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: Schroders Wealth Management Sustainable Model Portfolio

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

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ 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 20% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The portfolio promotes environmental and social characteristics as defined by the Impact Management Project's ABC impact framework. The ABC Impact Framework categorises investments into three main categories: (A) investments that avoid significant harm to their stakeholders, (B) investments that benefit stakeholders, or (C) investments that contribute to solutions to environmental or social challenges. For direct investments, this analysis is done on the investment itself; for indirect investments, this analysis is done at the underlying asset level and then aggregated up to the level of the Investment Fund and/or Investments Trust (for example, a fund might have 10% in A, 20% in B and 70% in C). The output of this process is the production of a list of direct and investment investments, classified by their 'ABC' assessment.

We consider 'B' and 'C' investments which respectively focus on those 'Benefitting Stakeholders' and 'Contributing to Solutions to environmental or social challenges' as those which promote environmental and social characteristics. 'B' investments typically promote operational environmental and social characteristics – examples include a company implementing an internal carbon price to reduce emissions or setting gender diversity targets amongst senior management. 'C' investments contribute towards the advancement of one or more of the UN Sustainable Developments Goals (SDGs) – examples include wind farm assets (SDG 7 – Affordable and Clean Energy), and care homes (SDG 3 – Good Health and Wellbeing).

Given we are primarily investing in indirect investments within this portfolio, our ability to directly control the exposure to 'B' and 'C' investments is limited, however we would typically aim to maintain an allocation within the below ranges:

- 0 – 20% in 'A' investments, those acting to avoid significant harm to their stakeholders
- 40% - 90% in 'B' investments, those acting to benefit stakeholders
- 10 – 40% in 'C' investments, those contributing to solutions to contribute to solutions to environmental or social challenges

No reference target has been designated for the purpose of attaining the environmental or social characteristics promoted by the portfolio.

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?

For 'B' equity and credit investments, we use a proprietary Schroders' tool called SustainEx, to measure social and environmental characteristics. Additionally, we also measure the carbon footprint and the carbon value-at-risk (CVaR) of investments. For all other 'B' investments, a qualitative stakeholder analysis is undertaken.

'C' investments, must deliver a direct or indirect positive impact to society in order to advance one or more of the UN SDGs. We therefore assess alignment to a primary UN SDG and require quantifiable impact metrics (where the data is available) as to how it is targeting that UN SDG . For example, if an investment is helping advance SDG 7 Affordable and Clean Energy, then one metric to demonstrate this would be the number of megawatt hours of renewable energy generated.

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?

For indirect investments such as third-party funds, we ascertain sustainable investments based on the fund's own definition (as disclosed in the prospectus). The objectives of a sustainable investment will therefore vary based on the underlying fund manager's frameworks, tools and interpretations. We will monitor the % in sustainable investments , based on the minimum threshold for sustainable investments disclosed under Article 8 or Article 9 of the SFDR by the respective underlying managers.

For direct investments, such as direct equities or sovereign bonds, we ascertain sustainable investments based on a net positive effect on one or more environmental or social objectives, as scored by Schroders' proprietary tool SustainEx. The environmental or social objectives of these sustainable investments include, but are not limited to, increasing greater water access or reducing food waste for direct equities, or international aid provision and biodiversity loss exposure for sovereign bonds. The portfolio manager may also select sovereign green, social and sustainability (SGSS) bonds from sovereigns that do not meet the required score in the proprietary sustainability tool, provided that these exceptions are approved by Schroders Wealth' dedicated Sustainable Investment Committee.

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 portfolio manager's approach to not causing significant harm to any environmental or social sustainable investment objective includes the following:

- Firm-wide exclusions apply to directly invested portfolios. 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/

- The portfolio excludes investment managers for indirect investment funds and companies for direct investments in violation that are assessed by Schroders to have breached one or more 'global norms' (i.e. minimum expectations of corporate behaviour) thereby causing significant environmental or social harm. The portfolio manager's determination of whether a company or a fund 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. For indirect investments, where a fund is found to hold a company on the 'global norms' breach list, we will engage with the fund manager to divest the position – if it has not been sold within 6 months, we will exit the fund. For direct investments, an immediate sale will take place.

- The portfolio also excludes direct investments that derive revenues above certain thresholds from activities related to tobacco and thermal coal.

- The portfolio may also apply certain other exclusions.

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

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

We do not currently systematically consider adverse impacts of investment decisions on sustainability factors, primarily due to data availability constraints based on a look-through for funds. In the future we anticipate integrating these more systematically across a wider asset base, and on a pre- as well as a post-investment basis.

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 no 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, ______

☒ No

We do not currently systematically consider adverse impacts of investment decisions on sustainability factors, primarily due to data availability constraints on look-through for funds. In the future we anticipate integrating these more systematically across a wider asset base, and on a pre- as well as a post-investment basis.

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 portfolio is actively managed and invests at least 50% directly, or indirectly through collective investment schemes (including Schroder funds), exchange traded funds, real estate investment trusts or closed ended funds, in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide which are aligned to environmental and social characteristics as defined by the portfolio manager (please see next section below for more details). Alternative assets may include funds that use absolute return strategies or funds that invest directly in real estate or indirectly in commodities.

The portfolio may also invest in warrants and money market instruments, and hold cash.

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?

