

21 April 2023

Dear Sir/Madam

Schroder European Sustainable Equity Fund: Investment Policy change and Exclusion Threshold adjustment.

We are writing to inform you of changes to the Schroder European Sustainable Equity Fund (the "Fund"), in which you are invested.

The changes described in this letter will take effect from 21 June 2023 (the "Effective Date").

The changes described in this letter do not require shareholder approval and you do not need to take any action, however, we encourage you to read this letter as it contains important information about your investment.

Proposed changes and rationale

With effect from the Effective Date:

1. The Fund's investment policy will change to include a link to the Schroder Global Fund Centre website where investors can access the full list of industry exclusions applied by the investment manager, rather than listing those exclusions within the prospectus. The change will provide greater transparency and granularity in accordance to the exclusions in which the Fund is managed. The full change is shown in Appendix 1 and the full exclusion list is shown in Appendix 2.
2. The Fund's current exclusion thresholds state that the Fund can only invest in companies that derive less than 5% of their revenue from alcohol. From the Effective Date, the Fund will distinguish between 'alcohol production' and 'alcohol value chain' by imposing a 5% exclusion threshold on alcohol production and a 15% exclusion threshold on the alcohol value chain. This will allow the Fund to invest in supermarkets and hotel groups, that meet the Fund's sustainability criteria, whose primary business is not alcohol related and who are large employers providing consumers with either staple goods or discretionary services.



There will be no change to the nature or purpose of the Fund, or its risk profile as a result of these changes.

Please see the Appendix to this letter for a table comparing the Fund's current and updated investment policy.

The Fund and share classes affected are also shown in the Appendix.

Costs

The costs and expenses of the change will be borne by Schroder Unit Trust Limited. There will be no associated realignment costs as a result of the change.

Your options

We hope that you will remain invested in the Fund, but you are entitled to switch your shares in the Fund for shares or units in another Schroders' fund, free of any initial charge, at any time before the Effective Date.

Further information

If you have any questions or concerns about the changes, please contact your financial adviser. If you do not have a financial adviser you can find one in your area by visiting www.unbiased.co.uk or calling a member of our Investor Services Team on the number in the letterhead. Please be aware that Schroders does not offer investment advice.

Yours faithfully,



Paul Truscott
Director
Schroder Unit Trusts Limited

Appendix 1:

Comparison table:

Current Investment Policy	Updated Investment Policy
<p>The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of European countries, excluding the UK, which meet the Investment Manager’s sustainability criteria (please see the Fund Characteristics section for more details). The Fund typically holds 30 to 50 companies.</p> <p>The Fund maintains a higher overall sustainability score than the FTSE World Series Europe ex UK (Gross Total Return) index, based on the Investment Manager’s rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not invest in certain activities, industries or groups of issuers above certain limits listed under “Exclusion thresholds” in the Fund Characteristics section.</p> <p>The Fund invests in companies that 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 Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to three years.</p> <p>The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager’s approach to sustainability and its engagement with companies are available on the website https://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/.</p> <p>The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.</p>	<p>The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of European countries, excluding the UK, which meet the Investment Manager’s sustainability criteria (please see the Fund Characteristics section for more details). The Fund typically holds 30 to 50 companies.</p> <p>The Fund maintains a higher overall sustainability score than the FTSE World Series Europe ex UK (Gross Total Return) index, based on the Investment Manager’s rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not invest in certain activities, industries or groups of issuers above certain limits listed under “Exclusion thresholds” in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above certain limits listed under “Sustainability Information” on the Fund’s webpage, accessed via www.schroders.com/en/uk/private-investor/gfc</p> <p>The Fund invests in companies that 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 Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to three years.</p> <p>The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager’s approach to sustainability and its engagement with companies are available on the website https://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/.</p>



The Fund may use derivatives with the aim reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

Appendix 2:

Environmental exclusions

Excluded Activity	Criteria
Thermal Coal Mining Maximum Percentage of Revenue	5%
Conventional Oil and Gas Extraction & Production Maximum Percentage of Revenue	5%
Unconventional Oil and Gas Extraction & Production Maximum Percentage of Revenue	5%
Percentage of Power Generation from Oil and Gas ¹	30%
Percentage of Power from Nuclear ¹	30%
Percentage of Power Generation from Thermal Coal ¹	10%
Carbon Underground 200	Full list

Social exclusions

Excluded Activity	Criteria
Tobacco Value Chain Maximum Percentage of Revenue	5%
Alcohol Production Maximum Percentage of Revenue	5%
Alcohol Value Chain ³ Maximum Percentage of Revenue	15%
Gambling Maximum Percentage of Revenue	5%
Adult Entertainment Maximum Percentage of Revenue	5%
Conventional Weapons Maximum Percentage of Revenue	5%
Civilian Firearms Maximum Percentage of Revenue	0%
Nuclear Weapons Maximum Percentage of Revenue	0%
Biological/Chemical Weapons Maximum Percentage of Revenue	0%

¹ Assessed only on GICS Subsectors: Multi-Utilities, Gas Utilities, Electric Utilities and Independent Power Producers & Energy Traders. Override for applicable companies with carbon intensity lower than 374 Max. gCO2/kWh.

² Schroders controversial weapons screening covers cluster munitions, anti-personnel mines, and chemical and biological weapons. Full details of the criteria and company names are available via the following link: <https://www.schroders.com/en/sustainability/active-ownership/group-exclusions/>

³ Value chain refers to the related business activities that are considered. These include suppliers, distributors, retailers and producers.

Screening data is provided by a third party unless otherwise specified.

Maximum percentage of revenue refers to highest acceptable revenue figure for that business activity.

Any tie includes companies with an industry tie to the excluded activity

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For your security, communications may be taped and monitored.



Any Tie to Cluster Munitions	Any tie
Any Tie to Depleted Uranium Manufacturing	Any tie
Any Tie to Landmine Manufacturing	Any tie

Bespoke exclusions

Excluded Activity	Criteria
Schroders Controversial Weapons Curated List ²	All

Share classes:

Fund Name	Income / Accumulation	Class	ISIN
Schroder European Sustainable Equity Fund	Accumulation	A	GB00B79FC312
Schroder European Sustainable Equity Fund	Income	A	GB00B7CM2R31
Schroder European Sustainable Equity Fund	Accumulation	C	GB00B75ZTX45
Schroder European Sustainable Equity Fund	Income	C	GB00B6QR3M93
Schroder European Sustainable Equity Fund	Income	C	GB00B8VX2T67
Schroder European Sustainable Equity Fund	Accumulation	L	GB00B9GTQ502
Schroder European Sustainable Equity Fund	Income	L	GB00B94WQJ53
Schroder European Sustainable Equity Fund	Income	S	GB00BDRZNP45
Schroder European Sustainable Equity Fund	Accumulation	Z	GB00B6S00Y77
Schroder European Sustainable Equity Fund	Income	Z	GB00B7FHV230
Schroder European Sustainable Equity Fund	Income	Z	GB00B9DLYT99
Schroder European Sustainable Equity Fund	Income	S	GB00BF782S34
Schroder European Sustainable Equity Fund	Accumulation	S	GB00BDRZNM14
Schroder European Sustainable Equity Fund	Accumulation	Q2	GB00BJRSTV36
Schroder European Sustainable Equity Fund	Income	Q2	GB00BJRSTW43