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

**Product name:** **Schroder International Selection Fund Sustainable Emerging Markets Synergy**

**Legal entity identifier:** **54930003F8X2ITJLMY54**

**Environmental and/or social characteristics**

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

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

Does this financial product have a sustainable investment objective?			
<input checked="" type="radio"/> <input checked="" type="radio"/>	<input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/>	<input checked="" type="checkbox"/> No
<input type="checkbox"/>	It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b>  <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 checked="" type="checkbox"/>	It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <b>25.00%</b> of sustainable investments  <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 will make a minimum of <b>sustainable investments with a social objective ___%</b>	<input type="checkbox"/>	It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



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

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

The sustainability score is measured by Schroders’ proprietary tool that provides an 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 25% of its assets in sustainable investments, which are investments that the Investment Manager expects to contribute towards the advancement of one or more environmental and/or social objective (s).

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

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**  
The Investment Manager monitors compliance with the characteristic to maintain a higher overall sustainability score than the MSCI Emerging Markets (NDR) 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 MSCI Emerging Markets (NDR) 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 25% 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 our automated compliance controls. The Fund also applies certain exclusions, with which the Investment Manager monitors compliance on an ongoing basis via its portfolio compliance framework.

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

In respect of the proportion of the Fund's portfolio that is invested in sustainable investments, each sustainable investment demonstrates a net positive effect across a range of 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 investing in issuers that do not cause significant harm to any environmental or social sustainable investment objective includes the following:

- Firm-wide investment exclusions apply to Schroders funds. These relate to international conventions on cluster munitions, anti-personnel mines, and chemical and biological weapons and a list of those companies that are excluded is available at <https://www.schroders.com/en/sustainability/active-ownership/group-exclusions/>. Firm-wide exclusions also apply to companies generating more than 20% of their revenue from thermal coal mining.
- The Fund excludes companies that derive revenues above certain thresholds from activities related to tobacco and thermal coal.
- The Fund excludes companies that are assessed by Schroders to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprise Schroders' 'global norms' breach list. Schroders' determination of whether a company has been involved in such a breach considers relevant principles such as those contained in the UN Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The 'global norms' breach list may be informed by assessments performed by third party providers and by proprietary research, where relevant to a particular situation.
- The Fund may also apply certain other exclusions in addition to those summarised above.

Further information on all of the Fund's investment exclusions is to be found under "Sustainability-Related Disclosure" on the Fund's webpage <http://www.schroders.com/en/lu/private-investor/gfc>

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

Wherever the Investment Manager deems it appropriate, in the context of an incomplete and developing data landscape, the Investment Manager sets levels or principles representing its views of what would constitute significant harm in respect of the indicators for the principal adverse impacts. Investee companies deemed not to satisfy these levels or principles would not be eligible to be considered as a sustainable investment. This framework is subject to ongoing review, particularly as the availability, and quality, of the data evolves.

**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, anticorruption and antibribery matters.

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

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

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

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

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



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

☒ Yes, the Investment Manager's approach to considering principal adverse impacts on sustainability factors 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 <https://prod.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf>, outlining our 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 our 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.

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

Information on principal adverse impacts on sustainability factors will also be disclosed in due course in the Fund's annual report.

☐ No



## What investment strategy does this financial product follow?

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

The sustainable investment strategy used by the Investment Manager is as follows:

The Fund is actively managed and invests at least two-thirds of its assets in a diversified portfolio of equity and equity related securities of companies in emerging market countries.

The Fund primarily focuses on companies with strong fundamentals based on bottom-up research as well as those with certain "Value" and/or "Quality" characteristics. Value is assessed by looking at indicators such as cash flows, dividends and earnings to identify securities which the Investment Manager believes have been undervalued by the market. Quality is assessed by looking at indicators such as a company's profitability, stability, financial strength, structural growth and governance.

The Fund may invest directly in China B-Shares and China H-Shares and may invest less than 20% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and shares listed on the STAR Board and the ChiNext.

The Fund maintains a higher overall sustainability score than MSCI Emerging Markets (NDR) index, based on the Investment Manager's rating system.

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability-Related Disclosure" on the Fund's webpage <http://www.schroders.com/en/lu/private-investor/gfc>

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

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the webpage <https://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures>

The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

The Investment Manager applies sustainability criteria when selecting investments for the Fund.

Companies in the investment universe are assessed on their governance, environmental and social profile, across a wide range of underlying measures. The Investment Manager will then decide whether a company is eligible for inclusion in the Fund, based on its sustainability profile. The sustainability characteristics of a company can also impact the sizing of positions in the Fund.

