

Sustainability related disclosures

Capitalised terms used but not defined herein shall have the meanings set forth in the Fund's supplement.

Product name: SCHRODER EURO BOND FAM FUND

Legal entity identifier: 635400INXZUO9N6HF24

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> 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 type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> 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% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that 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 checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

A. Summary

The Fund maintains a higher overall sustainability score than the Bloomberg EURO Aggregate index, based on the Investment Manager's rating system. This benchmark (which is a broad market index) does not take into account the environmental and social characteristics promoted by the Fund. No reference benchmark has been designated for the purpose of meeting the environmental or social characteristics promoted by the financial product. The sustainability score of the Fund is measured by SustainEx™, Schroders' proprietary tool that provides an estimate of the potential societal or environmental impact that an issuer may create.

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

The Fund may also apply certain exclusions. Further information on all of the Fund's exclusions is to be found further below under the "Monitoring of sustainable investment objective" section.

In order to assess good governance practices, the Investment Manager utilises a proprietary tool to help it develop a complete understanding of a company through a stakeholder lens. This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The minimum proportion of the Fund's assets used to attain the environmental or social characteristics is equal to 60%. The Fund will invest at least 10% of its assets in sustainable investments. Within this, there is no commitment to invest a minimum proportion of the Fund's assets in sustainable investments with an environmental objective or in sustainable investments with a social objective. This means that the proportion of sustainable investments with an environmental objective and those with a social objective will vary over time. The fund includes investments that are treated as neutral for sustainability purposes, such as cash and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently. It also includes investments that are not scored by Schroders' proprietary sustainability tool and so do not contribute towards the Fund's sustainability score.

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

The exclusion of certain activities, industries or groups of issuers are listed under the "Monitoring of environmental or social characteristics" section, as well as the investment limits applicable to the Fund, will be measured within the Investment Manager's portfolio compliance framework. The Investment Manager draws information on investee companies from publicly available corporate information and company meetings, from broker reports, industry bodies, and research organisations, think tanks, legislators, consultants, Non-Governmental Organisations and academics.

Third party research may be used, however Schroders' internal analysts form a proprietary view on each of the companies Schroders analyse.

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

Whilst the third parties that deliver the vast majority of the data used have been chosen carefully, data errors may occur. To address this, a dedicated ESG Data Governance team

pro-actively monitors for errors and resolves data queries. This involves close collaboration with the third-party data providers, and managing and tracking data corrections.

Limitations to the Investment Manager's methodology and data may arise from data availability, and specifically the lack of company reported data.

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

Some of the Investment Manager's proprietary tools infer missing values where applicable. Schroders' models typically employ a range of techniques to estimate missing values where appropriate and reasonably robust.

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

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

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

Schroders consider active ownership to be the influence they can apply to management teams to ensure sustainable practices in the assets in which they invest. Schroders aim to drive change that will protect and enhance the value of their investments and they are committed to leveraging the weight of their firm to change how a company is operating for the better. The Investment Manager believe this is an important aspect of Schroders' role as stewards of clients' capital and how help clients meet their long-term financial goals in line with their fiduciary responsibilities.

Further details on Schroders' approach to active ownership policy is publicly available: <https://prod.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022.pdf>

B. No sustainable Investment Objective

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

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 demonstrates a net positive effect on one or more environmental or social objectives, as scored by Schroders' proprietary tool. 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.

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 not causing significant harm to any environmental or social sustainable investment objective includes the following:

- Firm-wide exclusions apply to Schroders 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.schroders.com/en/sustainability/active-ownership/group-exclusions/>
- Schroders became a signatory to the UN Global Compact (UNGC) principles on 6 January 2020. The Fund excludes companies in violation of the UNGC principles from the portion of the portfolio in sustainable investments, as Schroders consider 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 is monitored via the Investment Manager's automated compliance controls. Exceptions may apply, if there is evidence to demonstrate that the company has addressed the violation and is not causing significant harm as described above.
- The Fund also excludes companies that derive revenues above certain thresholds from activities related to tobacco and thermal coal, especially tobacco production, tobacco value chain (suppliers, distributors, retailers, licensors), thermal coal extraction and coal fired power generation.
- The Fund may also apply certain other exclusions.
- In addition to the exclusions of the Investment Manager, the Manager's exclusion list which is based on the Manager's exclusion policy and compiled by the Manager will apply. Exclusion categories considered in the exclusion policy are United Nations Global Compact Principles, Controversial Weapons, Tobacco, Climate Change and

Forced Labour. See the Manager's website for more detail on the application of the exclusion policy.

