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**Product Name :** Schroder ISF Global Multi-Asset Income

**Legal Entity Identifier :** 9P2R2H6H0KS8FL2XQC82

## 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.

**Did this financial product have a sustainable investment objective?**

Yes
  No

|  |  |
|--|--|
| <input type="checkbox"/> It made <b>sustainable investments with an environmental objective: __%</b>                     | <input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 45% of sustainable investments |
| <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy        | <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  |
| <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  |
| <input type="checkbox"/> It made <b>sustainable investments with a social objective: __%</b>                             | <input checked="" type="checkbox"/> with a social objective  |
|  | <input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>  |

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and/or social characteristics promoted by the Fund were met.

The Fund maintained a higher overall sustainability score than the 30% MSCI AC World Index (USD), 40% Barclays Global Aggregate Corporate Bond Index (USD) and 30% Barclays Global High Yield excl CMBS & EMG 2% Index (USD), based on the Investment Manager's rating system. This means that the Fund's weighted average score over a rolling six month period up to the end of the reference period was higher than the benchmark's weighted average score over the same period, based on month-end data. This benchmark (which is a broad market index) is not a reference benchmark for the purposes of the environmental and social characteristics promoted by the Fund.

The sustainability score is measured by Schroders' proprietary tool that provides an estimate of the net "impact" that an issuer may create in terms of social and environmental "costs" or "benefits". It does this by using certain indicators with respect to that issuer, and quantifying them positively and negatively to produce an aggregate notional measure of the effect that the relevant underlying issuer may have on society and the environment. 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. Examples of such indicators are greenhouse gas emissions, water usage, and salaries compared to the living wage.

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 an issuer contributes \$2 of relative notional positive impact (i.e. benefits to society) per \$100 of sales or GDP. The sustainability score of the Fund is derived from the scores of all issuers in the Fund's portfolio measured by Schroders' proprietary tool.

The Fund also invested at least 10% of its assets in sustainable investments during the reference period.

The reference period for this Fund is 1 January 2023 to 31 December 2023.

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

### • *How did the sustainability indicators perform?*

The Fund's sustainability score for the reference period was 0.5% and the benchmark's sustainability score for the reference period was -4.1%.

In each case the sustainability score is calculated as a notional percentage as described above.

During the reference period, the top 5 indicators in Schroders' proprietary tool that contributed positively to the sustainability score of the Fund were:

- Connectivity
- Contraception
- High Salaries
- Medicine
- Power Provision

The Investment Manager monitored compliance with the characteristic to maintain a higher overall sustainability score than the 30% MSCI AC World Index (USD), 40% Barclays Global Aggregate Corporate Bond Index (USD) and 30% Barclays Global High Yield excl CMBS & EMG 2% Index (USD) by reference to the weighted average sustainability score of the Fund in Schroders' proprietary tool compared against the weighted average sustainability score of the 30% MSCI AC World Index (USD), 40% Barclays Global Aggregate Corporate Bond Index (USD) and 30% Barclays Global High Yield excl CMBS & EMG 2% Index (USD) in Schroders' proprietary tool over a rolling six month period up to the end of the reference 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 invested 45% of the Fund's assets in sustainable investments. This figure represents the average percentage of sustainable investments during the reference period, based on quarter-end data.

The Investment Manager monitored compliance with the characteristic to invest at least 10% of its assets in sustainable investments by reference to the sustainability score of each asset in Schroders' proprietary tool. Compliance with this was monitored daily via our automated compliance controls.

The Fund also applied certain exclusions, with which the Investment Manager monitored compliance on an ongoing basis via its portfolio compliance framework.

