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Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Schroder International Selection Fund Global Bond

Legal entity identifier: ITFMVE39JEIQ35YCI721

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

●● ☐ Yes	●○ ☑ No
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☑ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **10.00%** of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☑ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund maintains a higher overall sustainability score than the Bloomberg Global Aggregate Bond 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 sustainability score is measured by Schroders' proprietary tool that provides an aggregate estimate of the social and environmental costs and benefits that an issuer may create. It does this by scoring the issuer against a list of indicators – scores may be positive (for example, when an issuer pays more than average living wages) or negative (for example, when an issuer emits carbon). It does this using third party data as well as Schroders' own estimates and assumptions and the outcome may differ from other sustainability tools and measures.

The result is expressed as an aggregate score of the sustainability indicators for each issuer, specifically a notional percentage (positive or negative) of sales or GDP of the relevant underlying issuer. For example, a score of +2% would mean that for every $100 of sales the issuer generates, it would provide a net positive contribution to society and/or the environment of $2. The sustainability score of the Fund is derived from the scores of all eligible issuers in the Fund's portfolio measured by Schroders' proprietary tool.

The Fund invests at least 10% 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).

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Investment Manager monitors compliance with the characteristic to maintain a higher overall sustainability score than the Bloomberg Global Aggregate Bond index by reference to the weighted average sustainability score of the Fund in Schroders' proprietary tool compared against the weighted average sustainability score of the Bloomberg Global Aggregate Bond index in Schroders' proprietary tool

over the previous six-month period, based on month-end data. 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.

The Investment Manager monitors compliance with the characteristic to invest at least 10% of its assets in sustainable investments by reference to (i) the sustainability score of each asset in Schroders' proprietary tool and/ or (ii) whether the asset is classified as a green, social and/ or sustainable bond and / or (iii) whether an asset is deemed sustainable on an exceptional basis by Schroders. Compliance with this is monitored daily via our automated compliance controls. The Fund also applies certain exclusions, with which the Investment Manager monitors compliance on an ongoing basis via its portfolio compliance framework.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

In respect of the proportion of the Fund's portfolio that is invested in sustainable investments, 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 and/ or (iii) contributes to an environmental and/ or a social objective such that it is deemed sustainable on an exceptional basis by Schroders. The environmental or social objectives of the sustainable investments that the Fund partially intends to make may include, but are not limited to, increasing environmental and/or social benefits such as greater water access or fair pay and reducing environmental, and/or social costs such as carbon emissions or food waste. For example, greater water access as measured by Schroders' proprietary tool are the estimated societal benefits of the provision of clean drinking water to human health. The environmental or social objectives of green, social and/or sustainable bonds may include, but are not limited to, climate change mitigation, renewable energy initiatives, natural resource conservation, access to finance and affordable housing projects.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

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 thermal coal mining. Further information and a list of excluded controversial weapons companies is available at https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/group-exclusions/
- 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 investment exclusions is to be found under "Sustainability-Related Disclosure" on the Fund's webpage https://www.schroders.com/en-lu/lu/individual/fund-centre.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for

How have the indicators for adverse impacts on sustainability factors been taken into account?

When seeking to identify significant harm, Schroders' approach to taking into account the Principal Adverse Impacts (PAI) indicators involves a quantitative and a qualitative assessment. Where it is not considered appropriate or feasible to set quantitative thresholds, the Investment Manager engages, where relevant. Investee companies deemed not to satisfy the quantitative thresholds would generally be excluded, unless on a case-by-case basis the data is deemed not representative of a company's performance in the relevant area.

human rights, anticorruption and antibribery matters.

This framework is subject to ongoing review, particularly as the availability and quality of the data evolves.

Our approach includes:

1. **Quantitative:** this includes indicators where specific thresholds have been established:

- Via the application of exclusions. This approach is relevant to **PAI 4** (Exposure to companies active in the fossil fuel sector), **PAI 5** (Share of non-renewable energy consumption and production) and **PAI 14** (Exposure to controversial weapons). Further, the following PAIs are assessed as part of Schroders 'global norms' breach list exclusion (which seeks to exclude companies where significant harm is occurring):
  - **PAI 7** (Activities negatively affecting biodiversity-sensitive areas)
  - **PAI 8** (Emissions to water)
  - **PAI 9** (Hazardous waste and radioactive waste ratio)
  - **PAI 10** (Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises)
  - **PAI 11** (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises)
  - **PAI 14** in Table 3 (Number of identified cases of severe human rights issues and incidents)
- Via the application of an alert system flag if the relevant indicator(s) exceeds a threshold. These quantitative thresholds to assess significant harm are established centrally by our Sustainable Investment team and monitored systematically. This approach applies to indicators where we have segmented the population into harm groups to establish a threshold, such as carbon related PAI metrics, **PAI 1** (GHG emissions), **PAI 2** (Carbon footprint) and **Voluntary PAI 4 in Table 2** (Investing in companies without carbon emission reduction initiatives). **PAI 3** (GHG intensity of investee companies) operates in a similar way but the threshold is based on a revenue metric. A threshold for **PAI 6** (Energy consumption intensity per high impact climate sector) is established based on the above-mentioned carbon measures. A similar approach has been taken for **PAI 15** (GHG intensity). **PAI 16** (Investee countries subject to social violations) also operates in the same way but based on data availability regarding social violations. Through this process the relevant issuer(s) that is/are deemed not to satisfy the quantitative thresholds is/are flagged to the Investment Manager for consideration, whose response may involve selling the holdings(s) or maintaining the position if on a case-by-case basis the data is deemed not representative of a company's performance in the relevant area. Investee companies deemed to cause significant harm are excluded from the Fund.

2. **Qualitative:** This includes PAI indicators where Schroders' believes that the data available does not enable us to make a quantitative determination regarding whether significant harm is done so as to warrant excluding an investment. In such cases, the Investment Manager engages wherever possible with the company or companies held, in accordance with the priorities documented in Schroders' Engagement Blueprint and/or voting policy. This approach applies to indicators such as **PAI 12** (Unadjusted gender pay gap) and **PAI 13** (Board gender diversity), where we engage and may use our voting rights where we consider appropriate. Both board gender diversity and disclosure of gender pay gap information are captured in our Engagement Blueprint.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Companies on Schroders' 'global norms' breach list cannot be categorised as sustainable investments. Schroders' determination of whether a company should be included on such list considers the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, among other relevant principles. The 'global norms' breach list is informed by third party providers and proprietary research, where relevant.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do not significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes.

The Investment Manager's approach to considering principal adverse impacts on sustainability factors differs depending on the relevant indicator. Some indicators are considered via the application of exclusions, some are considered via the investment process (where data is available via Schroders' PAI dashboard and via other external data sources) and some are considered via engagement. Further details are provided below.

PAIs are considered as part of pre-investment through the application of exclusions. These include Schroders firmwide corporate exclusions regarding:

- Controversial weapons: PAI 14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- Schroders' 'global norms' breach list, which covers: PAI 7 (Activities negatively affecting biodiversity-sensitive areas), PAI 8 (Emissions to water), PAI 9 (Hazardous waste and radioactive waste ratio), PAI 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises), PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and PAI 14 in Table 3 (Number of identified cases of severe human rights issues and incidents).
- Companies that derive revenues above certain thresholds from activities related to thermal coal: PAI 4 (Exposure to companies active in the fossil fuel sector) and PAI 5 (Share of non-renewable energy consumption and production).

Compliance with these thresholds is monitored via the Investment Manager's portfolio compliance framework.

PAIs are also considered through integration in the investment process. All PAI indicators are monitored via Schroders PAI dashboard.

Schroders' proprietary tool incorporates several PAIs as a component of its scoring methodology. In assessing a corporate issuer's overall environmental score PAI 1, 2, 3, 4, 5, and 6 are included, for example.

As part of our process we also consider the materiality of PAIs 15 (GHG intensity) and 16 (investee countries subject to social violations) as to whether we should regard these as areas of potential concern.

PAIs are also considered post-investment through engagement where the Investment Manager engages in line with the approach and expectations set out in Schroders Engagement Blueprint, which outlines our approach to active ownership.

The Investment Manager may engage with selected issuers held by the Fund on PAIs 1, 2, 3 and 4, for example. We aim to engage with several issuers on net zero carbon emissions targets (PAI 1,2) and procuring renewable energy (PAI 5).

There tends to be fewer opportunities to engage with sovereign issuers, as opposed to corporate issuers, but nonetheless we aim to engage with sovereign and supranational issuers on a periodic basis, primarily with respect to their approach to net zero carbon strategies (relating to PAI 15, GHG intensity).

