

10 April 2024

Dear Shareholder,

Schroder International Selection Fund (the "Company") – BlueOrchard Emerging Markets Climate Bond (the "Fund")

We are writing to advise you that the Fund's investment objective, policy, sustainability criteria and Article 9 Pre-contractual disclosure in Appendix IV of the Company's prospectus in accordance with SFDR and Commission Delegated Regulation (EU) 2022/1288 have been updated and enhanced to better reflect the impact investment process.

Background and rationale

The Fund is classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR) and invests in sustainable investments, which are investments that are expected to contribute towards combating climate change. The Fund also holds investments that the Investment Manager deems to be neutral under its sustainability criteria, such as cash and money market investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently. The Fund is part of Schroders' Impact Driven strategies. As such, it applies highly selective investment criteria, such as cash and money market investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently, and references to reflect this impact investment process have been added to the investment objective, investment policy, sustainability criteria and the pre-contractual disclosure.

There are no other changes to the Fund's investment style, investment philosophy, investment strategy, and the operation and/or manner in which the Fund is being managed following these changes.

All other key features of the Fund, including the relevant risk indicator and fees, will remain the same.

Full details of the changes being made can be seen in Appendix 1 to this letter.

You can find the Fund's updated key information document (the KID) for the relevant share class and the Company's Prospectus at www.schroders.com.

If you have any questions or would like more information about Schroders' products please visit www.schroders.com or contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 202.

Yours faithfully,

The Board of Directors

Appendix 1

New wording is shown in bold, removed wording is shown in the strikethrough format.

Current investment objective	New investment objective
<p>The Fund aims to provide capital growth in excess of the ICE BofA 3 Month US Treasury Bill Index + 2.5% before fees have been deducted* over a three to five year period by investing in fixed and floating rate securities worldwide. The Fund will invest in securities issued by governments and companies worldwide, including emerging market countries, which help to advance the UN SDG of taking action to combat climate change and which the Investment Manager deems to be sustainable investments.</p> <p>*For the target return after fees for each Share Class please visit the Schroder webpage: https://www.schroders.com/en/lu/private-investor/investing-with-us/historical-ongoingcharges/</p>	<p>The Fund aims to provide capital growth in excess of the ICE BofA 3 Month US Treasury Bill Index + 2.5% before fees have been deducted* over a three to five year period by investing in fixed and floating rate securities worldwide. The Fund will invest in securities issued by governments and companies worldwide, including emerging market countries, whose activities the Investment Manager considers which help to advance the UN SDG of taking action to combat climate change and which the Investment Manager deems to be sustainable investments.</p> <p>*For the target return after fees for each Share Class please visit the Schroder webpage: https://www.schroders.com/en/lu/private-investor/investing-with-us/historical-ongoingcharges/</p>
Current investment policy	New investment policy
<p>The Fund is actively managed and invests its assets in (i) sustainable investments, which are investments that are expected to contribute towards combating climate change (please see the fund characteristics section for more details); and (ii) investments that the Investment Manager deems to be neutral under its sustainability criteria.</p> <p>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 which includes investments on the International Finance Corporation Exclusion List.</p> <p>The Fund invests in companies that do not cause significant environmental or social harm and have good governance practices, as determined by the Investment Manager’s rating criteria (please see the Fund Characteristics section for more details).</p> <p>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/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/</p> <p>The Fund invests at least two-thirds of its assets in fixed and floating rate securities denominated in various currencies and issued by governments, government agencies, supranationals and companies worldwide,</p>	<p>The Fund is actively managed and invests its assets in (i) sustainable investments, which are investments that are expected to contribute towards combating climate change (please see the fund characteristics section for more details); and (ii) investments that the Investment Manager deems to be neutral under its sustainability criteria, such as cash and Money Market Investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently.</p> <p>The Investment Manager will select sustainable investments from a universe that have been determined as meeting the Investment Manager’s impact criteria. The impact criteria include an assessment of an investment’s contribution to the UN SDG of taking action to combat climate change alongside the Investment Manager’s assessment of impact via its proprietary impact investment management framework and tools (including an impact scorecard).</p> <p>The Fund is part of Schroders’ Impact Driven strategies. As such, it applies highly selective investment criteria and its investment process is aligned with the Operating Principles for Impact Management which means that an assessment of impact is embedded in the steps of the investment process. All sustainable investments in the Fund are subject to this framework.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under “Sustainability-Related Disclosure” on the sectors included in BlueOrchard’s Public Assets Exclusion List, https://www.blueorchard.com/wp-</p>

<p>including emerging market countries. The Fund will increase its exposure to emerging markets over time. At the Fund’s launch, the exposure to emerging markets will be at least of 50% of its net assets and this exposure will increase progressively with the intention to reach at least 67% of its net assets after three years.</p> <p>The Fund may invest up to 50% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds).</p> <p>The Fund may invest in mainland China through QFI schemes or Regulated Markets (including the CIBM via Bond Connect or CIBM Direct).</p> <p>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 (Subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p>	<p>content/uploads/20220520-BlueOrchard-Exclusion-Policy_Public-Assets.pdf. the Fund’s webpage http://www.schroders.com/en/lu/private-investor/gfe which includes investments on the International Finance Corporation Exclusion List.</p> <p>The Fund invests in companies that do not cause significant environmental or social harm and have good governance practices, as determined by the Investment Manager’s rating criteria (please see the Fund Characteristics section for more details).</p> <p>The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. The Investment Manager may also engage with companies held by the Fund to seek to improve sustainability practices and enhance social and environmental impacts generated by underlying investee companies. 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/lu/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/</p> <p>The Fund invests at least two-thirds of its assets in fixed and floating rate securities denominated in various currencies and issued by governments, government agencies, supranationals and companies worldwide, including emerging market countries. The Fund will increase its exposure to emerging markets over time. At the Fund’s launch, the exposure to emerging markets will be at least of 50% of its net assets and this exposure will increase progressively with the intention to reach at least 67% of its net assets after three years.</p> <p>The Fund may invest up to 50% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds).</p> <p>The Fund may invest in mainland China through QFI schemes or Regulated Markets (including the CIBM via Bond Connect or CIBM Direct).</p> <p>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 (Subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p>
<p>Current sustainability criteria</p>	<p>New sustainability criteria</p>

