

Sustainability-related disclosures

Schroder International Selection Fund - Sustainable Euro Credit

Legal entity identifier: 5493003OZ3JFD52K6J04

Summary

The Fund maintains a higher overall sustainability score than the ICE Bank of America Euro Corporate 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. No reference benchmark has been designated for the purpose of meeting the environmental or social characteristics promoted by the financial product. The sustainability score of the Fund is measured by SustainEx™, Schroders' proprietary tool that provides an estimate of the potential social and environmental costs and benefits that an issuer may create.

The Fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate securities denominated in or hedged to Euro issued by companies and other non-sovereign bond issuers, governments, government agencies and supra-nationals worldwide.

The Fund may also apply certain 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 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.

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.

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

The minimum proportion of the Fund's assets used to attain the environmental or social characteristics, which is equal to 60%. The Fund will invest at least 55% of its assets in sustainable investments. Each sustainable investment demonstrates a net positive effect across a range of environmental or social objectives, as scored by Schroders' proprietary tool. It may also include investments that are not scored by Schroders' proprietary sustainability tool and so do not contribute towards the Fund's sustainability score.

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.

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.

The Investment Manager subscribes to external ESG research providers including; MSCI ESG research, Bloomberg and Refinitiv, 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.

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".

Where data is not available, Schroders will engage with companies to encourage them to disclose the missing data points.

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.

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

The coding and monitoring of investment risk restrictions 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 available to our investment risk, portfolio compliance and investment teams.

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 operating for the better.

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

<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 not causing 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.
- The Fund may also apply certain other exclusions in addition to those summarised above.

Further information on all of the Fund's investment 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 ICE Bank of America Euro Corporate 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 55% 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:

The Fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate securities denominated in or hedged to Euro issued by companies and other non-sovereign bond issuers, governments, government agencies and supra-nationals worldwide.

In security analysis, the Fund compares issuers in the context of their sector and country peers.

The Fund maintains a higher overall sustainability score than ICE Bank of America Euro Corporate 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 achieving investment gains, reducing risk or managing the Fund more efficiently.

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.

Source: Schroders, as at May 2025. 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.

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria.

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 primary sources of information used to perform the analysis are Schroders' proprietary sustainability tools and research, and the Investment Manager's third-party research, NGO reports and expert networks. The Investment Manager also performs its own analysis of information provided by the companies, including information provided in company sustainability reports and other relevant company material.

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the webpage:

<https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/>

The Fund may invest:

- up to 30% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds);
- up to 20% of its assets in sovereign government bonds;
- up to 20% of its assets in asset-backed securities and mortgage-backed securities; and
- up to 20% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds.

The Investment Manager applies sustainability criteria when selecting investments for the Fund. The strategy applies screens to combine best-in-class companies with investments in issuers demonstrating good or improving sustainability credentials. This is achieved by:

- The exclusion of issuers with certain exposure to specific activities that the Investment Manager considers environmentally destructive or socially damaging, violate human rights and/or have demonstrated gross misconduct.
- The inclusion of issuers that the Investment Manager considers are well placed to deliver stable and improving sustainability trajectories relative to their industry peers. As part of the selection process, the Investment Manager also considers companies' commitment to sustainable themes such as responsible finance, waste management, climate change mitigation, education, health and wellbeing, and circular packaging.

The Fund may also invest strategically in green, social and sustainable bonds. The selection of green, social and sustainable bonds entails assessing the overall sustainability of the issuer and analysing the use of proceeds. A green bond is a fixed or floating rate security that finances an environmental objective. A social bond is a fixed or floating rate security that finances a social objective. A sustainable bond is a fixed or floating rate security that finances both environmental and social objectives.

The Investment Manager may also engage with companies to encourage transparency, the transition to a circular economy with lower carbon emissions intensity and responsible social behaviour that promotes sustainable growth and alpha generation.

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%^[1] 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. The universe (for the purpose of this test only) does not include fixed or floating rate securities issued by public or quasi-public issuers.