Within governance, criteria assessed include risk to shareholders, business oversight, accounting risk and dividend policy. Environmental considerations include climate change related risks alongside broader environmental impact and opportunities. Social criteria reflects areas such as business involvement, safety, employee welfare, supply chain management and data privacy.

The primary sources of information include fundamental accounting data, Schrodgers' proprietary sustainability tools and third-party ESG data.

The Investment Manager ensures that at least 90% of the portion of the Fund's Net Asset Value composed of investments in companies is rated against the sustainability criteria. As a result of the application of sustainability criteria, the portfolio exhibits a higher overall sustainability score than its investment universe after the bottom rated 20% of stocks within the investment universe are excluded.

For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy. This universe is comprised of equity and equity related securities of emerging and frontier markets companies or companies which derive a significant proportion of their revenues or profits from emerging markets or frontier markets countries.

● ***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 MSCI Emerging Markets (NDR) index based on the Investment Manager's rating criteria.
- The Fund invests at least 25% of its assets in sustainable investments and such investments do not cause significant environmental or social harm.
- Exclusions are applied to direct investments in companies. The Fund applies certain exclusions relating to international conventions on cluster munitions, antipersonnel mines, and chemical and biological weapons. The Fund also excludes companies that derive revenues above certain thresholds from activities related to tobacco and thermal coal, especially companies that generate at least 10% of their revenues from tobacco production, companies that generate at least 25% of their revenues from the tobacco value chain (such as suppliers, distributors, retailers and licensors), companies that generate at least 10% of their revenues from thermal coal mining and companies that generate at least 30% of their revenues from coal fired power generation. The Fund excludes companies that are assessed by Schrodgers to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprise Schrodgers' 'global norms' breach list. Further, the Fund may apply other exclusions as listed under "Sustainability-Related Disclosure" on the Fund's webpage <http://www.schrodgers.com/en/lu/private-investor/gfc>
- The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria.
- The Investment Manager ensures that at least 90% of the portion of the Fund's Net Asset Value composed of investments in companies is rated against the sustainability criteria.
- As a result of the application of sustainability criteria, the portfolio exhibits a higher overall sustainability score than its investment universe after the bottom rated 20% of stocks within the investment universe are excluded.

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

This question is not applicable for the Fund.

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

The Fund leverages the competitive advantages of fundamental and quantitative analysis to create a core emerging markets strategy with different investment approaches applied to the largest stocks in the universe versus the more diversified portion of the strategy. Allocation to the largest stocks follows an in-depth fundamental research process with the diversified portion following a quantitative approach. This means that good governance is applied in slightly different ways.

Quantitative Approach:

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

Governance is a key dimension within the proprietary sustainability framework applied within the diversified segment of the Fund which follows the Fund's quantitative investment process. Our governance assessment is applied universally, across our entire investment universe, rewarding highly rated companies whilst penalising those with poorer standards and actively avoiding the worst. We include a breadth of underlying terms within our governance assessment, capturing material areas such as management structure (including board independence) alongside accounting quality, the treatment of shareholders by assessing ownership structures & dividend policy as well as measuring shareholder dissent. The full range of inputs included within our governance framework is included beneath.

Dividend Policy: Reward sustainable and increasing pay outs, asymmetric penalty for cuts

Accounting Risk: Over 20 key red flags including working capital stress, expense & revenue recognition and asset & liability valuation

Risks to Shareholders: Penalise higher risk ownership structures and elevated exchange related risks

Business Oversight: Reward independence and efficient structure of the board & key committees, asymmetric penalty for lower independence

Innovation: Reward firms with positive R&D relative to revenue generation

QEP Country Risk Monitor: Penalise poor country level governance standards. Political & Governance risk used as a conditional criteria

Social risks are inherently driven by the nature of the underlying business as well as management decisions. We consider seven inputs within our social framework. It is recognised that the extent to which these arise depends upon the industry the company operates in. For example, product quality is a key measure for manufacturing and consumer businesses which is why we focus on product recalls, particularly for high impact industries such as pharmaceuticals. By way of another example, data privacy is material for an increasing number of companies but is especially important for IT services and financials. However, where areas of concern are universal to companies we will apply penalties to companies globally, including for areas such as excessive employee turnover and tax avoidance.