• **...and compared to previous periods?**

**Sustainable investments**

*This table details the percentage of assets invested in sustainable investments, year on year.*

| Period              | Fund (%) |
|---------------------|----------|
| Jan 2023 - Dec 2023 | 45       |
| Aug 2022 - Dec 2022 | 42       |

**Sustainability score**

*This table details the Fund's and benchmark's sustainability score, year on year.*

| Period              | Fund (%) | Benchmark (%) |
|---------------------|----------|---------------|
| Jan 2023 - Dec 2023 | 0.5      | -4.1          |
| Jan 2022 - Dec 2022 | 0.4      | -4.5          |

For 2022 the percentage of sustainable investments was calculated as an average over the last four months of the reference period. For 2023 the percentage is calculated as an average based on quarter-end data.

• **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

In respect of the proportion of the Fund's portfolio that was invested in sustainable investments, each sustainable investment demonstrated a net positive effect across a range of environmental or social objectives, as scored by Schroders' proprietary tool.

The objectives of the sustainable investments that the Fund made included, but were not limited to:

- Connectivity: the estimated societal benefits from companies' that enable or support the connection of communities through telecommunication services;
- Contraception: the estimated societal benefits attained from the production and supply of

contraceptives. Assigned in proportion to company market share of global revenue;

- High Salaries: the estimated societal benefit of paying staff above local living wages (for regions in which they operate). Assigned in proportion to the surplus companies are paying employees compared to the average living wage;

- Medicine: the estimated societal benefits arising from the additional social value the sale of such products and services exhibits of the wider economy. Assigned in proportion to the company's involvement in the healthcare value chain and proportion of company market share to global sub-sector revenue; and

- Power Provision: the estimated societal benefits of access to power and electricity. Assigned in proportion to a company's share of power provision revenues.

The above examples of the objectives of the sustainable investments that the Fund made during the reference period are based on the most significant objectives at each quarter-end. Other objectives may have applied during the reference period.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**• How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Manager's approach to not causing significant harm to any environmental or social sustainable investment objective included the following:

- Firm-wide exclusions applied to Schrodgers funds. These relate to international conventions on cluster munitions, anti-personnel mines, and chemical and biological weapons. A detailed list of all companies that are excluded is available at <https://www.schrodgers.com/en/sustainability/active-ownership/group-exclusions/>.

- Schrodgers became a signatory to the UN Global Compact (UNGC) principles on 6 January 2020. Until July 2023, the Fund excluded companies in violation of the UNGC principles from the portion of the portfolio in sustainable investments, as Schrodgers considers violators cause significant harm to one or more environmental or social sustainable investment objectives. The areas determining whether an issuer is an UNGC violator include issues that are covered by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, such as human rights, bribery and corruption, labour rights, child labour, discrimination, health and safety, and collective bargaining. The list of UNGC violators is provided by a third party and compliance with the list was monitored via our automated compliance controls. Schrodgers may have applied certain exceptions to the list during this period.

- From July 2023, the Fund excluded companies that were assessed by Schrodgers to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprised Schrodgers' 'global norms' breach list. Schrodgers' determination of whether a company had been involved in such a breach considered 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 have been applied in order to allow the Fund to continue to hold a company on Schrodgers' 'global norms' breach list, for example where the stated investment strategy of the Fund may otherwise be compromised. Any such company was not

categorised as a sustainable investment.

- Firm-wide exclusions also applied to companies that derived revenues above certain thresholds from activities related to tobacco and thermal coal, especially tobacco production, tobacco value chain (suppliers, distributors, retailers, licensors), thermal coal mining and coal fired power generation.

- The Fund also applied certain other exclusions.

- Further information on all of the Fund's exclusions is to be found on the Fund's webpage, accessed via <https://www.schroders.com/en/lu/private-investor/gfc>.

### ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Where the Investment Manager set levels in relation to the indicators for adverse impacts on sustainability factors, compliance with these thresholds was monitored on an ongoing basis via its portfolio compliance framework. Investee companies in breach of these levels were not eligible to be considered as a sustainable investment.

For example, until July 2023 the Fund excluded companies in violation of the UNGC principles (principal adverse impact (PAI) 10) from the portion of the portfolio in sustainable investments. The list of UNGC violators is provided by a third party and compliance with the list was monitored via our automated compliance controls. Schroders may have applied certain exceptions to this list.

