

# Schroder Life Long Dated Corporate Bond Fund Product-Level Disclosure

This report is published by Schroder Pension Management Limited in compliance with the requirements set out in chapter 2 of the Environmental, Social and Governance sourcebook ("ESG Sourcebook") of the FCA Handbook that require certain UK asset managers and insurers to publish product level disclosures consistent with the Task Force on Climate-Related Financial Disclosures ("TCFD"). Unless otherwise disclosed at the end of this report, as the Schroder Life Long Dated Corporate Bond Fund approach to the consideration of climate-related risks and opportunities is consistent with Schroder Pension Management Limited across Governance, Strategy, Risk management and Targets, please refer to the [Entity Level Report](#) for information in this regard. The following report contains the information otherwise required under ESG Sourcebook 2.3, with the metrics following the calculations as contained in the TCFD annex.

**Report Publication Date:** 30/06/2023

**Reporting Period:** 01/01/2022 - 31/12/2022

**Calculation Date:** 31/12/2022

## Fund Information

| Fund Information   | Value  |
|--|--|
| Link to Entity-Level Report  | <a href="#">Entity Level Report</a>          |
| Legal Entity Identifier  | 549300Z5NHI76QIB6564                         |
| Fund Name  | Schroder Life Long Dated Corporate Bond Fund |
| Reporting Currency   | GBP  |
| Net Asset Value  | £179,673,798.02                              |
| Total Public Investments (credit and listed equity) versus the Total NAV | 91%  |

## Data Gaps and Assumptions

Schroders use MSCI as its only provider of emissions and climate data to enable consistency and reduce ambiguity in our emissions calculations. We are therefore dependent on MSCI for our emissions data across our public investments, and we will continue to work with them to encourage increased coverage. In some instances where reported emissions data is not available, MSCI use an estimation methodology. If no reported or estimated emissions data is available from MSCI, Schroders does not use an internal estimation methodology. Due to the use of two different MSCI climate packages, the 'Scope 1 & 2' and 'Scope 3' fields for the emissions measures below may not sum to their respective 'Total (1,2 & 3)' values.

This report applies to listed corporate (equity and credit) exposure only. The coverage figures below are based on the 'Total public investments (credit and listed equity) versus the total NAV' field above, which is normalised to 100%.

Where applicable for strategies with significant investments in third-party funds, the 'Total public investments (credit and listed equity) versus the total NAV' figure above may be low. This is due to challenges in obtaining third-party data, and we are improving our capability to look through into the underlying holdings for future reporting.

## Fund Emissions Metrics

| # | Metric                                   | Definition  | Scope           | 2024  |              | 2023  |              | 2022     |              |
|---|--|---|-----------------|-------|--------------|-------|--------------|----------|--------------|
|   |  |   |                 | Value | Coverage (%) | Value | Coverage (%) | Value    | Coverage (%) |
| 1 | Total Carbon Emissions                   | The absolute greenhouse gas emissions of a portfolio, expressed in tonnes CO <sub>2</sub> e   | Scope 1 & 2     | -     | -            | -     | -            | 4,796.4  | 45.1         |
|   |  |   | Scope 3         | -     | -            | -     | -            | 32,244.6 | 45.1         |
|   |  |   | Total (1,2 & 3) | -     | -            | -     | -            | 37,041.0 | 45.1         |
| 2 | Carbon Footprint                         | Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO <sub>2</sub> e/£M invested | Scope 1 & 2     | -     | -            | -     | -            | 41.7     | 49.9         |
|   |  |   | Scope 3         | -     | -            | -     | -            | 221.5    | 46.8         |
|   |  |   | Total (1,2 & 3) | -     | -            | -     | -            | 306.5    | 48.6         |
| 3 | Weighted Average Carbon Intensity (WACI) | Portfolios exposure to carbon-intensive companies, expressed in tonnes CO <sub>2</sub> e/£M revenue                                       | Scope 1 & 2     | -     | -            | -     | -            | 149.8    | 60.5         |
|   |  |   | Scope 3         | -     | -            | -     | -            | 655.4    | 64.1         |
|   |  |   | Total (1,2 & 3) | -     | -            | -     | -            | 951.7    | 64.8         |

The following data quality metrics are relevant to the 'Total Carbon Emissions' metric above

| # | Metric                    | Definition  | Scope       | Value (%) |      |      |
|---|---------------------------|---|-------------|-----------|------|------|
|   |                           |   |             | 2024      | 2023 | 2022 |
| 1 | Data Reported             | Amount of data collected from investee company reports, either directly or indirectly via third-party vendors | Scope 1 & 2 | -         | -    | 42.8 |
|   |                           |   | Scope 3     | -         | -    | 0.0  |
| 2 | Data Estimated Internally | The amount of data that is estimated by Schroders using an internal methodology                               | Scope 1 & 2 | -         | -    | 0.0  |
|   |                           |   | Scope 3     | -         | -    | 0.0  |
| 3 | Data Estimated Externally | The amount of data that is estimated by the third-party vendor  | Scope 1 & 2 | -         | -    | 2.3  |
|   |                           |   | Scope 3     | -         | -    | 45.1 |