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

Proportion of investments

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

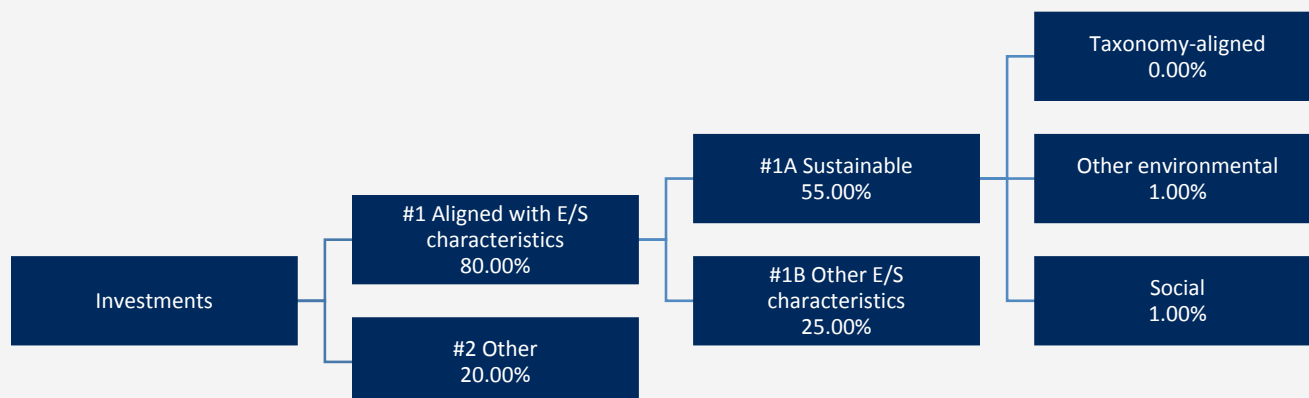
Source: Schroders, as at May 2025. Screening data is provided by a third party unless otherwise specified.

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.

^[1] Please note this percentage will be changing to 25% in a future prospectus update.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#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 80%. The Fund commits to maintain a higher overall sustainability score than the ICE Bank of America Euro Corporate 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 are any green, social or sustainable bonds that are not scored by Schroders' proprietary sustainability tool. The minimum proportion of assets that are invested in sustainable investments, is 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 other 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 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 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, are 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.

Source: Schroders, as at May 2025. 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.

The coding and monitoring of investment risk restrictions 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 available to our investment risk, portfolio compliance and investment teams.

Exclusion Criteria

Environmental exclusions

Excluded Activity	Criteria
Thermal Coal Mining Maximum Percentage of Revenue	5%
Thermal Coal Power Generation Maximum Percentage of Revenue	5%
Oil and Gas Extraction, Production, Equipment, Services, Pipelines, Transportation and Refining Combined Maximum Percentage of Revenue	5%
Tar/Oil Sands Extraction Maximum Percentage of Revenue	5%
Unconventional Oil and Gas Maximum Percentage of Revenue [1][2]	5%
Nuclear Power Activities Maximum Percentage of Revenue	5%
Nuclear Power Uranium Mining Maximum Percentage of Revenue	5%
Percentage of Power Generation from Thermal Coal [3]	10%
Percentage of Power Generation from Oil and Gas [1][2][3]	30%
Percentage of Power Generation from Nuclear [3]	30%
Ownership/Operation of Active Uranium Mines	Any tie
Increasing absolute production of or capacity for thermal-coal related products/services	True
Involvement in coal exploration or the exploitation or development of new coal mines	True
Maximum revenue from bespoke products, equipment or services dedicated to enabling the exploration, extraction, processing, and transportation of thermal coal	25%
Increasing absolute production of or capacity for unconventional oil & gas related products/services	True
Involvement in exploration, exploitation or development of new unconventional oil & gas fields	True
Maximum revenue from bespoke products, equipment or services dedicated to enabling the exploration and extraction of unconventional oil & gas	25%
Involvement in exploration, exploitation or development of new conventional oil & gas fields	True
Maximum revenue from bespoke products, equipment or services dedicated to enabling the exploration, processing or refining (except oil to chemicals), and transportation (not distribution) of conventional oil & gas	25%
Structurally increasing absolute production of or capacity for coal-based energy-related products/services	True
Absolute production of or capacity for coal-based energy-related products/services	5 GW
Current involvement in building new coal-fired power stations	True

[1] The Fund excludes companies from the oil and gas value chain within the pre-defined thresholds. However, investments may be permitted in conventional bonds issued by companies in excluded sectors that demonstrate meaningful transition. Meaningful transition is determined by key performance indicators such as decarbonisation targets or capital expenditures towards renewable energy. Use-of-proceeds bonds from excluded companies may be permitted if: They comply with an appropriate framework (e.g. ICMA/CBI/EU GBS) and are subject to independent external review or second party opinion; and The issuers and the use-of-proceeds instruments have undergone ESG due diligence by the product manager.