From July 2023 the Fund excluded companies that were assessed by Schroders to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprised Schroders' 'global norms' breach list. Schroders' 'global norms' breach list 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 16 (Investee countries subject to social violations).

In addition the Fund excluded companies that were deemed to contribute significantly to climate change (related to PAIs 1, 2 and 3 covering GHG emissions). The thresholds that were applied were companies deriving >10% revenue from thermal coal mining and >30% revenue from coal power generation. The Fund may have applied stricter thresholds, as disclosed on the website. Compliance with these exclusions was monitored via our automated compliance controls.

In other areas Schroders set principles of engagement. We have aligned each of the PAIs to one of Schroders six core engagement themes. We summarise below the thresholds that apply and the engagement actions we have for each:

#### Climate Change

PAIs 1, 2, 3, 4, 5, 6 and PAI 4 in Table 2 relate to the Engagement Blueprint theme of Climate Change. Details of our Engagement Blueprint can be found here: (Link <https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagement-blueprint.pdf>). We engage to understand how companies are responding to the challenges climate change may pose to their long-term financial position. Through our engagement activity we seek to understand different areas, such as the speed and scale of emission reduction targets and steps being taken to meet climate goals.

## Biodiversity and Natural Capital

PAIs 7, 8 and 9 align to the Engagement Blueprint theme of Biodiversity and Natural Capital. We recognise the importance of all companies assessing and reporting on their exposure to natural capital and biodiversity risk. We focus our engagement on improving disclosure around a number of themes such as deforestation and sustainable food and water.

## Human Rights

PAIs 10 and 14 relate to the Engagement Blueprint theme of Human Rights. There is increasing pressure on the role that businesses can and should play to respect human rights. We understand the higher operational and financial risks, and the reputational risk that human rights controversies cause. Our engagement focuses on three core stakeholders: workers, communities and customers.

## Human Capital Management

PAIs 11, 12 and 13 align to the Engagement Blueprint theme of Human Capital Management. We identify human capital management as a priority issue for engagement, noting that people in an organisation are a significant source of competitive advantage and that effective human capital management is essential to drive innovation and long-term value creation. We also recognise a number of links between high standards of human capital management and the achievement of the Sustainable Development Goals (SDGs). Our engagement activities address themes such as health and safety, corporate culture and investment into the workforce.

## Diversity and Inclusion

PAIs 12 and 13 relate to the Engagement Blueprint theme of Diversity and Inclusion. Improving disclosure on board diversity and the gender pay gap are two of the priority objectives outlined in our Engagement Blueprint. We request that companies implement a policy that requires each board vacancy to consider at least one or more diverse candidates. Our engagement approach also addresses diversity of the executive management, the workforce and in the value chain.

## Corporate Governance

PAIs 12, 13 and PAI 4 in Table 3 align to the Engagement Blueprint theme of Corporate Governance. We engage with companies to seek to ensure businesses act in the best interest of shareholders and other key stakeholders. We also recognise that, in most cases, in order to see progress and performance on other material Environmental, Social and Governance (ESG) issues, strong governance structures need to first be in place. We therefore engage on a number of corporate governance aspects such as executive remuneration, boards and management, and strategy.

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

The portion of the portfolio in sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Until July 2023, we used a list of companies that were deemed to violate the UN Global Compact (UNGC) Principles, as provided by a third party. Issuers on that list were not categorised as sustainable investments. The areas considered when determining whether an issuer is a UNGC violator included those covered by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, such as human rights, bribery and corruption,

labour rights, child labour, discrimination, health and safety, and collective bargaining.

From July 2023, companies on Schroders' 'global norms' breach list were not categorised as sustainable investments. Schroders' determination of whether a company should be included on such list considered 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 was 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 Union criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

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



### **How did this financial product consider principal adverse impacts on sustainability factors?**

The Fund allocated its assets across multiple underlying strategies. Some PAIs were considered at the Fund level, whilst other PAIs were considered at the level of the underlying strategies by the relevant investment manager where applicable. Further details on how these have been considered during the reference period are detailed below.