- Wherever possible, in the context of an incomplete and developing data landscape, the Investment Manager sets levels or principles for what would be deemed to cause significant harm by applying appropriate values in relation to the principal adverse impacts applicable to sustainable products. Investee companies deemed to be in breach of these levels would not be eligible to be considered as a sustainable investment. The Investment Manager's framework is subject to ongoing review, particularly as the availability, and quality, of the data evolves.

For further information on the consideration of all principal adverse impacts in the Investment Manager's investment process, please refer to the section, 'Does this financial product consider principal adverse impacts on sustainability factors?'

How does this financial product take into account principal adverse impacts on sustainability factors?

Wherever the Investment Manager deems possible, in the context of an incomplete and developing data landscape, the Investment Manager sets levels or principles for what would be deemed to cause significant harm by applying appropriate values in relation to the principal adverse impacts applicable to sustainable products. Investee companies deemed to be in breach of these levels would not be eligible to be considered as a sustainable investment. The Investment Manager's framework is subject to ongoing review, particularly as the availability, and quality, of the data evolves.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Investment Manager use a list of UNGC violators as provided by a third party. Issuers on that list cannot be categorised as sustainable investments. The areas considered when determining whether an issuer is an UNGC violator include 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.

C. Environmental or social characteristics promoted by this financial product

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

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

No reference benchmark has been designated for the purpose of attaining the Fund's promoted environmental and/or social characteristics.

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 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. 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 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).

D. The Investment Strategy

What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The Fund is actively managed and will invest at least two-thirds of its assets in fixed and floating rate bonds issued by governments, government agencies, supra-nationals and companies worldwide. The Fund will invest predominantly in Investment Grade bonds but may invest up to 30% of its assets in high yield bonds and fixed income bonds that have a below Investment Grade credit rating subject to a 2.5% limit per issuer for non-Investment Grade, as measured by highest of Moody/S&P/Fitch security rating and issuer rating if there is no security rating. The Fund may invest up to 10% of its assets in contingent convertible bonds. The Fund may also hold cash and invest in money market instruments, including and not limited to certificates of deposit, time deposits commercial paper and short term fixed and floating rate bonds with less than 365 days to maturity, and financial derivative instruments.

The Fund maintains a higher overall sustainability score than the Bloomberg EURO Aggregate index based on the Investment Manager's rating criteria.

The Investment Manager applies governance and sustainability criteria when selecting investments 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 Schrodgers’ 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 that the Investment Manager deems to have businesses that are materially damaging to the environment or impose unjustifiable social costs.
- The inclusion of issuers that demonstrate stable and improving sustainability trajectories, and issuers demonstrating good governance based on the Investment Manager’s sustainability rating methodology.

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.

The Investment Manager ensures that at least:

- 90% of 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 fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries, held in the Fund’s portfolio are rated against the sustainability criteria.

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 EURO Aggregate 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.
- The Fund applies certain exclusions relating to international conventions on cluster munitions, anti-personnel 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, especially companies that generate at least 10% of their revenues from tobacco production, companies that generate at least 25% of their revenues from any other part of the tobacco value chain (suppliers, distributors, retailers, licensors), companies that generate at least 10% of their revenues from thermal coal extraction and companies that generate at least 30% of their revenues from coal fired power generation.
- The Manager's exclusion list which is based on the Manager's exclusion policy and compiled by the Manager will apply. Exclusion categories considered in the exclusion policy are United Nations Global Compact Principles, Controversial Weapons, Tobacco, Climate Change and Forced Labour. See the Manager's website for more detail on the application of the exclusion policy.
- 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 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 fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries, held in the Fund's portfolio are rated against the sustainability criteria.

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

In order to assess good governance practices, the Investment Manager utilises a proprietary tool to help it develop a complete understanding of a company through a stakeholder lens.