[2] Unconventional oil & gas includes tar sands oil, coalbed methane, extra heavy oil and Arctic oil & gas, as well as oil & gas from unconventional production methods such as fracking or ultra deep drilling.

[3] Assessed only on GICS Subsectors: Multi-Utilities, Gas Utilities, Electric Utilities and Independent Power Producers & Energy Traders. Override applicable for companies with carbon intensity lower than 313 Max. gCO₂/kWh.

Source: Schroders, as at May 2025. 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.

Social exclusions

Excluded Activity	Criteria
Tobacco Value Chain Maximum Percentage of Revenue	5%
Alcohol Production Maximum Percentage of Revenue	5%
Adult Entertainment Maximum Percentage of Revenue	5%
Gambling Maximum Percentage of Revenue	5%
Weapons Maximum Percentage of Revenue	5%
Nuclear Weapons Maximum Percentage of Revenue	0%
Civilian Firearms Maximum Percentage of Revenue	5%
Any Tie to Controversial Weapons	Any tie
Maximum revenue from production of tobacco, tobacco products or e-cigarettes and wholesale trading of tobacco products or e-cigarettes	5%
Maximum revenue from bespoke products, equipment or services dedicated to enabling the production of tobacco products (value chain)	25%
Maximum revenue from manufacture of weapons or tailor-made components thereof and sale of weapons[4]	5%
Involvement in manufacturing or of manufacturing tailor-made components, using, repairing, putting up for sale, selling, distributing, importing or exporting, storing or transporting controversial or indiscriminate weapons	True
Maximum revenue from bespoke products, equipment or services dedicated to enabling the manufacturing or sale of weapons and tailor-made components thereof	25%

[4] A weapon is defined as any implement or device expressly designed for the purpose of causing material damage, inflicting physical or mental harm, or to kill, in the context of a (military) conflict.

Source: Schroders, as at May 2025. 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.

Transition exclusions

Excluded Activity
Companies with exposure to coal that do not meet one of the relevant transition criteria:
<ul style="list-style-type: none"> • Have a SBTi target aligned with 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment • Have an annual thermal coal production less than 10Mt and derive less than 5% of revenues from exploration, extraction, processing, and transportation of thermal coal • Have less than 10% of CapEx dedicated to exploration, extraction, processing, and transportation of thermal coal and not with the objective of increasing revenue • Have more than 50% of CapEx dedicated to contributing activities[5]
Companies with exposure to unconventional oil & gas that do not meet one of the relevant transition criteria:
<ul style="list-style-type: none"> • Have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment • Derive less than 5% of revenues from exploration and extraction of unconventional oil & gas • Unconventional oil and gas production is less than 5% of total oil and gas production • Have more than 50% of CapEx dedicated to contributing activities[4]
Companies with exposure to conventional oil & gas that do not meet one of the relevant transition criteria:
<ul style="list-style-type: none"> • Have a SBTi target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment • Have an emissions intensity aligned with 1.5°C target (e.g., TPI: 57.57 gCO₂e/MJ in 2024, or other science-based alignment assessment) • Derive less than 5% of its revenues from exploration, processing or refining (except oil to chemicals), and transportation (not distribution) of conventional oil & gas • Have less than 15% of CapEx dedicated to exploration, processing or refining (except oil to chemicals), and transportation (not distribution) of conventional oil & gas and not with the objective of increasing revenue • Have more than 15% of CapEx dedicated to contributing activities[4]
Companies with exposure to non-renewable power or heat generation that do not meet one of the relevant transition criteria:
<ul style="list-style-type: none"> • Have a SBTi target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment • Have a carbon intensity aligned with 1.5°C target (e.g., TPI: 0.318 tCO₂e/MWh in 2024, or other science-based alignment assessment) • Derive less than 5% of its revenues from non-renewable power or heat generation • Derive more than 50% of its revenues from contributing activities[4] • Have more than 50% of CapEx dedicated to contributing activities[4]
[5] Contributing activities is defined as economic activities included in the EU Taxonomy, except for activities under 4.27-4.31 that were included by the Complementary Climate Delegated Act.