Some PAIs were considered as part of pre-investment through the application of exclusions. These included:

- Controversial weapons: PAI 14 (Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons))
- UNGC Violators: PAI 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and from July 2023 Schroders' 'global norms' breach list which covers: PAI 7 (Activities negatively affecting biodiversity-sensitive areas), PAI 8 (Emissions to water), PAI 9 (Hazardous 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 16 (Investee countries subject to social violations) – applied to Sustainable Investments.
- Companies that derive revenues above certain thresholds from activities related to thermal coal: (PAI 4 (Exposure to companies active in the fossil fuel sector), PAI 5 (Share of non-renewable energy consumption and production) – applied to relevant underlying strategies.

Other PAIs were considered via active ownership, which was performed indirectly via the underlying investment managers. Where applicable, based on the underlying strategies and the relevant investment manager's own investment process, PAIs were considered post-investment through engagement in line with the approach and expectations set out in Schroders Engagement Blueprint.

Examples of PAIs captured via this approach included PAI 1 (GHG emissions), PAI 2 (Carbon footprint), PAI 3 (GHG intensity of investee companies) and PAI 13 (Board gender diversity).

For example, during the reference period there was an engagement with an American pharmaceutical company held by the Fund to seek clarity on progress towards climate goals. We noted that the company appears to be behind on progress for its 2030 climate goals. The company's approach appears to be focused on upgrades during normal plant lifecycle progress, rather than upfront investment, although the company has recently committed to setting a longer-term net zero goal.

In addition, there was a further engagement with a French pharmaceutical company focusing on corporate culture, employees and pricing. We initially had concerns with workforce turnover, but received comfort around the type of attrition, given the intended cultural change and restructuring in the organisation. The company has increased access, broadened education and are set for a 70% price cut for one of its drugs in 2024.

A summary of the Fund's engagement activity during the reference period, including the relevant engagement theme, is shown below:

| Engagement Theme                 | # Issuers |
|----------------------------------|-----------|
| Climate Change                   | 246       |
| Corporate Governance             | 81        |
| Natural Capital and Biodiversity | 52        |
| Human Rights                     | 44        |
| Human Capital Management         | 40        |
| Diversity and Inclusion          | 21        |

The engagements shown relate to engagements with companies and issuers.

Our approach is subject to ongoing review, particularly as the availability, and quality, of PAI data evolves.



### What were the top investments of this financial product?

During the reference period the top 15 investments were:



The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: **1 Jan 2023 to 31 Dec 2023**

| Largest Investments                                    | Sector                 | % Assets | Country       |
|--|------------------------|----------|---------------|
| SISF MLT-AST GRWT AND INC I DIS                        | Collective Investments | 4.15     | Luxembourg    |
| SISFEmrgMultiAstIncIDis(IEMIL) MF                      | Collective Investments | 4.02     | Luxembourg    |
| US TREASURY N/B .125% 15 Feb 2024                      | Sovereign (Developed)  | 1.59     | United States |
| MICROSOFT CORPORATION COMMON STOCK USD0.0000125        | Information Technology | 1.52     | United States |
| SCHRODER GAIA CAT BOND I ACCUMULATION                  | Collective Investments | 1.46     | Luxembourg    |
| APPLE INCORPORATED COMMON STOCK NPV                    | Information Technology | 0.97     | United States |
| ALPHABET INCORPORATED CL A NPV                         | Communication Services | 0.84     | United States |
| TREASURY NOTE SR GOVT .125% 15 Oct 2023                | Sovereign (Developed)  | 0.80     | United States |
| MASTERCARD INCORPORATED CLASS A COMMON STOCK USD0.0001 | Financial              | 0.47     | United States |
| UNITEDHEALTH GROUP INCORPORATED COMMON STOCK USD0.01   | Health Care            | 0.47     | United States |
| JPMORGAN CHASE & CO SR CORP 2.58% 22 Apr 2032          | Financial              | 0.46     | United States |
| AMAZON.COM INCORPORATED USD0.01                        | Consumer Discretionary | 0.43     | United States |
| ASML HOLDING NV EUR0.09 (POST SPLIT)                   | Information Technology | 0.41     | Netherlands   |
| HITACHI LIMITED NPV                                    | Industrial             | 0.40     | Japan         |
| ADOBE INCORPORATED NPV                                 | Information Technology | 0.38     | United States |

The list above represents the average of the Fund's holdings at each quarter-end during the reference period.

