement and materiality of the issue or holding. That said, we recognise that the length of time to achieve an objective will vary depending upon its nature, and that key strategic changes will take time to implement into a company's business processes. A measurable outcome from our engagement upon completion of an objective could take a range of forms, including additional disclosure by a company, influencing the company strategy on a particular issue, or a change to the governance of an issue.

Further details on our approach to active ownership policy is publicly available:

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

Designated reference benchmark

No reference benchmark has been designated for the purpose of meeting the environmental or social characteristics promoted by the financial product.

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