Fundamental Approach:

In our allocation to the largest stocks, sustainability analysis is carried out as part of the investment process, including governance considerations. These considerations are a central pillar to how we value companies and impacts portfolio construction. Across the relevant investments falling in this portion, the Investment Manager utilises a Schroders' 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 weaknesses across different key stakeholder groups and is a central driver of our assessment of a company's stakeholder management.

The proprietary tool includes over 260 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 unconventional sources that don't 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.



## What is the asset allocation planned for this financial product?

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

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

**#1 Aligned with E/S characteristics** includes the minimum proportion of the Fund's assets used to attain the environmental or social characteristics, which is equal to 60%. The Fund commits to maintain a higher overall sustainability score than the MSCI Emerging Markets (NDR) 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.

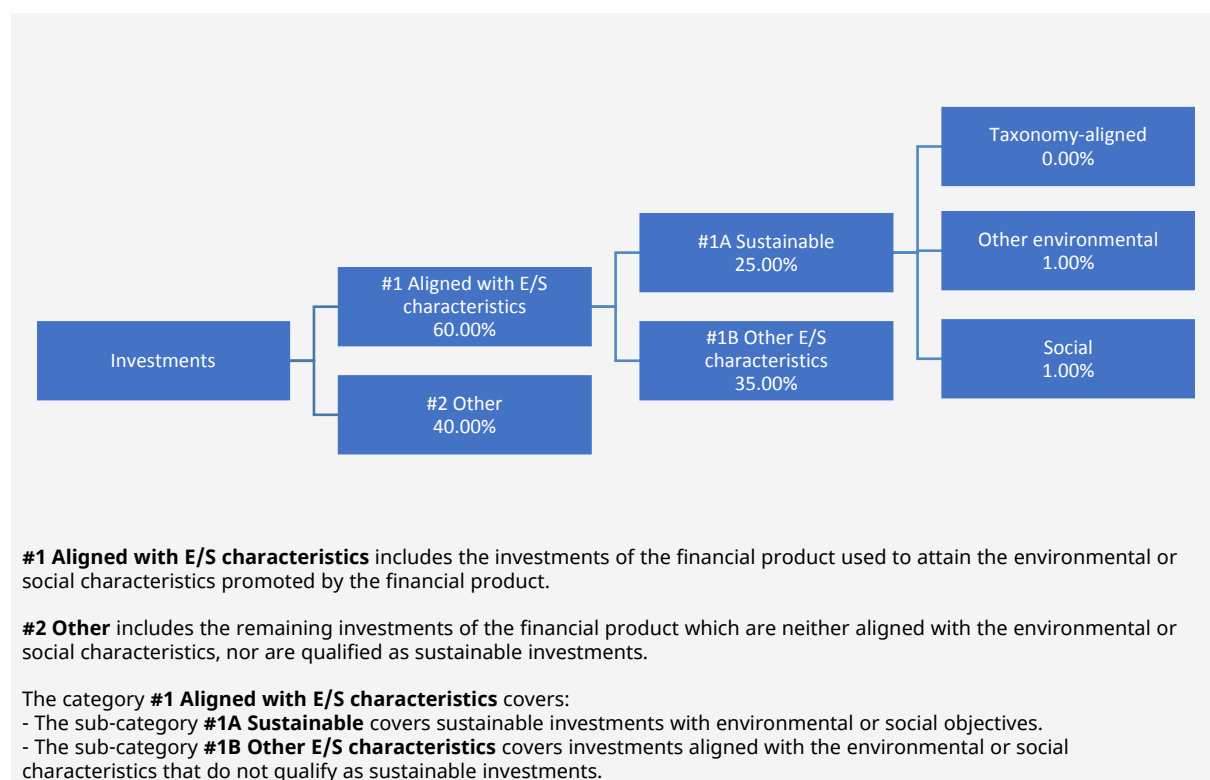


The Fund will invest at least 25% of its assets in sustainable investments. A sustainable investment is classified as having an environmental or social objective depending on whether the relevant issuer has a higher score in Schroders' proprietary tool relative to its applicable peer group for its environmental indicators or its social indicators. In each case, indicators are comprised of both "costs" and "benefits".

**#2 Other** includes cash which is treated as neutral for sustainability purposes. #2 also includes investments that are not scored by Schroders' proprietary sustainability tool and so do not contribute towards the Fund's sustainability score. As #1 states a minimum proportion that is in practice expected to be higher, the proportion stated in #2 is expected to be lower.