Schroders' proprietary tool is data-driven and provides a systematic framework for analysing a company's relationship with its stakeholders. It identifies key performance drivers and data points to examine company strengths and weakness across different key stakeholder groups and is a central driver of the assessment of a company's stakeholder management.

The proprietary tool includes over 250 data points to assess how well companies are governed and how likely they are to adapt to changing social and environmental pressures. It draws on both conventional and unconventional data sources. Examples of unconventional data are employee review reports, consumer product reviews, revenue from green products, community donations and frequency of lawsuits. By drawing on such

unconventional sources that do not rely on company reporting, the Investment Manager is able to build a more complete picture of companies' performance and reduce its reliance on corporate disclosure, which remains incomplete, particularly among smaller companies in emerging regions.

The proprietary tool considers a number of good governance metrics, grouped into the categories of sound management structures, employee relations, remuneration of staff and tax compliance.

Is there a commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy? (Including an indication of the rate)

Not applicable.

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

Yes

No

Yes, the Investment Manager's approach to considering principal adverse impacts on sustainability factors involves classifying the indicators into three categories:

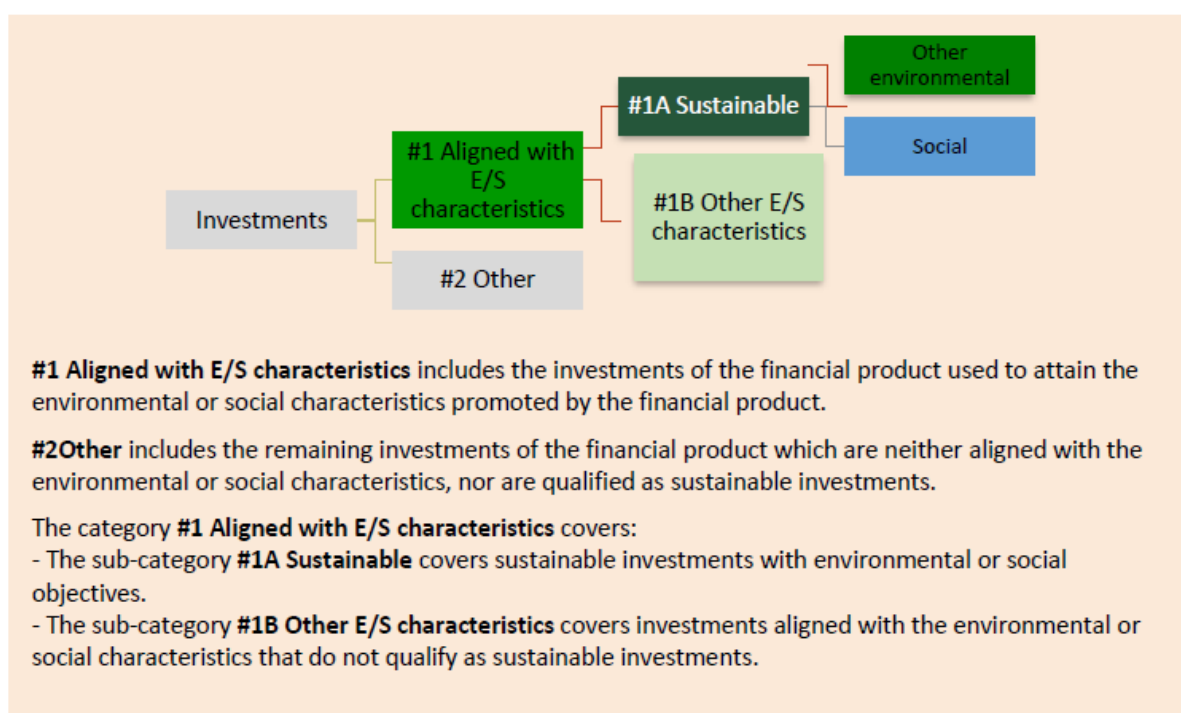
1. Set thresholds: these involve very explicit thresholds for considering an investment to be a "sustainable investment". For example, PAI 10 on violations of UNGC principles.
2. Active ownership: these involve indicators on which we have a plan to engage with the underlying holding as set out in the Schroders Group document, accessed via <https://prod.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf>, outlining the Investment Manager's approach to active ownership. For example, PAI 1, 2 and 3 covering GHG emissions and PAI 13 on board gender diversity.
3. Improve coverage: these involve indicators where we consider data coverage to be too sparse to properly consider them and the Investment Manager's focus is primarily on engaging with the underlying holdings to increase reporting. For example, PAI 7 on biodiversity, PAI 9 on hazardous waste ratio and PAI 12 on the gender pay gap.

