

SCHRODER BSC SOCIAL IMPACT TRUST PLC

DISCLOSURE OF INFORMATION UNDER THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

This document is issued in order to comply with the provisions of the Financial Conduct Authority's Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) in the UK (the "Directive"), which require that certain information be disclosed to investors before investment in the Company. In the event that there is a material change to the information contained in this document, it will be updated and re-published. Information that is required under the Directive to be disclosed to investors without delay will also be disclosed through a regulatory news service as appropriate.

1 Investment Strategy and Objectives

Full details of the investment objective of the Company and its investment policy may be found in the Prospectus, the KIID and in due course in the Annual Report and Accounts. Details of the investment techniques employed by the Company are contained within the investment policy.

Material changes to the investment policy require shareholder approval, which would be sought at either an Annual General Meeting or at a separate General Meeting convened for that purpose.

2 Investment Restrictions

Full details of the key investment restrictions imposed on the Alternative Investment Fund Manager, Schroder Unit Trusts Limited ("SUTL" or the "AIFM") may be found in the Prospectus, the KIID and in due course in the Annual Report and Accounts.

3 Leverage

Leverage is a way for the Company to increase its exposure through borrowing of cash or securities and/or the use of financial derivative instruments.

The Directors expect that, the Company may, from time to time, use borrowings for working capital and portfolio management purposes, including for the purpose of satisfying capital calls and the short term funding of investments. , but they do not anticipate gearing levels in excess of 20 per cent. of the Company's net assets.

The Company will not employ derivatives of any kind for investment purposes. Whilst the Company may use derivatives for currency hedging purposes, non-Sterling exposures are expected to be limited and, to the extent there are such exposures, the Company currently anticipates that these will not be hedged.

Leverage is expressed as a ratio ('leverage ratio') between the exposure of the Company and its net asset value. The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of the Company, the gross method and the commitment method as summarized in the below table.

Leverage ratio

Exposure calculation methodology

‘Gross leverage ratio’

The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for gross exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.

‘Commitment leverage ratio’

The exposure calculated under the commitment methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the Company supplement each other and provide a distinct representation of leverage.

Gross leverage is a conservative way of representing leverage as it does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Company.
- allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Company risk.

As a result, a Company that exhibits a high level of gross leverage is not necessarily riskier than a Company that exhibits a low level of gross leverage.

Commitment leverage is a more accurate representation of the true leverage of the Company as it allows for hedging and netting arrangements under certain conditions.

By convention, the leverage ratio is expressed as a fraction. A leverage ratio of 1 or below means that the Company is unleveraged whereas a leverage ratio above 1 indicates that the Company is leveraged.

Leverage ratio	Maximum leverage ratio
'Gross leverage ratio'	1.5
'Commitment leverage ratio'	1.5

These maximum levels have been set by the AIFM in order to satisfy its obligations under the Directive. The AIFM expects that under normal market conditions the typical level of leverage to be substantially lower than the maximums stated above. In addition the gross leverage methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management.

The AIFM may change the maximum level of leverage from time to time. Any changes will be disclosed to shareholders in accordance with the Directive.

4 Appointment of AIFM and Delegations

SUTL provides portfolio management, risk management and company secretarial services and has been appointed as the Company's alternative investment fund manager in accordance with an AIFM Agreement.

Details of the appointment of the AIFM, including fees charged to the Company and termination provisions are provided in the Prospectus and in due course will be provided in the Report of the Directors in the Annual Report and Accounts and, in the Half-Year Report in circumstances where such fees have changed during the reporting period.

SUTL has delegated investment management to Big Society Capital.

To cover potential professional liability risks resulting from its activities, SUTL has an insurance policy in place in an amount and on terms that are standard for a business such as SUTL's, and has additional own funds which are appropriate to cover potential liability risks arising from professional negligence in accordance with the applicable rules of the Financial Conduct Authority.

5 Appointment of Depositary

The Company has appointed HSBC Bank plc as Depositary.

Under the Depositary Agreement, HSBC Bank plc is responsible, *inter alia*, for the custody of financial instruments and cash monitoring.

No arrangements have been made with the Depositary to contractually discharge itself of liability in accordance with Article 21(13) of the Directive. Should there be any changes with respect to depositary liability, these will be notified through a regulatory news service without delay.

There are no provisions in the depositary agreement for the transfer and reuse of Company assets.

6 Auditor

The Company has appointed BDO LLP to provide statutory audit services.

7 Registrar

The Company has appointed Equiniti Limited to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; arranging for the payment of dividends; and meeting management for company meetings including registering of proxy votes and scrutineer services as and when required.

8 Fees

Full details of the fees paid to the AIFM may be found in the Prospectus, the KIID and in due course in the Annual Report and Accounts in the Report of the Directors. Details of all other expenses incurred in running the Company are provided in the notes to the Accounts in the Annual Report and Accounts.

The ongoing charges for each financial year are provided in the KIID and in due course in the Annual Report and Accounts.

9 Pricing Methodology

Details of the pricing methodology applied to the Company's investments may be found in the Prospectus and, in due course, in the Annual Report and Accounts.

10 Valuation Procedure

The Company's net asset value is calculated on a semi-annual basis as at 30 June (unaudited) and 31 December (audited) in each year on a fair value basis in accordance with FRS 102 and released to the London Stock Exchange through a regulatory news service as soon as practicable after the end of the relevant six-month period. The first calculation will be as at 30 June 2021.

11 Procedures and Conditions for the Issue and Sale of shares

Details of the initial placing, intermediaries offer, offer for subscription and placing programme are all included in the Prospectus.

12 Preferential Treatment of Investors

The Company will endeavour to ensure fair treatment of investors. An investment in the Company will not automatically grant investors any rights against third parties engaged by the Company to provide services to the Company. No investor receives preferential treatment.

13 Liquidity Risk Management

There are no rights to redemption. The Company is a closed-ended fund.

14 AIFM Remuneration Disclosures

Schroders' remuneration framework can be found here:

<https://www.schroders.com/en/sysglobalassets/digital/about/ucits-and-aifm-remuneration-framework-july-2019.pdf>.

SUTLS's Remuneration disclosure in respect of the performance-year 2019 is available here:

<https://www.schroders.com/en/sysglobalassets/digital/global/investor-relations/aifmd-disclosure-sutl-april-2020-final.pdf>

15 Periodic and Regular Disclosure under the Directive

The following information will be disclosed to shareholders on a semi-annual basis by way of the Half Year and Annual Reports which are made available to shareholders:

- a) the percentage of any of the Company's assets that are subject to special arrangements arising from their illiquid nature;
- b) any new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the AIFM; provided that shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
- c) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks; and
- d) the total amount of leverage employed by the Company.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

- a) the maximum level of leverage which the AIFM may employ on behalf of the Company; and
- b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.