

24 February 2022

Dear Shareholder,

Schroder International Selection Fund – Global Emerging Market Opportunities (the “Fund”) and the Sustainable Finance Disclosure Regulation (“SFDR”)

We are writing to advise you that the investment policy of the Fund will change with effect from 30 March 2022 (the “Effective Date”).

From the Effective Date the Fund will incorporate binding environmental and/or social characteristic(s), within the meaning of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial sector (“SFDR”).

Rationale

We believe that incorporating sustainability factors into the Fund’s strategy aligns with the increasing desire among investors to put their money into investments that can clearly demonstrate their sustainability credentials.

Changes

From the Effective Date, the changes to the Fund’s details in the prospectus of Schroder International Selection Fund (the “Company”) will be as follows:

- Wording reflecting the environmental and/or social characteristics will be added to the Fund’s investment policy;
- A new section called “Sustainability Criteria” will be added to the Fund Characteristics section of the prospectus to detail how the Fund will seek to achieve its environmental and/or social characteristics;
- A new sustainability risk disclosure will be added to the Fund’s specific risk considerations; and
- An additional disclosure will be added to the Fund’s benchmark section.

Full details of the changes being made can be seen in **Appendix 1**.

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.

We hope that you will choose to remain invested following these changes, but if you do wish to redeem your holding or to switch into another of the Company’s sub-funds before the changes become effective you may do so at any time up to and including deal cut-off on 29 March 2022. Please ensure that your redemption or switch instruction reaches HSBC Continental Europe, Luxembourg (“HSBC”) before this deadline. HSBC will execute your redemption or switch instructions in accordance with the provisions of the Company’s prospectus, free of charge, although in some countries local paying agents, correspondent banks or similar agents might charge transaction fees. Local agents might also have a local deal cut-off

which is earlier than that described above, so please check with them to ensure that your instructions reach HSBC before the deal cut-off given above.

If you have any questions or would like more information about Schroders' products please 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

The new wording is shown as underlined text

Current Fund disclosures	Revised Fund disclosures
<p>Investment Objective:</p> <p>The Fund aims to provide capital growth and income in excess of the MSCI Emerging Markets (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of companies in emerging market countries worldwide.</p> <p>Investment Policy:</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies in emerging market countries worldwide.</p> <p>The Fund may invest up to 40% of its assets in cash and global bonds in order to protect returns when the Investment Manager believes stock markets are expected to be particularly weak.</p> <p>The Fund may invest directly in China-B Share and China H-Shares and may invest less than 20% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.</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>Benchmark:</p> <p>The Fund's performance should be assessed against its target benchmark being to exceed the MSCI Emerging Markets (Net TR) index. The Fund's investment universe is expected to overlap materially, directly or indirectly, with the components of the target benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may</p>	<p>Investment Objective:</p> <p>The Fund aims to provide capital growth and income in excess of the MSCI Emerging Markets (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of companies in emerging market countries worldwide.</p> <p>Investment Policy:</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies in emerging market countries worldwide.</p> <p>The Fund may invest up to 40% of its assets in cash and global bonds in order to protect returns when the Investment Manager believes stock markets are expected to be particularly weak.</p> <p>The Fund may invest directly in China-B Share and China H-Shares and may invest less than 20% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.</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><u>The Fund maintains a higher overall sustainability score than the MSCI Emerging Markets (Net TR) index, based on the Investment Manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</u></p> <p><u>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on</u></p>

deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

the Fund's webpage, accessed via www.schroders.com/en/lu/private-investor/gfc.

Benchmark:

The Fund's performance should be assessed against its target benchmark being to exceed the MSCI Emerging Markets (Net TR) index. The Fund's investment universe is expected to overlap materially, directly or indirectly, with the components of the target benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.

Fund Characteristics:

Sustainability Criteria

The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.

The Investment Manager performs due diligence on potential holdings, including meetings with management, and assesses the company's governance, environmental and social profile across a range of factors. This process is supported by quantitative analysis provided by Schroders' proprietary sustainability tools, which are key inputs to assess how existing and potential investments for the portfolio are meeting the Fund's sustainability criteria. In some cases, companies which fall below the sustainability criteria may still be eligible for investment if, as a result of proprietary analysis and ongoing engagement with management, the Investment Manager believes the company will meet its sustainability criteria within a realistic time horizon.

For a company to be eligible to be held in the Fund, it is expected to show a commitment to its stakeholders, including customers, employees, suppliers, shareholders and regulators. The Fund

selects companies whose businesses demonstrate good governance and aim to treat stakeholders equitably.

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 and reports.

More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures.

The Investment Manager ensures that at least:

- 90% of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and
- 75% of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries.

held in the Fund's portfolio are rated against the sustainability criteria. For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.

Sustainability risk factor

The Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR). A Fund with these characteristics may have limited exposure to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. As investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please

	<u>refer to Appendix II for more details on sustainability risks.</u>
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Appendix 2

ISIN codes of share classes affected by these changes

Share class	Share class currency	ISIN code
A Accumulation	USD	LU0269904917
A Distribution	USD	LU0509642566
A1 Accumulation	USD	LU0269905484
B Accumulation	USD	LU0269905138
C Accumulation	USD	LU0269905302
D Accumulation	USD	LU0327381686
I Accumulation	USD	LU0269905641
IZ Accumulation	USD	LU2031322808
X Accumulation	USD	LU2075271499
A Accumulation	EUR	LU0279459456
A1 Accumulation	EUR	LU0279460116
B Accumulation	EUR	LU0279459704
C Accumulation	EUR	LU0279459969
D Accumulation	EUR	LU0327381769
A Accumulation	HKD	LU0828238088
A1 Accumulation	PLN Hedged	LU1280497972
A Accumulation	SGD	LU0279460462