Minimum safeguards are applied where relevant to Money Market Investments and other investments by restricting (as appropriate) investments in counterparties where there are ownership links or exposure to higher risk countries (for the purpose of money laundering, terrorist financing, bribery, corruption, tax evasion and sanctions risks). A firm-wide risk assessment considers the risk rating of each jurisdiction; which includes reference to a number of public statements, indices and world governance indicators issued by the UN, the European Union, the UK Government, the Financial Action Task Force and several Non-Government Organisations (NGOs), such as Transparency International and the Basel Committee.

In addition, new counterparties are reviewed by Schroders' credit risk team and approval of a new counterparty is based on a holistic review of the various sources of information available, including, but not limited to, quality of management, ownership structure, location, regulatory and social environment to which each counterparty is subject, and the degree of development of the local banking system and its regulatory framework. Ongoing monitoring is performed through a Schroders' proprietary tool, which supports the analysis of a counterparty's management of environmental, social and governance trends and challenges. Any significant deterioration in the profile of the counterparty in Schroders' proprietary tool would lead to further analysis and potential exclusion by Schroders' credit risk team.



#1 The minimum proportion stated applies in normal market conditions.

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

The Fund may use derivatives that are scored in Schroders' proprietary tool to meet the environmental and/or social characteristics promoted by the Fund, as such derivatives would contribute to the Fund's sustainability score (whether such individual investment has a positive or a negative score).



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

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

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

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

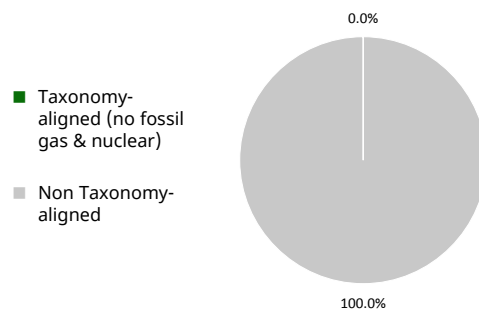
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Taxonomy-aligned activities are expressed as a share of:

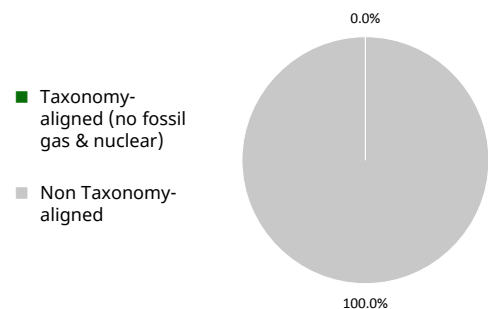
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

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

**1. Taxonomy-alignment of investments including sovereign bonds\***



**2. Taxonomy-alignment of investments excluding sovereign bonds\***



This graph represents x% of the total investments<sup>2</sup>.

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

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

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

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

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

<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 not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

<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.



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

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



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



## What is the minimum share of socially sustainable investments?

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



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

#2 Other includes cash which is treated as neutral for sustainability purposes. #2 also includes investments that are not scored by Schroders' proprietary sustainability tools and so do not contribute towards the Fund's sustainability score.

Minimum safeguards are applied where relevant to Money Market Investments and other investments by restricting (as appropriate) investments in counterparties where there are ownership links or exposure to higher risk countries (for the purpose of money laundering, terrorist financing, bribery, corruption, tax evasion and sanctions risks). A firm-wide risk assessment considers the risk rating of each jurisdiction; which includes reference to a number of public statements, indices and world governance indicators issued by the UN, the European Union, the UK Government, the Financial Action Task Force and several Non-Government Organisations (NGOs), such as Transparency International and the Basel Committee.

In addition, new counterparties are reviewed by Schroders' credit risk team and approval of a new counterparty is based on a holistic review of the various sources of information available, including, but not limited to, quality of management, ownership structure, location, regulatory and social environment to which each counterparty is subject, and the degree of development of the local banking system and its regulatory framework. Ongoing monitoring is performed through a Schroders' proprietary tool, which supports the analysis of a counterparty's management of environmental, social and governance trends and challenges. Any significant deterioration in the profile of the counterparty in Schroders' proprietary tool would lead to further analysis and potential exclusion by Schroders' credit risk team.



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

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

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

This question is not applicable for the Fund.

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

This question is not applicable for the Fund.



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

This question is not applicable for the Fund.

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

This question is not applicable for the Fund.



## **Where can I find more product specific information online?**

More product-specific information can be found on the webpage: <http://www.schroders.com/en/lu/private-investor/gfc>