The largest investments and % of assets referred to above are derived from the Schroders Investment Book of Record (IBoR) data source. The largest investments and % of assets detailed elsewhere in the Audited Annual Report are derived from the Accounting Book of Record (ABoR) maintained by the administrator. As a result of these differing data sources, there may be differences in the largest investments and % of assets due to the differing calculation methodologies of these alternative data sources.



## What was the proportion of sustainability-related investments?

**Asset allocation** describes the share of investments in specific assets.

### • What was the asset allocation?

The Fund's investments that were used to meet its environmental or social characteristics are summarised below.

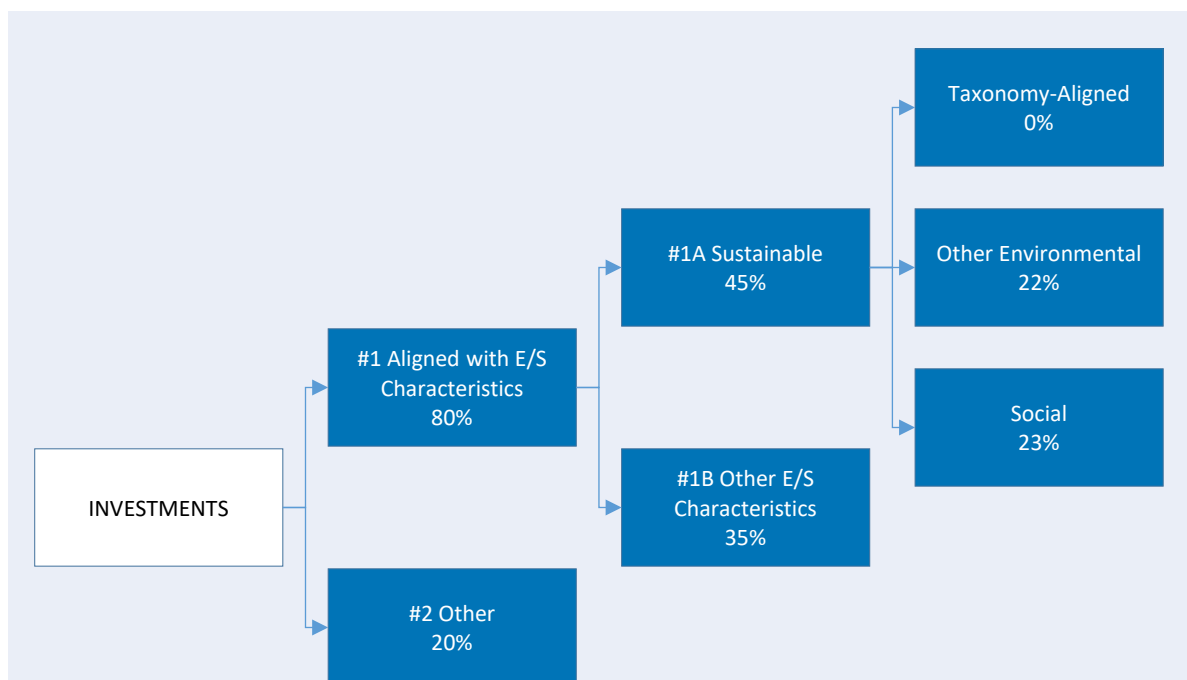
#1 Aligned with E/S characteristics includes the Fund's assets that were used to attain the environmental or social characteristics, which is equal to 80%. The Fund maintained a higher overall sustainability score than the 30% MSCI AC World Index (USD), 40% Barclays Global Aggregate Corporate

Bond Index (USD) and 30% Barclays Global High Yield excl CMBS & EMG 2% Index (USD) and so the Fund's investments that were scored by Schroders' proprietary sustainability tool are included within #1 on the basis that they contributed to the Fund's sustainability score (whether such individual investment had a positive or a negative score). The percentage in #1 Aligned E/S characteristics represents the average during the reference period, based on quarter-end data. Also included within #1 is the proportion of assets that was invested in sustainable investments, as indicated in #1A.

