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Sustainability label



Manager Name Schroder Unit Trusts Limited

Sustainability labels help investors find products that have a specific sustainability goal.

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This fund uses the Sustainability Focus label, which is for funds that invest mainly in assets that focus on sustainability for people or the planet.

Sustainability Goal

What is the fund's sustainability objective?

The Fund's sustainability objective is to invest in companies that the investment manager assesses as helping enable the world to meet the global need for food and water in a more sustainable way. These are companies that, through their activities linked to food and/or water, are assessed as providing a positive contribution to at least one of six key sustainability outcomes (food security; climate change and greenhouse gas emissions; biodiversity; water intensity and management; pollution and waste; and wellbeing and health). Such companies either (1) generate at least 50% of their revenue from such activities; or (2) meet the investment manager's criteria for performance of a 'critical role' in enabling the world to meet the global need for food and water in a more sustainable way.

Is the fund achieving or progressing towards its sustainability objective?

The Fund began to use a sustainability label less than a year ago, so this information is not yet available.

Could the sustainability objective have a material effect on financial returns or risks?

The Fund's sustainability criteria may limit its exposure to some investments. Any limitation on what the Fund can invest in potentially also limits financial returns and/or increases financial risks. To try to manage sustainability risks, the investment decision making process for the Fund includes the consideration of these risks alongside other factors.

Could the Fund's investments lead to material negative outcomes for the environment and/or society?

Although the Fund aims to select companies that help enable the world to meet the global need for food and water in a more sustainable way, such companies will still produce some negative outcomes for the environment and society in other areas. For example, a wastewater treatment company may produce an environmental benefit in terms of a reduction in waste to water but could also create a social cost if it pays its employees less than a living wage.

Sustainability Approach

What is the process the investment manager uses to identify assets that meet the sustainability objective?

The Fund invests at least 90% of its assets in equity and equity related securities of companies worldwide that the investment manager assesses as helping enable the world to meet the global need for food and water in a more sustainable way. The investment manager takes into account both outputs (producing enough food and water) and the processes (producing the food and water in a way that can be sustained) of a company. These include companies that positively contribute to at least one the following outcomes: **food security** (such as companies in the food supply chain that provide or produce affordable food, or enable its production through the more efficient use of resources (such as land) through the application of technology); **climate change and greenhouse gas (GHG) emissions** (such as companies that enable the reduction of GHG emissions, or GHG emission intensity, of the food and water system); **biodiversity** (such as companies encouraging the protection, preservation, restoration and sustainable use of diverse species of flora and fauna in various ecosystems, through their products, operations or sourcing policies); **water intensity and management** (such as companies involved in the efficient use, management, production, treatment and recycling of water in human economic activities such as agriculture, industry and consumer usage); **pollution and waste** (such as companies involved in the prevention, reduction, collection and treatment of pollutants and waste materials); **wellbeing and health** (such as companies involved in the provision, innovation, and promotion of products that are nutritionally healthy, and deemed necessary for human physical, mental, and social health).

A company can demonstrate this by either: (1) generating at least 50% of its revenue from activities that provide a positive contribution to at least one of six key sustainability outcomes, based on revenue data from a third-party provider or the company itself; or (2) meeting the investment manager's criteria for performance of a 'critical role' in enabling the world to meet the global need for food and water in a more sustainable way. The critical roles assessment takes into account market share, capital expenditure and/or operating expenditure. This is typically relevant, for example, where a company is one of the largest and/or one of the most important participants in a particular sustainable industry. Particularly, if that industry is relatively small and the company also has much wider operations, meaning it may be generating more significant revenue from other areas of its business. No more than 15% of the Fund's assets invested in such companies

may contribute to the minimum 90%. The investment manager's assessment of whether a company plays a 'critical role' is reviewed by Schroders' Sustainable Investment Panel (the Panel), which is independent from the investment team.

Please see "What is the investment manager's approach to sustainability?" in the prospectus for more details.

What else might the fund invest in?

The Fund may also hold other assets that are not aligned with the sustainability objective for liquidity or risk management purposes. These may include assets that are treated as neutral for sustainability purposes such as cash and money market instruments. No investment will be held if there would be a conflict with the Fund's sustainability objective – the investment manager defines these as companies that generate revenue above a certain threshold in sectors or industries that are expected to actively conflict with the world's ability to meet the global need for food and water in a more sustainable way. The investment manager also applies restrictions on investing in companies with direct exposure above a certain level to specific harmful activities and sectors. Please see "What will the investment manager avoid investing in?" in the prospectus for more details.

What is the fund's approach to stewardship?

The investment manager engages with selected companies held by the Fund to support the achievement of the Fund's sustainability objective. This means working with companies, where appropriate, to try to increase their positive contributions, and reduce the size of their negative contributions. The investment manager may also escalate engagement, such as through using use voting rights to try to effect positive change on sustainability matters. Please see "How does the investment manager engage with the investments it holds to support their contribution to the Fund's sustainability objective?" in the prospectus for more details.

Sustainability Metrics

Key Performance Indicator (KPI)	Value
Overall revenue alignment of the Fund with the sustainability objective	Data unavailable ¹
The proportion of companies held by the Fund generating more than 50% of their revenue from activities that align with at least one of the Fund's sustainability outcomes (food security; climate change and GHG emissions; biodiversity; water intensity and management; pollution and waste; wellbeing and health)	Data unavailable ¹
Percentage of investments that are sustainable (as determined by the minimum 50% revenue alignment and Sustainable Investment Panel review)	Data unavailable ¹
Investments that are classified as sustainable based on Sustainable Investment Panel review	Data unavailable ¹

Please see "What Key Performance Indicators (KPIs) does the investment manager use to assess whether the fund is meeting its sustainability objective?" in the prospectus for full details.

Where revenue data or avoided emissions data is not available from a third party sustainability data provider, Schroders may engage with companies to encourage them to disclose the missing data points and may draw upon a variety of other data sources, including studying research and analysing underlying assets. However, data limitations may still arise from data errors, data availability and data estimation. These data limitations do not in aggregate materially affect our assessment of alignment with the sustainability objective or KPIs of the Fund.

More Information

You can find more information on the Fund, including links to the prospectus; KIID; costs and charges information; and the product and manager level sustainability reports (once available) on the Fund's webpage, accessed via <https://www.schroders.com/en-gb/uk/individual/fund-centre/>.

For more information on the sustainability disclosure and labeling regime, please visit: <https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime>.

This document provides you with information about the sustainability features of this fund. It is not marketing material and does not constitute or form part of any offer or invitation to buy or sell any security including any shares in the fund. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Issued by Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU. Registration No 4191730 England. Authorised and regulated by the Financial Conduct Authority.

¹ Data will be available from the end of the first annual reporting period onwards.