## Fund Implied Temperature Rise and Climate Value at Risk

We consider climate scenario analysis to be a valuable tool for better understanding a range of possible future states. It can inform investment decision-making and strategy for enhancing risk-adjusted returns, in light of expected climate-driven changes to the economy. The scenarios used are not intended to be predictions of the future, but rather highlight the risks and opportunities from different possible outcomes. The models assume no change or adaptation from companies over time. Furthermore, this analysis is based on a snapshot of current holdings and does not consider action to mitigate risk, such as engagement or asset reallocation. The analysis is based on the exposure to investments in publicly listed equity (common and preferred stock) and corporate bonds only.

The Implied Temperature Rise metric is provided by MSCI. It is not aligned with the CDP-WWF methodology Schroders uses for Group reporting to determine the alignment of in-scope holdings (listed equities, corporate bonds, REITs and ETFs) with its SBTi commitments. The Climate Value at Risk metrics align with those used in the Schroders plc TCFD report.

We have chosen to include quantitative Climate Value at Risk measures for all TCFD products to provide greater context to the qualitative descriptions provided by our investment teams. Their inclusion does not represent 'high' or 'concentrated' exposure to carbon-intensive sectors.

### Fund Implied Temperature Rise

| # | Metric                   | Definition  | 2024       |              | 2023       |              | 2022       |              |
|---|--------------------------|---|------------|--------------|------------|--------------|------------|--------------|
|   |                          |   | Value (°C) | Coverage (%) | Value (°C) | Coverage (%) | Value (°C) | Coverage (%) |
| 1 | Implied Temperature Rise | ITR of the global economy by 2100 if it adhered to the same ratio of undershoot/overshoot of the portfolios aggregated carbon budget <sup>1</sup> | -          | -            | -          | -            | 1.7        | 70.0         |

### Fund Scenario Analysis

| # | Scenario         | Definition  | Climate Value at Risk (VaR) |              |           |              |           |              | Impact to the fund  |
|---|------------------|---|-----------------------------|--------------|-----------|--------------|-----------|--------------|---|
|   |                  |   | 2024                        |              | 2023      |              | 2022      |              |   |
|   |                  |   | Value (%)                   | Coverage (%) | Value (%) | Coverage (%) | Value (%) | Coverage (%) |   |
| 1 | Orderly Scenario | Aggregated physical and transition risk under a scenario where global warming is limited to 1.5°C by 2100 | -                           | -            | -         | -            | -11.3     | 49.1         | Under this scenario, the fund faces value at risk (VaR). The fund's negative VaR is driven by its European exposure, predominantly in utilities, but also financials, consumer goods and communication services. Overall, the fund performs worse than the benchmark with a score of -11.27% versus -8.55%. |

| # | Scenario                 | Definition  | Climate Value at Risk (VaR) |              |           |              |           |              | Impact to the fund  |
|---|--------------------------|---|-----------------------------|--------------|-----------|--------------|-----------|--------------|---|
|   |                          |   | 2024                        |              | 2023      |              | 2022      |              |   |
|   |                          |   | Value (%)                   | Coverage (%) | Value (%) | Coverage (%) | Value (%) | Coverage (%) |   |
| 2 | Disorderly Scenario      | Aggregated physical and transition risk under a scenario where global warming is limited to 2.0°C by 2100 | -                           | -            | -         | -            | -18.6     | 49.1         | Under this scenario, the fund faces value at risk (VaR). The fund's negative VaR is increased in comparison to the orderly scenario, as the disorderly transition causes greater policy transition costs. The key drivers include exposure to European utilities, however allocations to financials, energy, consumer goods and communication services are also negative. Overall, the fund performs worse than the benchmark with a score of -18.61% versus -13.76%. |
| 3 | Hot House World Scenario | Aggregated physical and transition risk under a scenario where global warming is limited to 3.0°C by 2100 | -                           | -            | -         | -            | -10.1     | 49.1         | Under this scenario, the fund faces value at risk (VaR). The fund's negative VaR, which is primarily driven by exposure to European utilities, financials and communication services, is reduced as the policy transition costs have fallen. The physical risk associated with extreme weather events has been modelled to negatively impact the fund's VaR. Overall, the fund performs worse than the benchmark with a score of -10.10% versus -8.08%.               |

<sup>1</sup> 'Carbon budget' refers to the budget of GHG emissions allocated to the global economy in order to limit global warming to below 2.0°C by 2100 versus pre-industrial levels. This budget is then allocated to each individual company and aggregated to the portfolio. 'Undershoot/overshoot' refers to the aggregated amount that the portfolio is projected to either undershoot or overshoots its allocated 'carbon budget.' *Certain information* ©2022 MSCI ESG Research LLC. Reproduced by permission.

### Material Deviations from Group Level Approach

None

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