

**10 April 2024**

Dear Shareholder,

## **Schroder International Selection Fund (the “Company”) – Social Impact Credit (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 positively towards social development themes. 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 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](http://www.schroders.com).

If you have any questions or would like more information about Schroders’ products please visit [www.schroders.com](http://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

Current investment objective	New investment objective
<p>The Fund aims to provide capital growth by investing in fixed and floating rate securities issued by governments, government agencies, supra nationals and companies worldwide which help to advance social development and which the Investment Manager deems to be sustainable investments.</p>	<p>The Fund aims to provide capital growth by investing in fixed and floating rate securities issued by governments, government agencies, supra nationals and companies worldwide <del>which</del> <b>whose activities the Investment Manager considers</b> help to advance social development and which the Investment Manager deems to be sustainable investments.</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 the investment manager expects to contribute positively towards social development themes. These themes may include but are not limited to:</p> <ul style="list-style-type: none"> <li>– Sustainable Infrastructure (such as connectivity, sustainable power and clean water)</li> <li>– Economic Inclusion (such as training, gender equality, workforce diversity, access to finance and quality work)</li> <li>– Health and Wellbeing (such as medicine and healthcare services); (please see the Fund Characteristics section for further details) and</li> <li>– (ii) investments that the Investment Manager deems to be neutral under its sustainability criteria.</li> </ul> <p>The Investment Manager will select investments for the Fund from a universe of eligible companies that have been determined as meeting the Investment Manager’s sustainability criteria. The criteria include an assessment of the company’s contribution to social impact themes, which themselves align with UN SDGs. This means that the extent to which companies deliver a direct or indirect positive impact on society together with the impact that these actions may have on a company’s value are considered in the assessment of the Fund’s investments. The Fund may also invest in social and sustainability bonds, which are bonds that are specifically designed to address social challenges. Please see the Fund Characteristics section for more details.</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 <a href="https://www.schroders.com/en-lu/lu/individual/fund-centre">https://www.schroders.com/en-lu/lu/individual/fund-centre</a></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 issuers held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the</p>	<p>The Fund is actively managed and invests its assets in (i) sustainable investments, which are investments that the investment manager expects to contribute positively towards social development themes. These themes may include but are not limited to:</p> <ul style="list-style-type: none"> <li>– Sustainable Infrastructure (such as connectivity, sustainable power and clean water)</li> <li>– Economic Inclusion (such as training, gender equality, workforce diversity, access to finance and quality work)</li> <li>– Health and Wellbeing (such as medicine and healthcare services);</li> </ul> <p>(please see the Fund Characteristics section for further details) and</p> <p>(ii) investments that the Investment Manager deems to be neutral under its sustainability criteria, <b>such as cash and Money Market Investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently.</b></p> <p>The Investment Manager will select <b>sustainable</b> investments for the Fund from a universe of <del>eligible companies</del> <b>eligible companies</b> that have been determined as meeting the Investment Manager’s <del>sustainability</del> <b>impact</b> criteria. The <b>impact</b> criteria include an assessment of the company’s, <b>country’s or purpose bond’s</b> contribution to social impact themes, which themselves align with UN SDGs <b>alongside the Investment Manager’s assessment of impact via its proprietary impact investment management framework and tools (including an impact scorecard)</b>. This means <del>that the extent to which companies deliver a direct or indirect positive impact on society together with the impact that these actions may have on a company’s value are considered in the assessment of the Fund’s investments.</del> The Fund may also invest in social, <del>and</del> <b>sustainability and green</b> bonds, which are bonds that are specifically designed to address social challenges. Please see the Fund Characteristics section for more details.</p> <p><b>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</b></p>

