



SFDR Periodic Report

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SFDR Periodic Report

Reference Period: 1 January 2024 - 31 December 2024

Periodic 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 : Schroder ISF Emerging Markets Debt Total Return
Legal Entity Identifier : TLC5LFN105XXSK6FZ338

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.

Did this financial product have a sustainable investment objective?

Yes

No

☐

It made **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 made **sustainable investments with a social objective:** __%

☐

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of __% 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 promoted E/S characteristics, but **did not make any sustainable investments**

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.

Schroder ISF Emerging Markets Debt Total Return Audited Annual Report

31 December 2024

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SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and/or social characteristics promoted by the Fund were met.

The Fund maintained a higher overall sustainability score than the 50% JPM GBI-EM Diversified Index and 50% JPM EMBI Diversified Index, based on the Investment Manager's rating system. This benchmark (which is a broad market index) is not a reference benchmark for the purposes of the environmental and social characteristics promoted by the Fund.

The sustainability score is measured by Schroders' proprietary tool that provides an aggregate estimate of the social and environmental costs and benefits that an issuer may create. It does this by scoring the issuer against a list of indicators – scores may be positive (for example, when an issuer pays more than average living wages) or negative (for example, when an issuer emits carbon). It does this using third party data as well as Schroders' own estimates and assumptions and the outcome may differ from other sustainability tools and measures.

The result is expressed as an aggregate score of the sustainability indicators for each issuer, specifically a notional percentage (positive or negative) of sales or GDP of the relevant underlying issuer. For example, a score of +2% would mean that for every \$100 of sales or GDP the issuer generates, it would provide a net positive contribution to society and/or the environment of \$2. The sustainability score of the Fund is derived from the scores of all eligible issuers in the Fund's portfolio measured by Schroders' proprietary tool.

The reference period for this Fund is 1 January 2024 to 31 December 2024.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

• How did the sustainability indicators perform?

The Fund's sustainability score for the reference period was -2.7% and the benchmark's sustainability score for the reference period was -3.7%. This means that the Fund's weighted average score over a rolling six month period up to the end of the reference period was higher than the benchmark's weighted average score over the same period, based on month-end data.

In each case the sustainability score is calculated as described above.

During the reference period, the top 5 indicators in Schroders' proprietary tool that contributed positively to the sustainability score of the Fund were:

- Avoided Emissions: the estimated environmental benefits of companies that enable system-or economy-wide reductions in carbon emissions;
- Clean Energy: the estimated environmental benefit associated with renewables and the accelerated transformation of countries' energy systems;
- Connectivity: the estimated societal benefits from companies' that enable or support the connection of communities through telecommunication services;
- Education: the estimated societal benefits of a country's education spend per school age capita; and
- Socio-Political Stability: the estimated societal benefit a politically and socially stable country can provide in supporting a favourable business environment and attracting investment, thus contributing to long-

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024

run economic growth.

The Fund also applied certain exclusions, with which the Investment Manager monitored compliance on an ongoing basis via its portfolio compliance framework.

• **...and compared to previous periods?**

As the Fund did not commit to making sustainable investments, this question is not applicable for this Fund.

• **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

As the Fund did not commit to making sustainable investments, this question is not applicable for this Fund.

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.

• **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

This question is not applicable for this Fund.

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

This question is not applicable for this Fund.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

This question is not applicable for this Fund.

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 Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024



How did this financial product consider principal adverse impacts on sustainability factors?

The Investment Manager's approach to considering principal adverse impacts on sustainability factors differs depending on the relevant indicator. Some indicators were considered via the application of exclusions, some were considered via the investment process, and some were considered via engagement. Further details on how these have been considered during the reference period are detailed below.

PAIs were considered as part of pre-investment through the application of exclusions. These included:

- Controversial weapons: PAI 14 (Exposure to controversial weapons, such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- UNGC violators: PAI 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and Schrodgers' 'global norms' breach list which covers: PAI 7 (Activities negatively affecting biodiversity-sensitive areas), PAI 8 (Emissions to water), PAI 9 (Hazardous waste ratio), PAI 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises), PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and PAI 14 in Table 3 (Number of identified cases of severe human rights issues and incidents).
- Companies that derived revenues above certain thresholds from activities related to thermal coal, that were deemed by the Investment Manager to contribute significantly to climate change were excluded from the investible universe: PAIs 1, 2, 3, 4 and 5 (Greenhouse gas emissions).