The Investment Manager's approach is subject to ongoing review, particularly as the availability, and quality, of PAI data evolves.

Relevant information on principal adverse impacts on sustainability factors will also be disclosed in due course.

E. Proportion of Investments

What is the planned asset allocation for this financial product?



#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 EURO Aggregate index, and so the Fund's investments that are scored by Schroders' proprietary sustainability tool are included within the minimum proportion stated in #1 on the basis that they will contribute to the Fund's sustainability score (whether such individual investment has a positive or a negative score). Also included within #1 is the minimum proportion of assets that are invested in sustainable investments, as indicated in #1A. The minimum proportions stated apply in normal market conditions. The actual proportion stated in #1 is expected to be higher.

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 will invest at least 10% of its assets in sustainable investments. Within this, there is no commitment to invest a minimum proportion of the Fund's assets in sustainable investments with an environmental objective or in sustainable investments with a social

objective. This means that the proportion of sustainable investments with an environmental objective and those with a social objective will vary over time.

#2 Other includes investments that are treated as neutral for sustainability purposes, such as cash and money market investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently. #2 also includes investments that are not scored by Schroders' proprietary sustainability tool and so do not contribute towards the Fund's sustainability score. As #1 states a minimum proportion that is in practice expected to be higher, the proportion stated in #2 is expected to be lower.

Minimum safeguards are applied where relevant to money market investments and derivatives used with the aim of reducing risk (hedging) or 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.

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

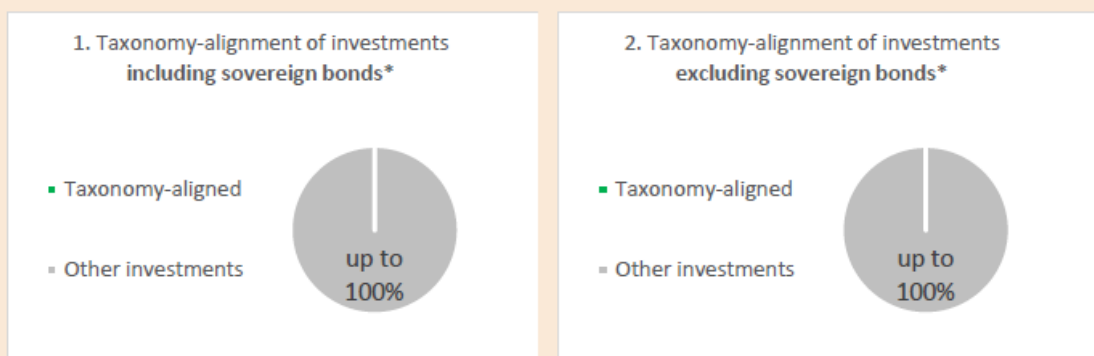
Single name credit default swaps are used as a proxy for direct investments which would otherwise be held by the Fund in line with its sustainability criteria. Such derivatives are therefore used to attain the Fund's sustainability score in Schroders proprietary tool which is one of the binding elements of the Fund.

What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)

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.

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.*



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

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 10% of its assets in sustainable investments. Within this overall commitment, there is no minimum commitment to invest in sustainable investments with an environmental objective. This means that the proportion of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy will vary.

What is the minimum share of socially sustainable investments?

The Fund commits to invest at least 10% of its assets in sustainable investments. Within this overall commitment, there is no minimum commitment to invest in sustainable investments with a social objective. This means that the proportion of sustainable investments with a social objective will vary.

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

#2 Other includes investments that are treated as neutral for sustainability purposes, such as cash and money market investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently. #2 also includes investments that are not scored by the Investment Manager's 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 derivatives used with the aim of reducing risk (hedging) or 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' 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.

F. Monitoring of environmental or social characteristics

What sustainability indicators are used to measure the attainment 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 EURO Aggregate 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 EURO Aggregate 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 the sustainability score of each asset in Schroders' proprietary tool. Compliance with this is monitored daily via the Investment Manager's 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.