Controversy/misconduct exclusions

Excluded Activity	Criteria
Companies Flagged for Severe Business Ethics Failures (Bribery and Fraud)	Red
Companies Flagged for Violating the UN's Global Compact Principles	Fail

Source: Schroders, as at May 2025. 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.

Country/territory exclusions

Excluded Activity
'Not free' classified countries according to Freedom House
Countries that have not ratified the UN Convention on biological diversity
Countries that have a lower score than 35 on the Corruption Perception Index by Transparency International
Countries that have not signed the Nuclear Non-Proliferation Treaty
Countries that have not signed the Paris Agreement

Bespoke Schroders exclusions

Excluded Activity	Criteria
Schroders Controversial Weapons Curated List[6]	All
Schroders' 'Global Norms' Breach List	All

[6] Schroders 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/>

Laggard exclusions

Excluded Activity	Criteria
Internal ESG Rating – D Stable or D Declining	Not permitted
MCSI ESG Issuer Rating – CCC	Not permitted
MSCI ESG Issuer Rating – BB or B	Max 15%

For sovereigns

Excluded Activity
Average score on all 6 World Bank WGIs[6] is less than -0.59
Scores less than -1.00 on a single WGI[6]
Has not ratified or implemented in equivalent national legislation the eight fundamental conventions identified in the ILO's declaration on Fundamental Rights and Principles at Work[7]
Has not ratified or implemented in equivalent national legislation at least half of the 18 core International Human Rights Treaties[7]
Not party to the Paris Agreement[7]
Not party to the UN Convention on Biological Diversity (CBD)[7]
Not party to the Nuclear Non-Proliferation Treaty[7]
Has a military budget >4% of GDP[7]
Considered a 'Jurisdiction with strategic AML/CFT deficiencies' by the FATF[7]
Scores less than 40/100 on the Transparency International Corruption Perception Index[7]
Qualified as 'Not free' by the Freedom House 'Freedom in the World'-survey[7]
Has the death penalty legal and in use[7]

[6] The WGI Indicators are Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. Countries receive a score between -2.5 and 2.5 on each of the 6 WGI.

[7] Criteria only applies to countries classified as high-income economies by the World Bank.

Source: Schroders, as at May 2025. 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.

Paris Aligned Benchmark Exclusions

Excluded Activity

Companies involved in any activities related to controversial weapons.

Controversial weapons shall mean controversial weapons as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation

Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

Companies involved in the cultivation and production of tobacco

Companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite

Companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels

Companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels

Companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO₂ e/kWh

Methodologies for environmental or social characteristics

The Fund promotes the following characteristic: it maintains a higher overall sustainability score than the ICE Bank of America Euro Corporate 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. As stated above, the sustainability score is measured by SustainEx™, Schroders' proprietary tool that provides an estimate of the potential social and environmental costs and benefits that an issuer may create. It does this by using certain metrics with respect to that 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.

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) are treated as neutral and are therefore not considered by our proprietary tools.

The Fund also invests at least 55% 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). Each sustainable investment either (i) demonstrates a net positive effect across a range of environmental or social objectives, as scored by Schroders' proprietary tool and/or (ii) is classified as a green, social and/ or sustainable bond using a third-party data source. With the exception of any green or social bonds, which will be classified as having an environmental or social objective respectively, a sustainable investment is classified as having an environmental or social objective depending on whether the relevant issuer has a higher score in Schroders' proprietary tool relative to its applicable peer group for its environmental indicators or its social indicators. In each case, indicators are comprised of both "costs" and "benefits".

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 Organizations and academics; wherever it is felt the information would add value to the Investment Manager's analysis.

Source: Schroders, as at May 2025. 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.

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.

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 and Refinitiv, 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, Schroders 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 operating for the better.

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.

Source: Schroders, as at May 2025. 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.

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.
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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