Our approach is subject to ongoing review, particularly as the availability, and quality, of PAI data evolves. The Management Company's statement on principal adverse impacts on sustainability factors is available at https://api.schroders.com/document-store/id/ffcb39bb-96cb-4e56-9461-deba9a493e85. The Fund level information is disclosed or will be disclosed (as applicable) in the Fund's annual report.

☐ No

What investment strategy does this financial product follow?

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

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 with an investment grade or sub-investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) issued by governments, government agencies, supra-nationals and companies worldwide in various currencies.

The Fund may invest:

– up to 10% of its assets in contingent convertible bonds;

– up to 30% of its assets directly or indirectly (including via credit default swaps and credit default swap indices) 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); and

– up to 40% of its assets in asset-backed securities, commercial mortgage-backed securities, and/or residential mortgage-backed securities issued worldwide with an investment grade or sub-investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

Underlying assets may include credit card receivables, personal loans, auto loans, small business loans, leases, commercial mortgages and residential mortgages.

The Fund may invest up to 15% of its assets in mainland China through Regulated Markets (including the CIBM via Bond Connect or CIBM Direct).

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 maintains a higher overall sustainability score than the Bloomberg Global Aggregate Bond index, based on the Investment Manager's rating criteria.

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability-Related Disclosure" on the Fund's webpage https://www.schroders.com/en-lu/lu/individual/fund-centre

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

Sustainability factors are assessed – across both sovereign markets and credit allocation decisions – in tandem with macroeconomic factors throughout the Investment Manager's top-down thematic investment process.

In assessing sustainability factors for sovereign issuers, the Investment Manager considers that countries with stable and non-corrupt governments are likely to be more willing and able to service their debts, while political considerations, including the impact of social and governance factors, can influence a country's inflation and currency profile and thus have a material impact on the real value of debt. Environmental impacts – which can be more pertinent over a longer-term horizon – are also incorporated. The Investment Manager's approach includes the use of Schroders' proprietary sustainability tools to rank countries by measuring their performance against multiple sustainability related indicators.

Credit selection decisions are delegated to the Investment Manager's specialist credit investment teams, who aim to identify issuers demonstrating good or improving sustainability credentials, and those that impose a high cost on the environment and society. This involves:

- 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; and
- The inclusion of issuers that the Investment Manager considers are well placed to deliver stable and improving sustainability trajectories relative to their industry peers.

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

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 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 Fund's 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 Fund's 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.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The following binding elements are applied throughout the investment process:

- The Fund maintains a higher overall sustainability score than the Bloomberg Global Aggregate Bond index based on the Investment Manager's rating criteria.
- The Fund invests at least 10% of its assets in sustainable investments and such investments do not cause significant environmental or social harm.
- Exclusions are applied to direct investments in companies. The Fund applies certain exclusions relating to international conventions on cluster munitions, antipersonnel mines, and chemical and biological weapons. The Fund also 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. 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. Further, the Fund may apply other exclusions as listed under "Sustainability-Related Disclosure" on the Fund's webpage https://www.schroders.com/en-lu/lu/individual/fund-centre

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

The Investment Manager ensures that at least:

- 90% of the portion of the Fund's 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 Fund's 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.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

This question is not applicable for the Fund.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

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

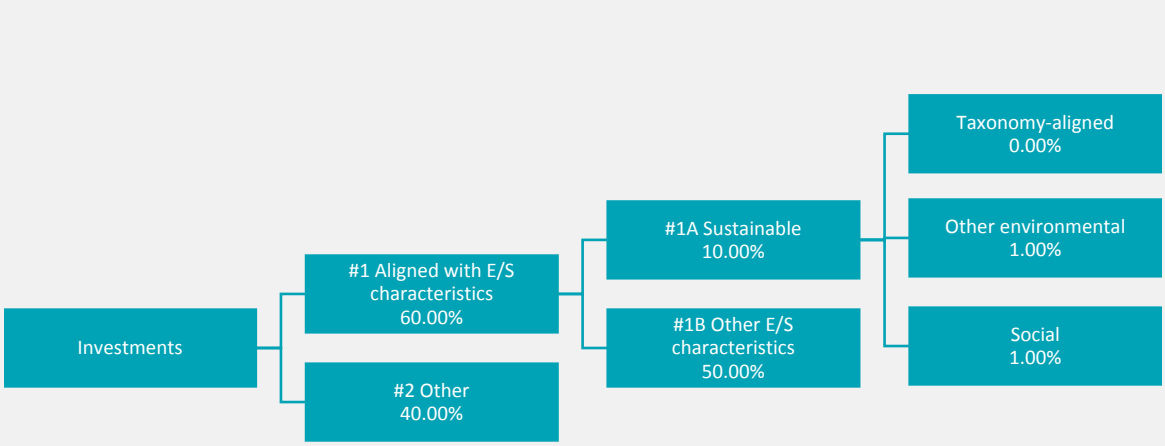
#1 Aligned with E/S characteristics includes the minimum proportion of the Fund's assets used to attain the environmental or social characteristics, which is equal to 60%. The Fund commits to maintain a higher overall sustainability score than the Bloomberg Global Aggregate Bond index, and so the Fund's 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.