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

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.

G. Methodologies

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The Fund promotes the following characteristic: it maintains a higher overall sustainability score than the Bloomberg EURO Aggregate index, based on the Investment Manager's rating system. As stated above, the sustainability score is measured by SustainEx™, Schroders' proprietary tool that provides an estimate of the potential societal or environmental impact that an issuer may create. It does this by using certain metrics with respect to that issuer, and quantifying the positive (for example by paying 'fair wages') and negative (for example the carbon an issuer emits) impacts of each of those metrics to produce an aggregate measure expressed as a notional percentage of sales of the relevant underlying issuer. The overall sustainability score aggregates the effect of sustainability indicators including but not limited to greenhouse gas emissions, water usage, and salaries compared to the living wage. An issuer may be a company or a sovereign. The Investment Manager monitors compliance with this characteristic by reference to the weighted average sustainability score of the Fund in SustainEx™ over the previous six month period.

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

The Fund also 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). The Investment Manager monitors compliance with this characteristic by reference to the sustainability score of each asset in Schroders' proprietary tool. Compliance with this is monitored daily via Schroders' automated compliance controls.

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

CONTEXT

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

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

External Research

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

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

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

H. Data Sourcing and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

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

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

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

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

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

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

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

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

I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)

The characteristic promoted by the Fund is to maintain a higher overall sustainability score than the benchmark, based on the Investment Manager's rating system.

Limitations to the Investment Manager's methodology and data may arise from data availability, and specifically the lack of company reported data.

The section "Data sources and processing" outlines the approach in ensuring the above mentioned limitations do not affect how the environmental or social characteristics promoted by the financial product are met.

The Fund also commits to invest at least 10% of its assets in sustainable investments, based on the Investment Manager's rating system.

J. Due Diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

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

K. Engagement Policies

Is engagement part of the environmental or social investment strategy?

Yes

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Schroders consider active ownership to be the influence they can apply to management teams to ensure sustainable practices in the assets in which Schroders invest. Schroders aim to drive change that will protect and enhance the value of their investments and they are committed to leveraging the weight of their firm to change how a company is operating for the better. Schroders believe this is an important aspect of their role as stewards of the clients' capital and how they help clients meet their long-term financial goals in line with Schroders' fiduciary responsibilities.

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

Schroders focus on sustainability issues which they determine to be material to the long-term value of their investee holdings. When material and relevant, Schroders believe that

companies that address these factors, where lacking, will drive improved financial performance for their clients. These issues reflect expectations and trends across a range of stakeholders including employees, customers, and communities, to the environment, suppliers and regulators. By strengthening relationships with that range of stakeholders, business models become more sustainable. The governance structure and management quality that oversee these stakeholder relationships are also a focus for Schroders' engagement discussions. In addition, Schroders seek to reflect the priorities of the clients. Based on this process, they identify six broad themes for their engagement: climate, natural capital & biodiversity, human rights, human capital management, diversity & inclusion and governance.

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

How Schroders engage:

Schroders identify three key methods for practicing active ownership:

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

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

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

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

1. **Materiality:** Schroders seek to focus their engagement on the most material sustainability threats and opportunities to the company.
2. **Regional context:** The materiality of issues and the expectations Schroders have of companies vary by country and region; for example, differing socio-cultural factors, regulatory maturity and resource constraints. Where possible Schroders' reference country or regional initiatives, regulations and leading practice from peers in Schroders' dialogue with companies.
3. **Realistic outcomes:** Schroders consider both leading practice and what could realistically be achieved by the company in the next few years, including considering the size of the company.
4. **Ability to monitor progress:** Schroders use objective, measurable metrics or indicators that can be used to assess company performance on an issue.
5. **Length of engagement:** Schroders aim to set short- to mid-term objectives – that can often be achieved over a 12- to 24-month period depending on the intensity of the engagement – but with a longer-term vision in mind.

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

Further details on Schroders' approach to active ownership policy is publicly available: <https://prod.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022.pdf>.

L. Reference Benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

Yes

No

How is that index designated as a reference benchmark aligned with the environmental or social characteristics promoted by the financial product? (including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated)

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

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.

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

This question is not applicable.

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

This question is not applicable.