PAI data is less meaningful in the context of an emerging markets sovereign focused strategy, as during the reference period there were limited PAI data available. Over time, we anticipate that this data will improve which will allow us to further assess the consideration of PAIs. However, as part of the investment process, a Schrodgers' proprietary tool was used which incorporates some of the PAIs as part of its scoring methodology. During the reference period, PAIs 1, 2, 3, 4, 5 and 15 related to greenhouse gas emissions, PAIs 7, 8 and 9 related to biodiversity, water and waste and PAIs 12, 13, and 16 related to social matters were considered as part of the investment process of the following countries: Argentina, Brazil, Colombia, Chile, India, Bahrain, Egypt, Poland, Romania, South Africa and Turkey.

PAIs were also considered post-investment through engagement. The Investment Manager primarily used Schrodgers' proprietary tool and data from external data providers in order to identify, assess and monitor environmental topics for engagement. During the reference period, active engagements with emerging sovereigns included the Bahamas, Colombia, Mexico, Uruguay, Hungary, Bahrain, China, Indonesia, Malaysia and Philippines.

These engagements covered a range of topics and were aligned with environmental PAIs 1, 2, 3, 4, 5 and 15 related to greenhouse gas emissions, PAIs 7, 8 and 9 related to biodiversity, water and waste and PAI 16 (Human Capital) in Table 3.

A summary of the Fund's engagement activity during the reference period, including the relevant engagement theme, is shown below:

Engagement Theme	# Issuers
Climate Change	9
Natural Capital and Biodiversity	4
Corporate Governance	1
Human Capital Management	1

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024

The engagements shown relate to engagements with companies and issuers.

Our approach is subject to ongoing review, particularly as the availability, and quality, of PAI data evolves.



What were the top investments of this financial product?

During the reference period the top 15 investments were:

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **1 Jan 2024 to 31 Dec 2024**

Largest Investments	Sector	% Assets	Country
INDIA (REPUBLIC OF) SR GOVT 7.18% 14 Aug 2033	EMD Sovereign	3.45	India
MEXICO (UNITED MEXICAN STATES) (GO SR M 7.75% 29 May 2031	EMD Sovereign	2.93	Mexico
BRAZIL FEDERATIVE REPUBLIC OF (GO SR NTN F 10% 01 Jan 2027	EMD Sovereign	2.83	Brazil
MEXICO (UNITED MEXICAN STATES) (GO SR M 7.5% 26 May 2033	EMD Sovereign	2.53	Mexico
SOUTH AFRICA (REPUBLIC OF) SR 2032 8.25% 31 Mar 2032	EMD Sovereign	2.38	South Africa
INDONESIA (REPUBLIC OF) FR92 SR FR92 7.125% 15 Jun 2042	EMD Sovereign	2.12	Indonesia
TREASURY BILL SR GOVT 0% 13 Jun 2024	Cash Equivalents	2.06	United States
TREASURY BILL SR GOVT 0% 16 Jul 2024	Cash Equivalents	1.92	United States
BRAZIL FEDERATIVE REPUBLIC OF (GOV SR NTN F 10% 01 Jan 2031	EMD Sovereign	1.86	Brazil
SOUTH AFRICA (REPUBLIC OF) SR 2037 8.5% 31 Jan 2037	EMD Sovereign	1.83	South Africa
SOUTH AFRICA (REPUBLIC OF) SR 2035 8.875% 28 Feb 2035	EMD Sovereign	1.74	South Africa
HUNGARY (REPUBLIC OF) SR 28/A 6.75% 22 Oct 2028	EMD Sovereign	1.73	Hungary
COLOMBIA (REPUBLIC OF) SR B 13.25% 09 Feb 2033	EMD Sovereign	1.70	Colombia
INDIA (REPUBLIC OF) SR GOVT 7.54% 23 May 2036	EMD Sovereign	1.56	India
TREASURY BILL SR GOVT 0% 20 Jun 2024	Cash Equivalents	1.55	United States

The list above represents the average of the Fund's holdings at each quarter-end during the reference period.