At least 80% of the portfolio (both indirect and direct) must be aligned to environmental or social characteristics as defined by the portfolio manager. For direct investments, companies and sovereign bonds need to have been analysed through Schroders' proprietary tool SustainEx in order to be considered aligned to E & S characteristics. For indirect investments, each fund is assessed at the strategy level using a questionnaire of approximately 30 questions on ESG and sustainability performance, which the manager must complete prior to the portfolio's investment. The result is that each fund is given an overall rating of "Weak", "Basic", "Progressive" or "Leading" at strategy level. A fund must be rated “Progressive” or “Leading” to be categorized as aligned to E & S characteristics.

The portfolio will invest at least 20% in sustainable investments as determined by the underlying managers’ EETs for indirect investments, or by SustainEx scores for direct investments (please see above section for further detail).

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

As a result of the application of the portfolio’s sustainability criteria, at least 20% of the portfolio’s potential investment universe is excluded from the selection of investments. For the purposes of this test, the potential investment universe is the core universe of investments that the portfolio manager may select for the portfolio prior to the application of sustainability criteria.

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

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

The portfolio manager assesses good governance practices of both indirect and direct investments.

In considering good governance practices for indirect investments, each investment manager of a fund in the portfolio is assessed against four key pillars: (1) credentials; (2) culture; (3) capabilities; and (4) stewardship. Each investment fund manager is given an overall rating from 1 (lowest) to 5 (highest). The portfolio manager asks further questions relating to each fund’s investment strategy to understand the specific good governance practices within the fund itself – this is attested on an annual basis.

For direct investments, the portfolio manager utilises a Schroders’ proprietary tool to help it develop a complete understanding of a company through a stakeholder lens in order to assess good governance practices.

What is the asset allocation planned for this financial product?

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

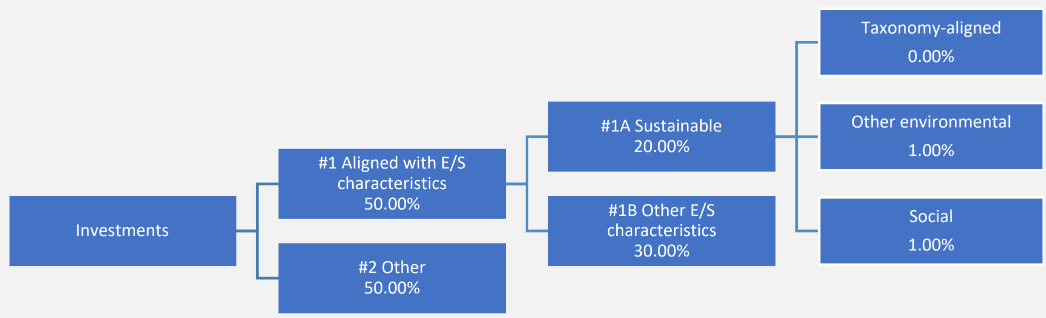
Asset allocation describes the share of investments in specific assets.

#1 Aligned with E/S characteristics includes the minimum proportion of the portfolio’s assets used to attain the environmental or social characteristics.

The portfolio invests at least 50% of its assets on a look-through basis in assets that promote environmental or social characteristics. Additionally, the portfolio will invest at least 20% of its assets on a look-through basis in #1A which are sustainable investments. There is a commitment to invest at least 1% of the portfolio’s assets in sustainable investments with an environmental objective and at least 1% of the portfolio’s assets in sustainable investments with a social objective. #1 The minimum proportion stated applies in normal market conditions.

#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 portfolio more efficiently. #2 also includes other investments that are not aligned with the environmental or social characteristics of the portfolio.

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

This question is not applicable for the portfolio.

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.

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

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

In future it is expected that the portfolio will assess and report on the extent to which its underlying assets 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 document will be updated once it is possible in the portfolio manager's opinion to accurately disclose to what extent the portfolio's investments are in Taxonomy-aligned environmentally sustainable activities, including the proportions of investments in enabling and transitional activities selected for the portfolio.

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

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

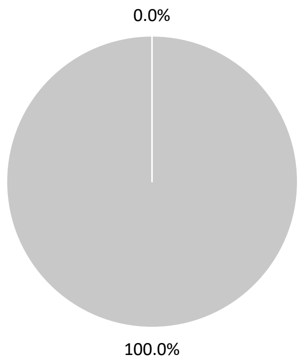
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure**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

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

1. Taxonomy-alignment of investments including sovereign bonds*

■ Taxonomy-aligned (no fossil gas & nuclear)

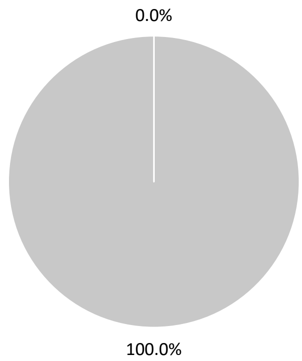
■ Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds*

■ Taxonomy-aligned (no fossil gas & nuclear)

■ Non Taxonomy-aligned



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

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

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

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

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.

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

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

There is no minimum share of investments in transitional and enabling activities within this portfolio – although there may be some underlying exposure, the objective of the portfolio is to have the majority of its investments in assets which are maximising operational sustainability (i.e. those Benefitting Stakeholders) or whose products and services are helping advance the UN SDGs (i.e. those Contributing to Solutions) as defined by the Impact Management Project's framework.

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.

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 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 portfolio more efficiently. #2 also includes other investments that are not aligned with the environmental or social characteristics of the Fund.

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.

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?

No.

- ***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 portfolio, in the absence of a benchmark being determined.

- ***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 portfolio, in the absence of a benchmark being determined.

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

This question is not applicable for the portfolio, in the absence of a benchmark being determined.

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

This question is not applicable for the portfolio, in the absence of a benchmark being determined.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.schroders.com/en-ch/ch/wealth-management/sfdr-statements/