

Product Identifier (LEI) X84IHNKQ2Z7LYJHDBK84

Sustainability label



Manager Name Schroder Unit Trusts Limited

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

Date 1 April 2025

This fund uses the Sustainability Mixed Goals label, which is for funds that invest mainly in a mix of assets that either focus on sustainability, aim to improve their sustainability over time, or aim to achieve a positive impact for people or the planet¹ as appropriate.

Sustainability Goal

What is the fund's sustainability objective?

The Fund's sustainability objective is to invest in a diversified range of assets and markets worldwide which the investment manager deems to be: **low carbon investments** – companies or countries that are operating at a greenhouse gas (GHG) intensity below the level required to meet net zero GHG emissions by 2050 (net zero), based on their most recently reported or estimated emissions. This portion of the Fund is aligned with the "Sustainability Focus" label requirements; or **decarbonising investments** – companies or countries that have the potential to reduce their GHG intensity below the level required to meet net zero, based on the targets those issuers have publicly committed to and/or evidence of previous emissions reductions. This portion of the Fund is aligned with the "Sustainability Improvers" label requirements.

Is the fund achieving or progressing towards its sustainability objective?

The Fund began to use a sustainability label less than a year ago, so this information is not yet available.

Could the sustainability objective have a material effect on financial returns or risks?

The Fund's sustainability criteria may limit its exposure to some investments. Any limitation on what the Fund can invest in potentially also limits financial returns and/or increases financial risks. To try to manage sustainability risks, the investment decision making process for the Fund includes the consideration of these risks alongside other factors.

Could the Fund's investments lead to material negative outcomes for the environment and/or society?

Although the Fund aims to select investments that are operating at a GHG intensity below the level required to meet net zero (or have the potential to achieve this), such issuers will still produce GHG emissions in the interim and some negative outcomes for the environment and society in other areas. For example, a producer of lower carbon aviation fuel may need to charge higher prices versus the cost of traditional fuel, which airlines may in turn recover through a higher air fare. This could result in issues of affordability and increased social inequality.

Sustainability Approach

What is the process the investment manager uses to identify assets that meet the sustainability objective?

The Fund invests at least 70% of its portfolio in assets which the investment manager deems to be either:

- **Low carbon investments** – companies or countries which are operating at a GHG intensity below the level required to meet net zero GHG emissions by 2050, in line with the EU Technical Expert Group (TEG) on Sustainable Finance's recommendation¹ that the global economy should decrease emissions by 7% per year (which equates to approximately a 90% reduction from 2020 levels to 2050). Companies whose GHG intensity is 90% lower than the average intensity of their industry group in 2020 are therefore classified as low carbon. Countries are classified as low carbon if their GHG intensity is 90% below 2020 levels. GHG intensity is calculated using scope 1 and 2 emissions divided by a company's sales (tonnes of carbon equivalent per \$1 million of sales), or a country's nominal gross domestic product (tonnes of carbon equivalent per \$1 million of nominal GDP).

The Fund invests 1-99% of its assets in low carbon investments.

- **Decarbonising investments** – companies or countries that have the potential to achieve a GHG intensity below the level required to meet net zero, based on the targets those companies or governments have publicly committed to or evidence of previous emissions reductions.

¹ In their [2019 report on climate benchmarks](#).

A company can demonstrate this potential by meeting at least one of the following criteria: (1) it has set targets to reduce scope 1 and 2 emissions in the mid-term (5-15 years) or long-term (>15 years), which translate to a company temperature alignment score of less than 2.5°C based on an industry-standard methodology (the [CDP-WWF Temperature Scoring Methodology](#)); (2) it has publicly committed to develop science-based emissions reduction targets and submit these to the Science Based Targets Initiative (SBTi) for validation within two years of their commitment; (3) it has a downwards trend in scope 1 and 2 emissions intensity over the past six years; (4) its trend in scope 1 and 2 emissions intensity over the past six years is lower (i.e. it is decarbonising faster) than its respective industry group average trend over the same period; and/or (5) its scope 1 and 2 emissions intensity, based on the most recently reported or estimated emissions, is below the level required for its relevant industry group to be in line with a 2°C pathway.

A country can demonstrate this potential if its government has publicly committed to mid-term (5-15 years) or long-term (>15 years) emissions reduction targets that are in line with achieving net zero, based on those countries having established “net zero” or equivalent national emissions reduction targets in the public Net Zero Tracker database, or similar other sources.

The Fund invests 1-99% of its assets in decarbonising investments.

Absolute emissions measure the total amount of emissions of the company, while emissions intensity measures emissions relative to a company's revenue. Scope 1 and 2 emissions come from a company's direct activities and indirect energy consumption.

Please see “*What is the investment manager's approach to sustainability?*” in the prospectus for more details.

What else might the fund invest in?

The Fund may also hold other assets that are not aligned with the sustainability objective for liquidity, risk management or diversification purposes. These may include assets that are treated as neutral for sustainability purposes such as cash and money market instruments, and derivatives used with the aim of reducing risk or managing the Fund more efficiently. No investment will be held if there would be a conflict with the Fund's sustainability objective – the investment manager defines these as investments with such high GHG emissions that they are significantly contributing to the total global carbon budget. The investment manager also applies restrictions on investing in investments with direct exposure above a certain level to specific harmful activities and sectors. Please see “*What will the investment manager avoid investing in?*” in the prospectus for more details.

What is the fund's approach to stewardship?

The investment manager engages with selected issuers held by the Fund to support the achievement of the Fund's sustainability objective. This means working with issuers to understand how investments are managing climate change considerations. In addition, the investment manager may escalate engagement, such as through using use voting rights to try to effect positive change on sustainability matters. Please see “*How does the investment manager engage with the investments it holds to support their contribution to the Fund's sustainability objective?*” in the prospectus for more details.

Sustainability Metrics

Key Performance Indicator (KPI)	Value
Proportion of the Fund's portfolio aligned with Sustainability Focus/ Sustainability Improvers (how the Fund's assets are split between investments that are currently operating at a GHG intensity below the level required to meet net zero, and those with the potential to achieve this over time)	Sustainability Focus: 18.0% ² Sustainability Improvers: 63.1% ²
Reduction in the carbon footprint of the Fund based on a rolling three-year average	Data unavailable ³
Percentage increase in companies/countries with targets in line with net zero	Data unavailable ³

Please see “*What Key Performance Indicators (KPIs) does the investment manager use to assess whether the fund is meeting its sustainability objective?*” in the prospectus for full details.

More Information

You can find more information on the Fund, including links to the prospectus; KIID; costs and charges information; and the product and manager level sustainability reports (once available) on the Fund's webpage, accessed via <https://www.schroders.com/en-gb/uk/individual/fund-centre/>.

For more information on the sustainability disclosure and labeling regime, please visit: <https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime>.

This document provides you with information about the sustainability features of this fund. It is not marketing material and does not constitute or form part of any offer or invitation to buy or sell any security including any shares in the fund. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest. Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Issued by Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU. Registration No 4191730 England. Authorised and regulated by the Financial Conduct Authority.

² Data as at 28 February 2025

³ Data will be available from the end of the first annual reporting period onwards