<p>Investment Manager’s approach to sustainability and its engagement with companies are available on the webpage <a href="https://www.Schroders.com/en-lu/lu/individual/what-we-do/sustainableinvesting/our-sustainable-investment-policies-disclosuresvoting-reports/disclosures-and-statements/">https://www.Schroders.com/en-lu/lu/individual/what-we-do/sustainableinvesting/our-sustainable-investment-policies-disclosuresvoting-reports/disclosures-and-statements/</a></p> <p>The Fund invests at least two-thirds of its assets in a range of fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies worldwide.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> <li>– up to 60% of its assets in securities that have a below investment grade credit rating (as measured by Standard &amp; Poor’s or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds);</li> <li>– up to 30% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds; and</li> <li>– up to 20% of its assets in asset-backed securities and mortgage-backed securities.</li> </ul> <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><b>investment process. All sustainable investments in the Fund are subject to this framework.</b></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 <a href="https://www.schroders.com/en-lu/lu/individual/fund-centre">https://www.schroders.com/en-lu/lu/individual/fund-centre</a></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 <del>issuers</del> <b>companies</b> held by the Fund to <b>seek to improve sustainability practices and enhance social and environmental impacts generated by underlying investee companies</b> <del>challenge identified areas of weakness on sustainability issues</del>. More details on the Investment Manager’s approach to sustainability and its engagement with companies are available on the webpage <a href="https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainableinvesting/our-sustainable-investment-policies-disclosuresvoting-reports/disclosures-and-statements/">https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainableinvesting/our-sustainable-investment-policies-disclosuresvoting-reports/disclosures-and-statements/</a></p> <p>The Fund invests at least two-thirds of its assets in a range of fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies worldwide.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> <li>– up to 60% of its assets in securities that have a below investment grade credit rating (as measured by Standard &amp; Poor’s or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds);</li> <li>– up to 30% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds; and</li> <li>– up to 20% of its assets in asset-backed securities and mortgage-backed securities.</li> </ul> <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><b>Current sustainability criteria</b></p>	<p><b>New sustainability criteria</b></p>
<p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>The Investment Manager applies an initial screen to exclude certain activities, industries or groups from the</p>	<p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p><b>Investments are composed of bonds where the issuer’s products and services, business activities or use of</b></p>

<p>universe of potential investments. For issuers to be deemed eligible for investment they are then assessed under various social criteria, metrics and objectives. This process has been defined and agreed by a team of specialists consisting of members of Schroders' sustainable investments team, sustainable credit specialists, portfolio managers and credit analysts from the Global Credit team. The process is reviewed regularly to adjust for new sustainability developments globally.</p> <p>The process will use a framework consisting of key questions including whether, based on the Investment manager's sustainability criteria, a company makes a positive or negative contribution to society, the level of commitment of management towards a positive contribution, treatment of employees and whether its practices may cause significant environmental damage.</p> <p>The Investment Manager will then decide whether a company is eligible for inclusion in the Fund's portfolio.</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>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 issued by companies worldwide. 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><b>proceeds for a purpose bond contribute positively to social impact themes, which themselves align with at least one of the UN SDGs. In order to identify bonds with a direct link to a UN SDG, the Investment Manager applies a two step approach:</b></p> <ul style="list-style-type: none"> <li>• <b>The first applies quantitative and/or qualitative criteria (following an initial screen to exclude certain activities, industries or groups) to assess the extent to which the company, country or purpose bond contributes to an environmental or social objective (as applicable). This may include consideration of revenues, business activities or use of proceeds of a purpose bond.</b></li> <li>• <b>The second is a detailed impact assessment of the company, country or bond (as applicable) via the completion of a proprietary impact scorecard. The Investment Manager considers different aspects of impact such as: what outcome and UN SDGs the company, country or bond is contributing to; who is served by the outcome (such as the relevant stakeholder or industry); an assessment of our expected contribution (including Schroders influence and engagement); and consideration of impact risks. The assessment typically includes Key Performance Indicators (KPIs) that are used to track the company's, country's or bond's impact over time.</b></li> </ul> <p><b>The impact scorecard is then validated and approved by Schroders' Impact Assessment Group (IAG), in order for the company or bond to be eligible for inclusion in the Fund's investible universe. The IAG consists of members from Schroders' impact and sustainable investment teams and members of the investment team. There may be some limited instances where step 2 and the IAG approval may follow subsequently (such as a particularly time sensitive investment).</b></p> <p><del>The Investment Manager applies an initial screen to exclude certain activities, industries or groups from the universe of potential investments. For issuers to be deemed eligible for investment they are then assessed under various social criteria, metrics and objectives. This process has been defined and agreed by a team of specialists consisting of members of Schroders' sustainable investments team, sustainable credit specialists, portfolio managers and credit analysts from the Global Credit team. The process is reviewed regularly to adjust for new sustainability developments globally.</del></p> <p><del>The process will use a framework consisting of key questions including whether, based on the Investment manager's sustainability criteria, a company makes a positive or negative contribution to society, the level of commitment of management towards a positive contribution, treatment of employees and whether its practices may cause significant environmental damage.</del></p>
--	---

	<p>The Investment Manager will then decide whether a company is eligible for inclusion in the Fund's portfolio. 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>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 issued by companies worldwide. 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>
--	--

ISIN codes of the share classes impacted by this change:

Share class	Share class currency	ISIN code
A Accumulation	USD	LU2388135068
A Distribution	USD	LU2388134921
C Accumulation	USD	LU2388134848
E Accumulation	USD	LU2388134764
I Accumulation	USD	LU2388134681
IZ Accumulation	USD	LU2388134509
A Accumulation	EUR Hedged	LU2388134335
B Accumulation	EUR Hedged	LU2388134251
C Accumulation	EUR Hedged	LU2388137437
C Accumulation	GBP Hedged	LU2388137510