The largest investments and % of assets referred to above are derived from the Schroders Investment Book of Record (IBoR) data source. The largest investments and % of assets detailed elsewhere in the Audited Annual Report are derived from the Accounting Book of Record (ABoR) maintained by the administrator. As a result of these differing data sources, there may be differences in the largest investments and % of assets due to the differing calculation methodologies of these alternative data sources.

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024



What was the proportion of sustainability-related investments?

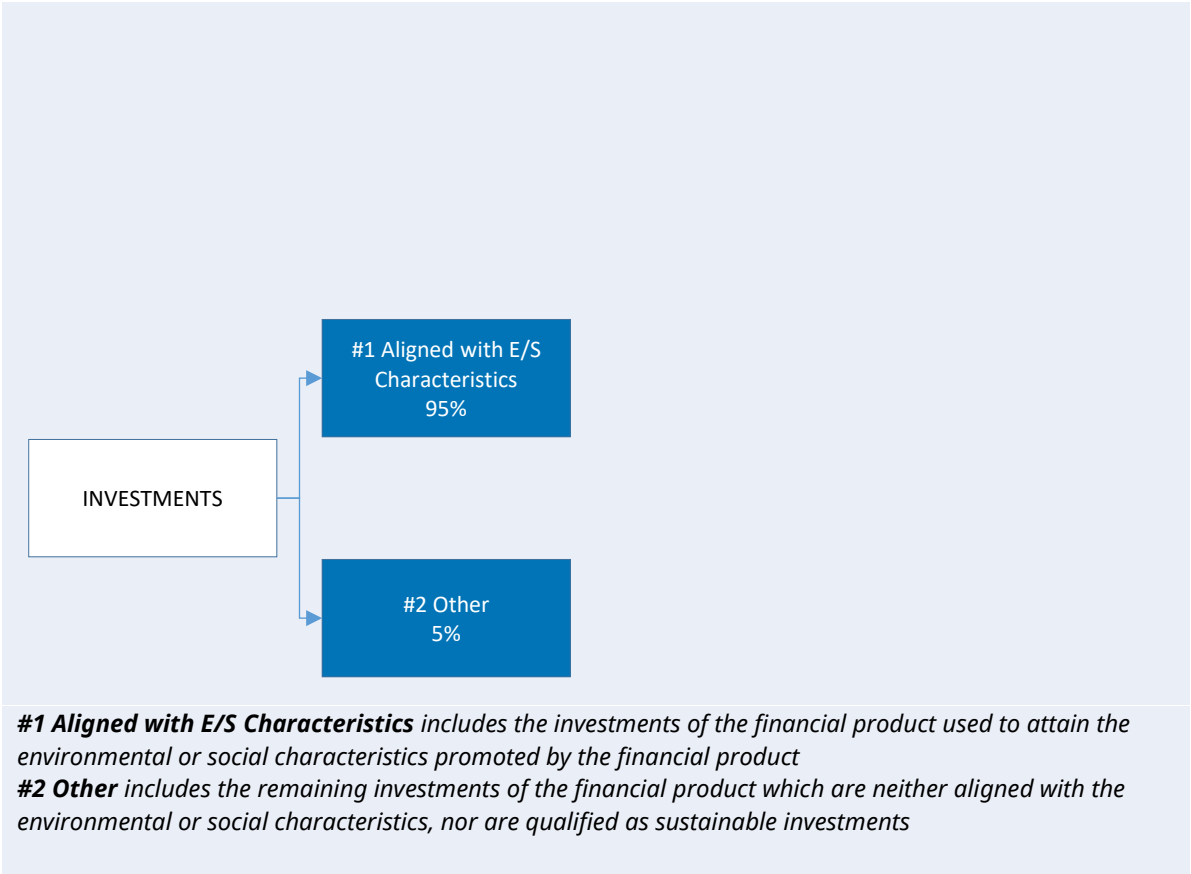
Asset allocation
describes the share
of investments in
specific assets.

