

14 August 2023

Name
Address1
Address2
Address3
Address4
Postcode

Dear Sir/Madam

Account number:

Account name:

Designation:

Schroder Sustainable Bond Fund: Changes to the sustainability exclusions for the Fund

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

The changes described in this letter will take effect from 13 September 2023 (the "Effective Date").

These changes do not require unitholder 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

We are updating the sustainability exclusions to explain more clearly the exclusions which are applicable to the Fund. Exclusions are a set of limits that restrict the Fund's ability to invest directly in certain activities, industries or groups of issuers.

The full list of exclusions is published in a document called "Sustainability Information" on the Fund's webpage, accessed via our website: www.schroders.com/en-gb/uk/individual/fund-centre.

With effect from the Effective Date:

1. **The following four exclusions will be added** to the Fund's list of formal exclusions:

- Weapons: White phosphorus incendiary weapons – Any tie
- Nuclear power: Uranium mining – Any tie
- Controversy/misconduct: Companies flagged for severe business ethics failures (bribery and fraud) – Red flag
- Oil and gas: Extraction, production, equipment, services, pipelines, transportation and refining – Combined maximum percentage of revenue 5%

Registered Office at 1 London Wall Place, London, EC2Y 5AU. Registered Number 4191730 England.

Schroder Unit Trusts Limited is an authorised corporate director, authorised unit trust manager and an ISA plan manager, and is authorised and regulated by the Financial Conduct Authority.

For your security, communications may be taped and monitored.

2. The current restriction that excludes **companies that are flagged for violating the United Nations Global Compact list** will change to exclude **companies flagged for violating Schroders' 'global norms' breach list**. A description of the Schroders' 'global norms' breach list is shown in the footnotes of the Appendix to this letter. The change is in response to a firm-wide move to our own proprietary list to enable greater control over data inputs and to ensure sustainable best practice. Schroders' determination of whether a company has been involved in such a breach considers relevant principles such as those contained in the UN Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
3. The **descriptions of the exclusions applied to the Fund will be updated in the sustainability information document found on the Schroder Global Fund Centre**. This change will not change how these exclusions apply in practice and is purely to update legacy wording.

We believe that these changes will enhance the sustainability characteristics of the Fund and keep the Fund in line with Schroders best practice in applying sustainability exclusions to funds. The additional exclusions will not affect the Fund's portfolio or change any aspect of the Fund's stated investment process.

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

A breakdown of all the exclusions applied to the Fund are shown in Appendix 1.

The Fund and unit classes affected are shown in Appendix 2.

Costs

The costs and expenses associated with the changes described in this letter will be borne by Schroder Unit Trust Limited.

Your options

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

Updated documents

The Fund's documents will remain the same, however, from the Effective Date the information on the sustainability exclusions applicable to the Fund accessed via our website will be updated to reflect the changes described in this letter: www.schroders.com/en-gb/uk/individual/fund-centre

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:

Social exclusions

Excluded activity	Criteria
Alcohol Production Maximum Percentage of Revenue	5%
Tobacco Value Chain Maximum Percentage of Revenue	5%
Gambling Maximum Percentage of Revenue	5%
Adult Entertainment Maximum Percentage of Revenue	5%
Weapons Maximum Percentage of Revenue	5%
Civilian Firearms Maximum Percentage of Revenue	5%
Nuclear Weapons Maximum Percentage of Revenue	0%
Biological/ Chemical Weapons Maximum Percentage of Revenue	0%
Any Tie to Depleted Uranium Manufacturing	0%
Any Tie to Landmines Manufacturing	Any Tie
Any Tie to Cluster munitions	Any Tie
Any Tie to White Phosphorus Incendiary Weapons	Any Tie

Environmental exclusions

Excluded activity	Criteria
Thermal Coal Mining Maximum Percentage of Revenue	5%
Thermal Coal Power Generation Maximum Percentage of Revenue	10%
Oil and Gas Extraction, Production, Equipment, Services, Pipelines, Transportation and Refining Combined Maximum Percentage of Revenue	5%
Unconventional Oil and Gas Exploration and Production Maximum Percentage of Revenue	5%
Tar Sands Maximum Percentage of Revenue	5%
Uranium Extraction Maximum Percentage of Revenue	5%
Nuclear Power: Uranium Mining	Any Tie
Ownership/Operation of Active Uranium Mines	Any Tie
Nuclear Power Activities Maximum Percentage of Revenue	5%

Excluded activity	Criteria
Percentage of Power Generation from Nuclear ¹	30%

Percentage of Power Generation from Oil and Gas ¹	30%
Percentage of Power Generation from Thermal Coal	10%
Carbon Underground 200	Full list

The specific exclusions for government bonds are shown below.

Excluded activity
The fund excludes countries classified as 'Not free' according to Freedom House.
The fund excludes countries that do not have a net zero pledge according to the Energy & Climate intelligence Unit

Bespoke Schroders exclusions

Excluded activity	Criteria
Companies Flagged for Violating Schroders' 'global norms' breach list²²	All
Schroders Controversial Weapons Curated List ³	All

Controversy/misconduct exclusions

Excluded Activity	Criteria
Companies Flagged for Severe Business Ethics Failures (Bribery and Fraud)	Red

Appendix 2:

Unit classes

Fund name	Income / Accumulation	Class	ISIN
Schroder Sustainable Bond Fund	Accumulation	A	GB0007905945
Schroder Sustainable Bond Fund	Income	A	GB0007905721

¹ Assessed only on GICS Subsectors: Multi-Utilities, Gas Utilities, Electric Utilities and Independent Power Producers & Energy

² The Fund excludes companies that are assessed by Schroders to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprise Schroders' 'global norms' breach list. Schroders' determination of whether a company has been involved in such a breach considers relevant principles such as those contained in the UN Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The 'global norms' breach list may be informed by assessments performed by third party providers and by proprietary research, where relevant to a particular situation.

³ 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/>.

Schroder Sustainable Bond Fund	Accumulation	L	GB00BDD27793
Schroder Sustainable Bond Fund	Income	L	GB00BDD27918
Schroder Sustainable Bond Fund	Accumulation	Z	GB00B57BFC79
Schroder Sustainable Bond Fund	Income	Z	GB00B5W01T86
Schroder Sustainable Bond Fund	Income	X	GB00BRK12K52
Schroder Sustainable Bond Fund	Income (Monthly)	X	GB00BF785V77
Schroder Sustainable Bond Fund	Accumulation	Q1	GB00BJRSTZ73
Schroder Sustainable Bond Fund	Income	Q1	GB00BJRSV066
Schroder Sustainable Bond Fund	Accumulation	X	GB00BJRSVG23
Schroder Sustainable Bond Fund	Accumulation	S	GB00BJRSW361
Schroder Sustainable Bond Fund	Income	S	GB00BJRSWH05
Schroder Sustainable Bond Fund EUR Hedged	Accumulation	S	GB00BJRSWJ29