The Fund will invest at least 10% of its assets in sustainable investments. Each sustainable investment (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 and/ or (iii) contributes to an environmental and/ or a social objective such that it is deemed sustainable on an exceptional basis by Schroders. 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".

#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 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 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.



#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 The minimum proportion stated applies in normal market conditions.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Single name credit default swaps are used as a proxy for direct investments which would otherwise be held by the Fund in line with its sustainability criteria. Such derivatives are therefore used to attain the Fund's sustainability score in Schroders proprietary tool which is one of the binding elements of the Fund. The Fund may use other derivatives that are scored in Schroders' proprietary tool to meet the environmental and/or social characteristics promoted by the Fund, as such derivatives would contribute to the Fund's sustainability score (whether such individual investment has a positive or a negative score).

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

There is no minimum extent to which the Fund's investments (including transitional and enabling activities) with an environmental objective are aligned with the Taxonomy. Taxonomy alignment of this Fund's investments has therefore not been calculated and has as a result been deemed to constitute 0% of the Fund's portfolio.

In future it is expected that the Fund will assess and report on the extent to which its underlying investments are in economic activities that qualify as environmentally sustainable under the Taxonomy, along with information relating to the proportion of enabling and transitional activities. This Prospectus will be updated once it is possible in the Investment Manager's opinion to accurately disclose to what extent the Fund's investments are in Taxonomy-aligned environmentally sustainable activities, including the proportions of investments in enabling and transitional activities selected for the Fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes:

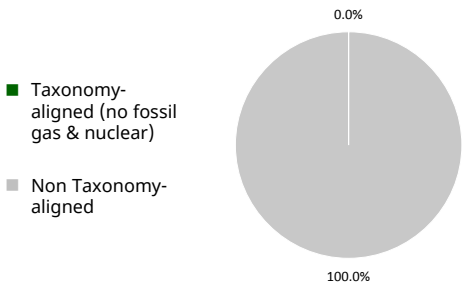
☐ In fossil gas ☐ In nuclear energy

☑ No

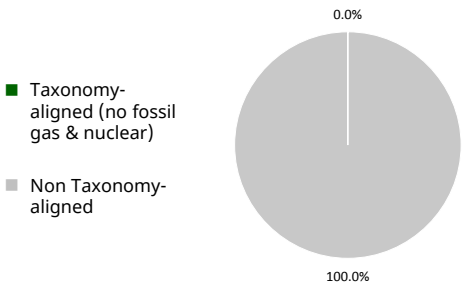
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents x% of the total investments[2].

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of investments in transitional and enabling activities?

As per the above, at the date of this Prospectus the share of investments by the Fund in transitional and enabling activities is currently deemed to constitute 0% of the Fund's portfolio.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

[2] As there is no Taxonomy-alignment, there is no impact on the graph if sovereign bonds are excluded (i.e. the percentage of Taxonomy-aligned investments remains 0%) and the Management Company therefore believes that there is no need to mention this information.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to invest at least 1% of its assets in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of socially sustainable investments?

The Fund commits to invest at least 1% of its assets in sustainable investments with a social objective.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

#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 tools and so do not contribute towards the Fund's sustainability score.

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 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.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  This question is not applicable for the Fund.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  This question is not applicable for the Fund.

- ***How does the designated index differ from a relevant broad market index?***

  This question is not applicable for the Fund.

- ***Where can the methodology used for the calculation of the designated index be found?***

  This question is not applicable for the Fund.



Where can I find more product specific information online?

More product-specific information can be found on the webpage: https://www.schroders.com/en-lu/lu/individual/fund-centre