

## Annual General Meeting 2022

### Shareholder questions and statements

A summary of the questions submitted at the 2022 Annual General Meeting, together with the responses provided, are set out below.

#### ShareAction

**My question is on voluntary ethnicity pay gap reporting. This is the practice whereby companies measure and report the difference in average pay between employees from marginalised ethnicities and white employees. It's similar to gender pay gap reporting, which is now mandatory, but ethnicity pay gap reporting is recommended best practice under the Race at Work Charter.**

**This January, the Competition and Markets Authority released data suggesting that white and non-white employees enjoy an ethnicity pay gap of around 26.4% in the UK as a whole, while that number rises to significantly higher within financial services, as indicated by studies such as Fox & Partners, in 2020. With just four weeks to go today until the second-year anniversary of George-Floyd's murder, investors are increasingly looking for companies to show leadership on this matter. I note and applaud your commitment to releasing ethnicity pay gap reports once you have collected 80% of the data. Thank you. I also thought your idea of including the question within your benefit renewal process was extremely innovative, and thank you for trying to accelerate the process, as you have done.**

**Schroders is a signatory to ShareAction's Good Work Coalition, which for those of you who don't know us, we coordinate investors with £3.8 trillion of assets under management. All of our members are moving to adopt ethnicity pay gap reporting, Schroders included, as I have said. Thank you for your continuing work with our coalition and for your consistent and continued engagement with us on common objectives.**

**My question is, could the Board please provide an overview of your latest position regarding ethnicity pay gap reporting in the UK economy and beyond, including details about your own plans to increase staff self-disclosure rates, and also a narrative around causality and potential solutions on how that gap could be closed? Finally, let me just say that I am grateful that you engaged with my colleagues ahead of this meeting, and we highly value the dialogue that we continue to have with Schroders on this and other topics. Thank you.**

#### Peter Harrison

This is a subject that I'm personally passionate about, and as an employer, we are also passionate about. So it's a really good question. I'll just take a step back. When the gender pay gap was even mooted, we made a disclosure way before it was mandated, because we thought what gets measured gets managed and creates the right culture. We fully intend to disclose ethnicity pay gap reports as soon as we have collected 80% of the relevant data. We are told that 80% is what best practice is. We collect new data on all new employees to the extent that we are allowed to around the world. As a member of staff, if you want to look at your benefits package within Schroders, you can't get into it without being asked the question about disclosure. So we are driving that number as hard as we possibly can. Last year, we signed the black talent charter as yet another statement about it.

We will disclose as soon as we get to that 80%, and you will see that this year we made a very full workforce disclosure report to make sure that we were being as transparent as we possibly can. We will continue to come up with as many ways as we can creatively find to get people to make the disclosure, not because I expect there to be good news, but I expect that what gets measured gets managed. To that end, I think the key is that we drive the right recruitment practices, so we tend to the right head-hunters, and set objectives for each of my Executive Committee colleagues in order that their hiring should reflect a more diverse workforce, from ethnicity, from social background and from gender so that is hardcoded, and people get paid on results. It's very much a part of our culture, and thank you for asking.