• *What was the asset allocation?*

The Fund's investments that were used to meet its environmental or social characteristics are summarised below.

#1 Aligned with E/S characteristics includes the Fund's assets that were used to attain the environmental or social characteristics, which is equal to 95%. The Fund maintained a higher overall sustainability score than the 50% JPM GBI-EM Diversified Index and 50% JPM EMBI Diversified Index and so the Fund's investments that were scored by Schroders' proprietary sustainability tool are included within #1 on the basis that they contributed to the Fund's sustainability score (whether such individual investment had a positive or a negative score). The percentage in #1 Aligned E/S characteristics represents the average during the reference period, based on quarter-end data.

#2 Other includes cash, which was treated as neutral for sustainability purposes. #2 also includes other investments that were not scored by Schroders' proprietary sustainability tool and so did not contribute towards the Fund's sustainability score.



• *In which economic sectors were the investments made?*

During the reference period investments were made in the following economic sectors:

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024

Sector	Sub-Sector	% Assets
EMD Sovereign	EMD Sovereign	49.79
EMD Sovereign	Treasury Bills	1.10
Cash Equivalents	Treasury Bills	19.32
Foreign Sovereign	Foreign Sovereign	16.56
Industrial	Basic Industry	1.76
Industrial	Transportation	1.06
Industrial	Integrated Energy	0.49
Industrial	Oil Refining & Marketing	0.32
Industrial	Technology & Electronics	0.29
Industrial	Leisure	0.22
Industrial	Telecommunications	0.20
Industrial	Retail	0.15
Industrial	Services	0.15
Industrial	Real Estate	0.11
Industrial	Consumer Goods	0.10
Industrial	Media & Entertainment	0.05
Cash	Cash	2.64
Cash	Margin Cash	0.50
Supranational	Supranational	1.68
Sovereign (Developed)	Sovereign (Developed)	1.12
Agency	Agency	0.95
Agency	Financial Services	0.09
Financial	Banking	0.62
Financial	Financial Services	0.05
Utilities	Integrated Energy	0.13
Utilities	Electric - Distr/Trans	0.12
Utilities	Electric - Generation	0.12
Utilities	Non-Electric Utilities	0.10
Derivatives	Credit Derivatives	0.12
Derivatives	FX Derivatives	0.10

The list above represents the average of the Fund's holdings at each quarter-end during the reference period.

The % of assets and sector classifications aligned to economic sectors referred to above are derived from the Schroders Investment Book of Record (IBoR) data source. The % of assets and sector classifications aligned to economic sectors detailed elsewhere in the Audited Annual Report are derived from the Accounting Book of Record (ABoR) maintained by the administrator. As a result of these differing data sources, there may be differences in the % of assets and sector classifications aligned to economic sectors, due to the differing calculation methodologies and data availability of these alternative data sources.

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024



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

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

• Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

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 no significant harm to 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.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

