

**Product Identifier** ISIN: GB00BF781319

**Sustainability Label**



**AIFM** Schroder Unit Trusts Limited

Invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet

**Portfolio Manager** Better Society Capital Limited

Sustainable investment labels help investors find products that have a specific sustainability goal.

**Date** 02 December 2024

### Sustainability Goal

**Sustainability objective:** The Company's sustainability objective forms an essential part of its broader investment objective which (in summary) is to deliver measurable positive social impact as well as long term capital growth and income, through investing in Social Impact Investments via a diversified portfolio of private market funds, separate accounts managed by third party asset managers, co-investments alongside such funds or other impact investors (which may include the Portfolio Manager) and direct investments. "**Social Impact Investments**" are investments intended to have a positive social impact on people predominantly in the UK while providing a financial return to investors, including, but not limited to, High Impact Housing, Debt and Equity for Social Enterprises and Social Outcomes Contracts (as such terms are defined in the 'Sustainability Approach' section below). Investments are selected for their ability to contribute towards the reduction of poverty and inequality as well as addressing other critical social challenges in the UK.

The Company achieves its sustainability objective by investing (via committed or deployed capital) at least 70 per cent of the portfolio assets by value in Social Impact Investments.

**Actual/expected material effect on financial risk and return:** The Company applies sustainability criteria on its selection of investments which limit the Company's exposure to certain industries or sectors. Any reduction in the investment universe may limit financial returns and/or increase financial risks. However, the Company believes that pursuing the sustainability objective is favourable to achieving financial returns and mitigating risk because the investment approach seeks opportunities which generate high social impact and risk-adjusted returns.

**Potential negative sustainability outcomes:** Some potential negative environmental and/or social outcomes that may arise when pursuing the sustainability objective include: (i) climate-related physical and transition risks to property and infrastructure, (ii) ecological risks of project development, (iii) health and safety risks for workers, or (iv) community impact of new development projects. The Portfolio Manager considers appropriate risk mitigation strategies as part of the investment selection and monitoring process.

### Sustainability Approach

The Company has identified key impact themes that help to determine which Social Impact Investments are selected and the sectors that the Company seeks to have a positive impact on. These themes include:

- **Reducing poverty and inequality** – providing essential services to disadvantaged or vulnerable people;
- **Good health and well-being** – providing health and care services and early intervention support to improve health outcomes for undeserved and vulnerable people, and reduce the strain on the public health system;
- **Education, training and decent work** – supporting social organisations which empower disadvantaged people to improve educational outcomes and access better training and employment opportunities; and
- **Just transition to net zero** – contributing towards a fair transition to an environmentally sustainable society by creating new opportunities to reduce both emissions and social inequality.

The Company makes Social Impact Investments consistent with one or more of these or other impact themes, including investments in:

- **High Impact Housing** – including property funds that either acquire or develop high quality affordable housing, from more specialist housing for vulnerable groups to housing for low-income renters currently living in poor quality or non-secure accommodation.
- **Debt and Equity for Social Enterprises** – including charity bonds, portfolios of secured loans and funds that invest in established social enterprises via mezzanine debt and/or equity.
- **Social Outcomes Contracts** – contracts between a public sector or government body and a delivery organisation whereby an external investor provides upfront capital to the delivery organisation and is repaid by the income stream from the public sector body based upon social outcomes delivered rather than on a fee for service basis.

**Asset allocation:** The Company's assets are managed so that at any time when they are fully invested and/or committed, at least 70 per cent of the portfolio assets by value are managed with a clear and specific plan to achieve a measurable and positive impact on social issues in the UK. Pending deployment of cash, the Company may invest up to 30 per cent of net assets in liquidity assets (including social bond funds, closed-ended listed funds and other liquid investments) which are consistent with the Company's liquidity requirements, while also meeting high Environmental, Social and Governance (ESG) criteria. Liquidity assets are only eligible investments where they have been assessed for alignment with the Portfolio Manager's Responsible Investment Policy and comply with the Portfolio Manager's negative screening criteria.

The Company does not directly invest in assets that conflict with the sustainability objective. The Company defines "conflicting assets" as those which have a significant negative effect on people and/or the planet including (i) assets that are directly and materially exposed to activities that are significantly damaging to the environment, (ii) assets complicit in cases of severe human rights abuses and incidents and (iii) assets engaged in major corruption.

**Investor stewardship:** The Portfolio Manager engages actively and in a targeted way with fund managers and managers of other financial entities it invests in during the due diligence, investment and portfolio management stages of the investment process to minimise negative and maximise positive impacts for people, communities and the planet.

## Sustainability Metrics

Key Performance Indicators (KPIs)	2022	2023	2024
<b>Number of people benefited*</b> (indicator of ability to tackle social issues at scale) – cumulative since inception	160,000	276,000	400,000
<b>Percentage of disadvantaged and vulnerable people served**</b> (indicator of ability to support equity and tackle inequalities in the UK)	90%	94%	95%

\*This is an aggregation of the beneficiaries (calculated using measured data and/or estimates judged appropriate) reached across the three asset classes (i.e. High Impact Housing, Debt and Equity for Social Enterprises and Social Outcomes Contracts).

\*\* All Social Impact Investments must demonstrate an ability to reach people who are underserved (defined as those falling below a threshold with regards to experiencing a particular important outcome) and from disadvantaged or vulnerable backgrounds (defined as one of the Approved Beneficiaries listed in the pre-contractual disclosure (linked below) or people and communities experiencing a disadvantage in achieving essential life outcomes given existing socio-political and economic systems around them). This is aggregated from investee fund managers following the same methodology as the number of people benefited above. The percentage is calculated by dividing the total number of disadvantaged or vulnerable people served by the total number of people benefited above.

Example Key Performance Indicators (KPIs)	2023	2024
<b>High Impact Housing:</b> Number of homes provided	2,390	3,948
<b>Debt and Equity for Social Enterprises:</b> Number of organisations supported	61	74
<b>Social Outcomes Contracts:</b> Short-term public value generated	£39.7m	£87m

## Further Details

Pre-contractual disclosure, available [here](#)

Impact Report, available [here](#)

Annual Report, available [here](#)

Key Information Document, available [here](#)