<p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>Issuers are assessed via an ESG and impact analysis, which consists of (1) screening against the International Finance Corporation Exclusion List; (2) an assessment of the issuer's performance on a range of ESG criteria, informed by both internal and external research; (3) an impact assessment of how a company is achieving its sustainable goals based on a proprietary tool and resulting in a rating; and (4) secondary opinion reports produced by third party data providers.</p> <p>Through this assessment, the Investment Manager selects bonds that it classifies as green or renewable in accordance with (1) the Green Bond Principles; and (2) its own impact assessment process. A green bond is a fixed or floating rate security whose proceeds will be applied exclusively to finance or re-finance in part or in full, new and/or existing eligible projects and areas aligned to the four core components of the Green Bond Principles. A renewable bond is a fixed or floating rate security issued by an issuer that the Investment Manager believes aims to support climate action.</p> <p>Both the issuer and the bond are considered in the assessment of sustainability.</p> <p>The sources of information used to perform the analysis include information provided by the companies, such as company sustainability reports and other relevant company material, as well as Schroders' proprietary sustainability tools and third-party data.</p> <p>Due to the nature of its investments, and in particular the need for currency hedging, the Fund may also hold a portion of investments that the Investment Manager deems to be neutral under its sustainability criteria. These may include (but are not limited to) derivatives for hedging purposes, cash and Money Market Investments.</p> <p>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, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</p> <p>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 fixed and floating rate securities denominated in various currencies and issued by companies worldwide, including emerging market countries. The universe (for the purpose of this test only) does not include fixed or floating rate securities issued by public or quasi-public issuers.</p>	<p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>Issuers are assessed via an ESG and impact analysis, which consists of (1) screening against the International Finance Corporation Exclusion List; (2) an assessment of the issuer's performance on a range of ESG criteria, informed by both internal and external research; (3) an impact assessment of how a company is achieving its sustainable goals based on a proprietary tool and resulting in a rating; and (4) secondary opinion reports produced by third party data providers.</p> <p>Through this assessment, the Investment Manager selects bonds that it classifies as green or renewable in accordance with (1) the Green Bond Principles; and (2) its own impact assessment process. 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A renewable bond is a fixed or floating rate security issued by an issuer that the Investment Manager believes aims to support climate action.</p> <p>Both the issuer and the bond are considered in the assessment of sustainability.</p> <p>The sources of information used to perform the analysis include information provided by the companies, such as company sustainability reports and other relevant company material, as well as Schroders' proprietary sustainability tools and third-party data.</p> <p>Investments are composed of bonds where the issuer's products and services, business activities or use of proceeds for a purpose bond contribute positively to at least one of the UN SDGs taking action to combat climate change, including SDG 7, 11 and 13. In order to identify bonds with a direct link to a UN SDG, the Investment Manager applies a two step approach:</p> <ul style="list-style-type: none"> • The first considers the extent to which the issuer's revenues, business activities, or the use of proceeds of a purpose bond contribute to an environmental objective. • The second is a detailed ESG and impact assessment of the company and/or bond (as applicable) via the completion of proprietary impact and ESG scorecards. The Investment Manager considers a range of ESG criteria and different aspects of impact such as: what outcome and UN SDGs the bond or company is contributing to; who is served by the outcome (such as the relevant stakeholder or industry); an assessment of our expected contribution (including the Investment Manager's influence and engagement); and consideration of impact risks. The assessment typically includes Key Performance Indicators (KPIs) that are used to
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	<p>track the company's or the bond's positive contribution over time.</p> <p>The impact and ESG scorecards are validated and approved by the BlueOrchard Sustainability & Impact (S&I) team, in order for the company or bond to be eligible for inclusion in the Fund's investible universe. The S&I team is independent from the investment teams, and is responsible for the consistent application of impact and ESG assessments and scorecards and that all investments meet minimum ESG and impact ratings, as set out in BlueOrchard's ESG & Impact Policy.</p> <p>Due to the nature of its investments, and in particular the need for currency hedging, the Fund may also hold a portion of investments that the Investment Manager deems to be neutral under its sustainability criteria. These may include (but are not limited to) derivatives for hedging purposes, cash and Money Market Investments.</p> <p>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, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</p> <p>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 fixed and floating rate securities denominated in various currencies and issued by companies worldwide, including emerging market countries. The universe (for the purpose of this test only) does not include fixed or floating rate securities issued by public or quasi-public issuers.</p>
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ISIN codes of the Share Classes impacted by this change:

Share class	Share class currency	ISIN code
A Accumulation	USD	LU2328266650
B Accumulation	USD	LU2328266734
C Accumulation	USD	LU2328266817
E Accumulation	USD	LU2328266908
I Accumulation	USD	LU2328267039
IZ Accumulation	USD	LU2328267112
C Accumulation	CHF Hedged	LU2391338600
E Accumulation	CHF Hedged	LU2391338782
A Accumulation	EUR Hedged	LU2342518300
C Accumulation	EUR Hedged	LU2328267385
E Accumulation	EUR Hedged	LU2328267468
C Distribution	GBP	LU2495977162
C Accumulation	GBP Hedged	LU2399671168
C Distribution	GBP Hedged	LU2565410094
E Accumulation	GBP Hedged	LU2342518482