The sustainability score is measured by Schroders' proprietary tool that provides an estimate of the net "impact" that an issuer may create in terms of social and environmental "costs" or "benefits". It does this by using certain indicators with respect to that issuer, and quantifying them positively and negatively to produce an aggregate notional measure of the effect that the relevant underlying issuer may have on society and the environment. Examples of such indicators are greenhouse gas emissions, water usage, and salaries compared to the living wage.

The Fund invested 45% of its assets in sustainable investments. This percentage represents the average during the reference period, based on quarter-end data. Within this, 22% was invested in sustainable investments with an environmental objective and 23% was invested in sustainable investments with a social objective. The percentage of sustainable investments with an environmental objective and the percentage of sustainable investments with a social objective may not sum to the percentage of sustainable investments, due to rounding. In respect of the proportion of the Fund's portfolio that was invested in sustainable investments, each sustainable investment demonstrated a net positive effect across a range of environmental or social objectives, as scored by Schroders' proprietary tool. With the exception of any green or social bonds, which will be classified as having an environmental and 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 was treated as neutral for sustainability purposes. #2 also includes investments that were not scored by Schroders' proprietary sustainability tool and so did not contribute towards the Fund's sustainability score.



**#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 environmentally and socially sustainable investments
- The sub-category **#1B Other E/S Characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments

• **In which economic sectors were the investments made?**

During the reference period investments were made in the following economic sectors:

| Sector     | Sub-Sector                        | % Assets |
|------------|-----------------------------------|----------|
| Industrial | Capital Goods                     | 4.48     |
| Industrial | Healthcare                        | 4.07     |
| Industrial | Telecommunications                | 3.73     |
| Industrial | Media & Entertainment             | 3.02     |
| Industrial | Leisure                           | 2.53     |
| Industrial | Services                          | 2.09     |
| Industrial | Gas-Distribution                  | 2.04     |
| Industrial | Real Estate                       | 1.90     |
| Industrial | Energy - Exploration & Production | 1.89     |
| Industrial | Technology & Electronics          | 1.63     |
| Industrial | Automotive                        | 1.50     |
| Industrial | Basic Industry                    | 1.47     |