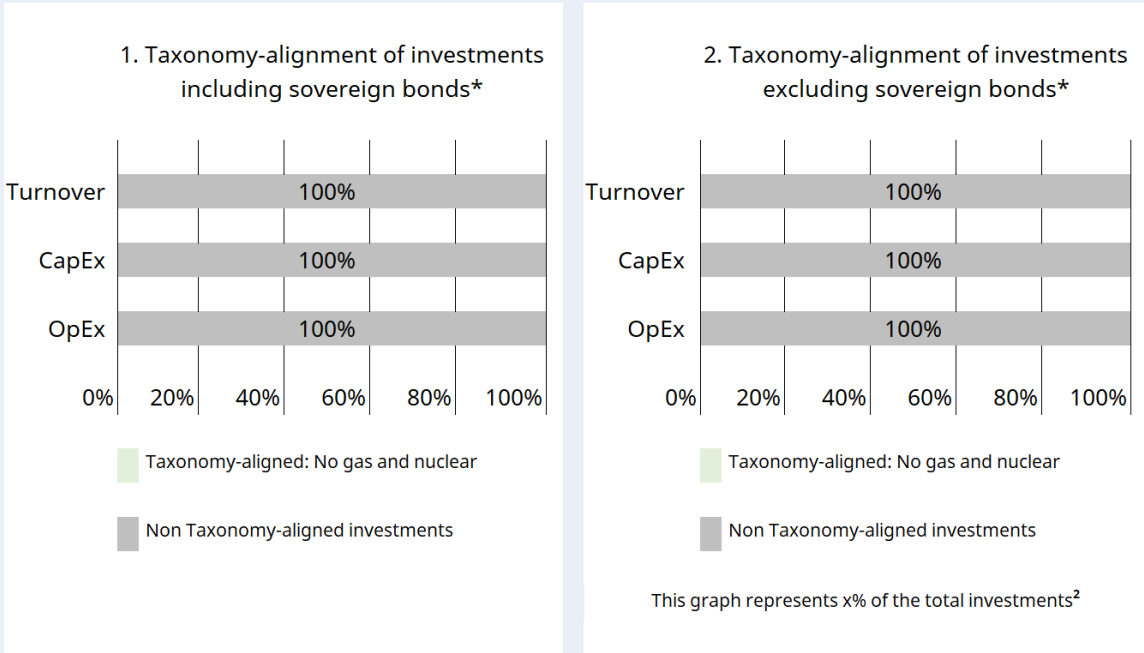
The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product 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.*

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024

- **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.



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

²As 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 economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

• **What was the share of investments made in transitional and enabling activities?**

As per the above, the share of investments by the Fund in transitional and enabling activities has been deemed to constitute 0% of the Fund’s portfolio.

• **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

This question is not applicable.

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

This question is not applicable for this Fund.



What was the share of socially sustainable investments?

This question is not applicable for this Fund.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

#2 Other includes cash, which was treated as neutral for sustainability purposes. #2 also includes other investments that were not scored by Schroders’ proprietary sustainability tool and so did not contribute towards the Fund’s sustainability score.

Minimum safeguards were applied where relevant to investments and derivatives by restricting (as appropriate) investments in counterparties where there were 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.

In addition, new counterparties were reviewed by Schroders’ Credit Risk team and approval of a new counterparty was based on a holistic review of the various sources of information available, including, but not limited to, quality of management, ownership structure, location, regulatory and social environment to which each counterparty is subject, and the degree of development of the local banking system and its regulatory framework. Ongoing monitoring was performed through a Schroders’ proprietary tool, which supports the analysis of a counterparty’s management of environmental, social and governance trends and challenges.

Schroders’ Credit Risk team monitored the counterparties and during the reference period, to the extent counterparties were removed from the approved list for all funds in line with our policy and compliance requirements, such counterparties were ineligible for use by the Fund in respect of any relevant investments from the date they were removed.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

SFDR Periodic Report (continued)

Reference Period: 1 January 2024 - 31 December 2024

The actions taken during the reference period to meet the environmental and social characteristics promoted by the Fund were the following:

- The Investment Manager applied sustainability criteria when selecting investments for the Fund;
- The Investment Manager considered the sustainability score of the Fund and of individual investments when selecting the assets held by the Fund;
- A central good governance test was applied to assess good governance practices of investee companies; and
- The Investment Manager undertook engagements covering one or more of the six priority themes set out in our Engagement Blueprint (Link <https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagement-blueprint.pdf>). A summary of the Fund's engagement activity, including the number of issuers engaged with and the related theme, is shown above in the question 'How did this financial product consider principal adverse impacts on sustainability factors?'. Through our engagement activities, we build relationships and have a two-way dialogue with our investee companies.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index was designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

• *How does the reference benchmark differ from a broad market index?*

This question is not applicable for this Fund.

• *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*

This question is not applicable for this Fund.

• *How did this financial product perform compared with the reference benchmark?*

This question is not applicable for this Fund.

• *How did this financial product perform compared with the broad market index?*

This question is not applicable for this Fund.