| Sector                 | Sub-Sector                                     | % Assets |
|------------------------|--|----------|
| Industrial             | Retail   | 1.43     |
| Industrial             | Consumer Goods                                 | 1.23     |
| Industrial             | Transportation                                 | 1.19     |
| Industrial             | Commercial & Professional Services             | 0.82     |
| Industrial             | Integrated Energy                              | 0.41     |
| Industrial             | Oil Refining & Marketing                       | 0.30     |
| Industrial             | Oil Field Equipment & Services                 | 0.27     |
| Industrial             | Financial                                      | 0.01     |
| Financial              | Banking  | 8.26     |
| Financial              | Financial Services                             | 5.29     |
| Financial              | Insurance                                      | 2.03     |
| Collective Investments | Unit Trusts                                    | 9.63     |
| Information Technology | Software & Services                            | 3.26     |
| Information Technology | Semiconductors & Semiconductor Equipment       | 2.09     |
| Information Technology | Technology Hardware & Equipment                | 1.45     |
| EMD Sovereign          |  | 5.07     |
| Cash                   | Cash   | 3.36     |
| Cash                   | Margin Cash                                    | 1.01     |
| Health Care            | Pharmaceuticals, Biotechnology & Life Sciences | 3.07     |
| Health Care            | Health Care Equipment & Services               | 1.16     |
| Health Care            | Consumer Staples Distribution & Retail         | 0.01     |
| Consumer Discretionary | Consumer Discretionary Distribution & Retail   | 1.55     |
| Consumer Discretionary | Automobiles & Components                       | 1.28     |
| Consumer Discretionary | Consumer Durables & Apparel                    | 0.78     |
| Consumer Discretionary | Consumer Services                              | 0.44     |
| Consumer Discretionary | Equity Real Estate Investment Trusts (REITs)   | 0.01     |
| Sovereign (Developed)  |  | 2.53     |
| Utilities              | Electric - Integrated                          | 0.87     |
| Utilities              | Utilities                                      | 0.58     |
| Utilities              | Electric - Generation                          | 0.44     |
| Utilities              | Non-Electric Utilities                         | 0.33     |
| Utilities              | Gas-Distribution                               | 0.07     |
| Utilities              | Gas Utilities                                  | 0.03     |
| Communication Services | Media & Entertainment                          | 1.29     |
| Communication Services | Telecommunication Services                     | 0.91     |
| Communication Services | Consumer Discretionary Distribution & Retail   | 0.11     |
| Consumer Staples       | Food, Beverage & Tobacco                       | 1.00     |
| Consumer Staples       | Household & Personal Products                  | 0.88     |
| Consumer Staples       | Consumer Staples Distribution & Retail         | 0.14     |
| Securitized            | Mortgage Backed                                | 1.54     |
| Materials              | Materials                                      | 1.31     |
| Materials              | Industrial Gases                               | 0.12     |
| Energy                 | Integrated Oil & Gas                           | 0.69     |
| Energy                 | Oil & Gas Exploration & Production             | 0.25     |

| Sector           | Sub-Sector                           | % Assets |
|------------------|--------------------------------------|----------|
| Energy           | Oil & Gas Storage & Transportation   | 0.18     |
| Energy           | Oil & Gas Refining & Marketing       | 0.10     |
| Energy           | Oil & Gas Equipment & Services       | 0.10     |
| Cash Equivalents | Treasury Bills                       | 0.57     |
| Real Estate      | Real Estate Management & Development | 0.09     |
| Equity           | Equity                               | 0.08     |
| Derivatives      | Equity Derivatives                   | 0.09     |
| Derivatives      | FX Derivatives                       | -0.05    |

The list above represents the average of the Fund's holdings at each quarter-end during the reference period.

The % of assets and sector classifications aligned to economic sectors referred to above are derived from the Schroders Investment Book of Record (IBoR) data source. The % of assets and sector classifications aligned to economic sectors detailed elsewhere in the Audited Annual Report are derived from the Accounting Book of Record (ABoR) maintained by the administrator. As a result of these differing data sources, there may be differences in the % of assets and sector classifications aligned to economic sectors, due to the differing calculation methodologies and data availability of these alternative data sources.



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

There was no extent to which the Fund's investments (including transitional and enabling activities) with an environmental objective were aligned with the EU 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.

#### • Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

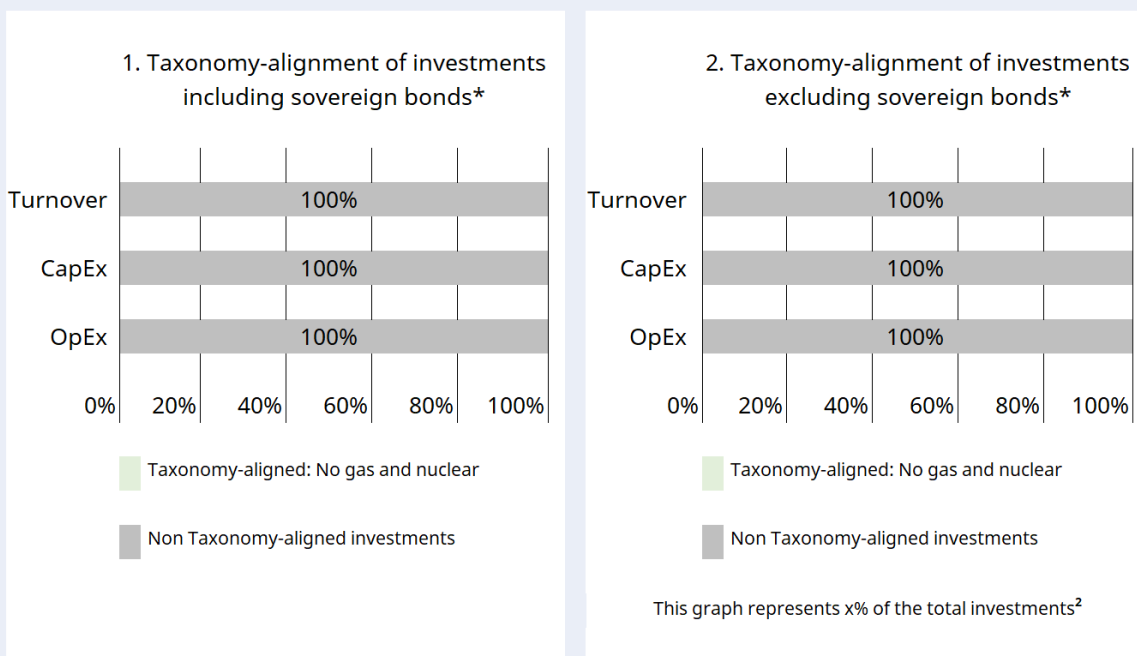
- Yes:
- In fossil gas  In nuclear energy
- No

<sup>1</sup> 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 no significant harm to 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.

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 graphs below show in green the percentage of investments that were 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.



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

<sup>2</sup>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.

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

**Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have


• **What was the share of investments made in transitional and enabling activities?**

As per the above, the share of investments by the Fund in transitional and enabling activities has been deemed to constitute 0% of the Fund's portfolio.

greenhouse gas emission levels corresponding to the best performance.

**• How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

This question is not applicable.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy was 22%.



**What was the share of socially sustainable investments?**

The share of sustainable investments with a social objective was 23%.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

#2 Other includes cash, which was treated as neutral for sustainability purposes. #2 also includes investments that were not scored by Schroders’ proprietary sustainability tool and so did not contribute towards the Fund’s sustainability score.

Minimum safeguards were applied where relevant to investments and derivatives by restricting (as appropriate) investments in counterparties where there were 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 were reviewed by Schroders’ credit risk team and approval of a new counterparty was 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 was performed through a Schroders’

proprietary tool, which supports the analysis of a counterparty's management of environmental, social and governance trends and challenges.

Schroders' credit risk team monitored the counterparties and during the reference period, to the extent counterparties were removed from the approved list for all funds in line with our policy and compliance requirements, such counterparties were ineligible for use by the Fund in respect of any relevant investments from the date they were removed.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The actions taken during the reference period to meet the environmental and social characteristics promoted by the Fund were the following:

- The Investment Manager applied sustainability criteria when selecting investments for the Fund;
- The Investment Manager considered the sustainability score of the Fund and of individual investments when selecting the assets held by the Fund;
- The Investment Manager utilised a Schroders' proprietary tool to help assess good governance practices of investee companies; and
- The Investment Manager undertook engagements covering one or more of the six priority themes set out in our Engagement Blueprint (link <https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagement-blueprint.pdf>). A summary of the Fund's engagement activity, including the number of issuers engaged with and the related theme, is shown above in the question 'How did this financial product consider principal adverse impacts on sustainability factors?'. Through our engagement activities, we build relationships and have a two-way dialogue with our investee companies.



### **How did this financial product perform compared to the reference benchmark?**

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

No index was designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

#### **• How does the reference benchmark differ from a broad market index?**

This question is not applicable.

#### **• How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics**



***promoted?***

This question is not applicable.

***• How did this financial product perform compared with the reference benchmark?***

This question is not applicable.

***• How did this financial product perform compared with the broad market index?***

This question is not applicable.