PROSPECTUS DATED 16 APRIL 2024

Schroders

Schroders plc

(incorporated under the laws of England and Wales with company number 03909886)

£250,000,000 6.346 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034

Issue price: 100 per cent.

The £250,000,000 6.346 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034 (the "**Notes**") will be issued by Schroders plc (the "**Issuer**") on or about 18 April 2024 (the "**Issue Date**"). The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 18 July 2029 (the "**Reset Date**"), at a rate of 6.346 per cent. per annum and thereafter at the Reset Rate of Interest as provided in Condition 5. Save in relation to the short first Interest Period, interest will be payable on the Notes in equal instalments semi-annually in arrear on each Interest Payment Date, commencing on 18 July 2024.

The Notes will be issued on the Terms and Conditions set out under "Terms and Conditions of the Notes" (the "**Conditions**", and references to a numbered "**Condition**" should be read accordingly). Defined terms used herein and not otherwise defined have the meaning given to them in the Conditions.

Unless previously redeemed or purchased and cancelled in accordance with the Conditions and subject to compliance with the Regulatory Capital Requirements, the Notes will mature on 18 July 2034. Noteholders will have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer may, in its discretion but subject to the conditions described in Condition 6*(b)*, elect to (a) redeem all (but not some only) of the Notes at their principal amount, together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to (but excluding) the redemption date: (i) at any time from and including 18 April 2029 to and including the Reset Date, (ii) at any time if a Tax Event or a Capital Disqualification Event (each as defined in Condition 19) has occurred or if the Clean-Up Call Condition (as defined in Condition 19) has been met or (b) repurchase the Notes at any time.

The Notes will be direct, unsecured, unguaranteed and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Issuer, be subordinated to the claims of all Senior Creditors (as defined in Condition 19) of the Issuer but shall rank at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would constitute, Tier 2 Capital of the Issuer.

This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for the Notes to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the **"London Stock Exchange**") for the Notes to be admitted to trading on the Main Market of the London Stock Exchange (the "**Main Market**"). References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Main Market. The Main Market is a UK regulated market for the purposes of Regulation (EU) 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**").

The Notes will be issued in registered form and will be available and transferable in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will initially be represented by a global certificate in registered form (the "**Global Certificate**") which will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**").

As at the date of this Prospectus, the Issuer's Long Term/Short Term rating is A+ / F1 (Stable Outlook) by Fitch Ratings Limited ("**Fitch**"). The Notes are expected to be assigned a rating of 'A-' by Fitch. Fitch is established in the UK and is registered under the Regulation 1060/2009/EC (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as it forms part of UK domestic law by virtue of the EUWA ("**UK CRA Regulation**") and, as at the date of this Prospectus, appears on the latest update of the list of registered credit rating agencies on the website of the FCA at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras. Fitch is not established in the European Economic Area (the "**EEA**") but the credit rating that it has assigned to the Notes is expected to be endorsed by Fitch Ratings Ireland Limited ("**Fitch Ireland**"), which is established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**EU CRA Regulation**") and, as at the date of this Prospectus, Fitch Ireland appears on the list of registered credit rating agencies on the European Securities and Markets Authority ("**ESMA**") website at http://www.esma.europa.eu. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*".

Sole Structuring Advisor

Citigroup

Joint Lead Managers

Barclays	**Citigroup**	**Santander Corporate & Investment Banking**

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. A distributor (as defined above) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of

Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States of America (the "**United States**"), and may not be offered or sold in the United States unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Notes are being offered and sold only outside the United States in reliance upon Regulation S under the Securities Act ("**Regulation S**") (see "*Subscription and Sale*" below).

This Prospectus may be used only for the purpose for which it has been published.

IMPORTANT INFORMATION

This Prospectus constitutes a prospectus for the purpose of Article 6 of the UK Prospectus Regulation and contains the necessary information which is material to an investor for making an informed assessment of: (i) the assets and liabilities, profits and losses, financial position, and prospects of the Issuer and the Group (as defined below); (ii) the rights attaching to the Notes; and (iii) the reasons for the issuance and its impact on the Issuer and the Group.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Certain information in this Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Prospectus is to be read in conjunction with all documents which are incorporated by reference herein (see "*Documents Incorporated by Reference*").

The Joint Lead Managers (as defined in "*Subscription and Sale*") and the Trustee have not separately verified the information contained in this Prospectus. Neither the Joint Lead Managers nor the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained (or incorporated by reference) in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. Neither the Joint Lead Managers nor the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each potential purchaser should make its own independent investigation of the financial condition and affairs and its own

approval of the credit worthiness of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Joint Lead Managers nor the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither the delivery of this Prospectus nor the offering, placing, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

In the ordinary course of business, the Joint Lead Managers have engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and its affiliates or any of them.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement; (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential Investor's Currency (as defined in this Prospectus); (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and it does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the EEA and Singapore (see "*Subscription and Sale*" below). Persons in receipt of this Prospectus are required by the Issuer, the Trustee and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

IN CONNECTION WITH THE OFFERING OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL

HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Prospectus, including any information as to the Issuer and the Group's condition, strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "project", "aim", "estimate", "may", "will", "will have", "will ensure", "could", "should", "schedule", "confident", or the negative of these terms or similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Issuer, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results or developments to differ materially from those expressed or implied by, or projected in, the forward-looking statements. Such factors include, but are not limited to, those described in "*Risk Factors*".

Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this Prospectus. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this Prospectus should be construed as a forecast, estimate or projection of future financial performance.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Prospectus speak only as at the date of this Prospectus, reflect the current view of the Issuer with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer's operations, results of operations, strategy, liquidity, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements. Specific reference is made to the information set out in "*Risk Factors*" and "*Description of the Issuer's Business*".

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial information

The audited consolidated financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 are incorporated by reference in this Prospectus (see "*Documents Incorporated by Reference*").

The audited consolidated financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 have been prepared in accordance with UK-adopted International Accounting Standards ("**UK IAS**") and in conformity with the requirements of the Companies Act 2006 and have been audited by Ernst & Young LLP.

Unless otherwise indicated the historical financial information presented in this Prospectus has been extracted from the above mentioned audited consolidated financial statements of the Issuer.

Non-IFRS Financial Measures

This Prospectus contains certain financial measures that are not defined or recognised under the International Financial Reporting Standards ("**IFRS**"), including assets under management ("**AUM**") and net new business ("**NNB**") (the "**Non-IFRS Financial Measures**"). The Group presents these metrics because they are less affected than IFRS measures of performance by one-time impacts, and therefore, in the Group's view, provide a better basis for assessing trends in the operational performance of the Group over time. Management relies on these Non-IFRS Financial Measures for decision making and for evaluating the performance of the Group. The Directors believe that these and similar measures are also used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance.

The Non-IFRS Financial Measures are not defined under IFRS and other companies may calculate such measures differently or may use such measures for different purposes than the Group does, limiting the usefulness of such measures as comparative measures. The Group does not regard these Non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. Prospective investors should not consider the Non-IFRS Financial Measures in isolation, as an alternative to consolidated profit before tax, as an indication of operating performance, as an alternative to cash flows from operations or as a measure of the Issuer's profitability.

An explanation of each such metric's components and calculation method can be found at page 202 (incorporated by reference in this Prospectus) (see "*Documents Incorporated by Reference*") of the Issuer's Annual Report and Financial Statements for the year ended 31 December 2022, and page 186 (incorporated by reference in this Prospectus) (see "*Documents Incorporated by Reference*") of the Issuer's Annual Report and Financial Statements for the year ended 31 December 2023.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "**sterling**", "**pounds sterling**", "**£**" or "**pence**" are to the lawful currency of the United Kingdom. The Issuer prepares its financial statements in pounds sterling.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in pound sterling.

General

In this Prospectus, references to "**Schroders**" and to "**Group**" are to Schroders plc and its subsidiaries, taken as a whole. The terms "**Issuer Group**" and "**Subsidiary**" have the meanings given to them in Condition 19.

Roundings

Percentages and certain amounts in this Prospectus, including financial, statistical and operating information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

Market, economic and industry data

Certain information in this Prospectus has been sourced from third parties. The Issuer confirms that all third-party information contained in this Prospectus has been accurately reproduced and, so far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third party information has been used in this Prospectus, the source of such information has been identified.

No incorporation of website information

Other than in relation to the documents which are deemed to be incorporated in this Prospectus by reference, the contents of the Issuer's website, any website mentioned in this Prospectus, or any website directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus, and investors should not rely on such information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus, shall be deemed to be incorporated by reference in, and to form part of, this Prospectus, save that any documents referred to in any of the documents set forth below do not form part of this Prospectus:

(i) the Issuer's Annual Report and Financial Statements for the year ended 31 December 2022;

(ii) the Issuer's Annual Report and Financial Statements for the year ended 31 December 2023;

(iii) the Issuer's Pillar 3 Disclosures as at 31 December 2023; and

(iv) pages 3-5, 7-8, 18-20, 22-23 and 27 of the Issuer's Annual Results 2023 presentation for the year ended 31 December 2023.

Copies of the documents incorporated by reference in this Prospectus, as listed in (i) to (iv) above, are available for viewing at https://mybrand.schroders.com/m/1b80ae7c77f220c9/original/schroders_annual-report-and-accounts_2022.pdf/, https://mybrand.schroders.com/m/4a9da70dab78ad39/original/Schroders-Annual-Report-and-Accounts-2023.pdf, https://mybrand.schroders.com/m/2c8bbb5e275a714/original/Schroders-Pillar-3-2023.pdf and https://mybrand.schroders.com/m/4159909edaf1f3ca/original/SDR-FY23-Presentation_White.pdf.

Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

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OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

*The following provides an overview of certain of the principal features of the Notes and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms which are defined in the Terms and Conditions of the Notes (the "**Terms and Conditions of the Notes**") have the same respective meanings when used in this overview. References to numbered Conditions are to the terms and conditions of the Notes (the "**Conditions**") as set out under "Terms and Conditions of the Notes".*

Issuer	Schroders plc
Issuer Legal Entity Identifier	2138001YYBULX5SZ2H24
Trustee	Citicorp Trustee Company Limited
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank Europe plc
Notes	£250,000,000 6.346 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034.
Risk factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and the Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under "*Risk Factors*".
Status of the Notes	The Notes will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will rank *pari passu*, without any preference, among themselves.
Rights on a Winding-Up	The rights and claims of Noteholders in the event of a Winding-Up are described in Conditions 3 and 4.
Interest	The Notes will bear interest on their principal amount: (a) from (and including) the Issue Date to (but excluding) the Reset Date, at the rate of 6.346 per cent. per annum; and (b) thereafter, at the Reset Rate of Interest (as described in Condition 5*(d)*), in each case payable, in equal instalments semi-annually in arrear on 18 January and 18 July in each year (each, an "**Interest Payment Date**"), commencing on 18 July 2024, save that the first payment of interest on 18 July 2024 shall be in respect of the period from (and including) the Issue Date to (but excluding) 18 July 2024 (short first coupon).
Maturity	Unless previously redeemed or purchased and cancelled, the Notes will mature on 18 July 2034. The Notes may only be redeemed or repurchased by the Issuer in the circumstances described below (as more fully described in Condition 6).
Optional redemption	The Issuer may, in its sole discretion but subject to the conditions set out under "*Conditions to redemption*" below, redeem all (but not some only) of the Notes from and including 18 April 2029 to and including 18 July 2029 (the "**Reset Date**") at their principal amount together with any interest accrued

and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date fixed for redemption.

Redemption following a Capital Disqualification Event or a Tax Event	The Issuer may, in its sole discretion but subject to the conditions set out under "*Conditions to redemption, substitution, variation and purchase*" below, redeem all (but not some only) of the Notes at any time following the occurrence of a Capital Disqualification Event or a Tax Event, in each case at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date, subject to, in the case of a redemption occurring prior to the fifth anniversary of the Reference Date, the Issuer demonstrating to the satisfaction of the Competent Authority that (i) in the case of a Tax Event, the relevant Tax Law Change is material and was not reasonably foreseeable as at the Reference Date or (ii) in the case of a Capital Disqualification Event, the relevant change in regulatory classification was not reasonably foreseeable as at the Reference Date.
Substitution or Variation following a Capital Disqualification Event or a Tax Event	The Issuer may, subject to the conditions set out under "*Conditions to redemption substitution, variation and purchase*" below and upon notice to Noteholders, at any time elect to substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities if, prior to the giving of the relevant notice to Noteholders, a Tax Event or Capital Disqualification Event has occurred.
Clean-up redemption option	The Issuer may, in its sole discretion but subject to the conditions set out under "*Conditions to redemption, substitution, variation and purchase*" below, redeem all (but not some only) of the Notes at any time if the Clean-Up Call Condition is met.
Conditions to redemption, substitution, variation and purchase	Any redemption, purchase or substitution of the Notes or variation of the terms of the Notes will be subject to: (i) the Issuer obtaining prior Supervisory Permission therefor; (ii) in the case of any redemption or purchase of any Notes (other than in respect of any redemption or purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 6*(f)* or 6*(h)* (as applicable) and in respect of which the requirement in Condition 6(b)(v)(A) is satisfied), if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer having (on or before the relevant redemption or purchase date) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B)

the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds and, as applicable, eligible liabilities of the Issuer Group would, following such redemption or purchase, exceed its minimum applicable capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Competent Authority considers necessary at such time;

(iii) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date, if and to the extent then required under prevailing Regulatory Capital Requirements in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;

(iv) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and

(v) in the case of any redemption or purchase of the Notes prior to the fifth anniversary of the Reference Date pursuant to Condition 6*(f)* or 6*(h)*, either (A) the Issuer having, before or at the same time as such redemption or purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of any purchase pursuant to Condition 6*(h)*, the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

Any refusal by the Competent Authority to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-condition(s) to those set out in paragraphs (i) and (v) above, the Issuer shall comply

with such other and/or, as appropriate, additional pre-condition(s).

Purchase of the Notes

The Issuer may, at its option but subject to the conditions set out under "*Conditions to redemption, substitution, variation and purchase*" above, purchase (or otherwise acquire) any of the outstanding Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer may be held, reissued, resold or, at the option of the Issuer, cancelled.

Withholding tax and Additional Amounts

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions, as described in Condition 9) pay such Additional Amounts as may be necessary in order that the net amounts received by the Noteholders in respect of those payments of interest after the withholding or deduction shall equal the amounts which would have been received by them in respect of payments of interest on the Notes had no such withholding or deduction been required.

In no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any FATCA Withholding (as defined in Condition 9).

Enforcement

If the Issuer has not made payment of any amount in respect of the Notes for a period of seven days or more (in the case of principal) or 14 days or more (in the case of interest) after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Notes and, unless proceedings for a Winding-Up have already commenced, the Trustee may institute proceedings for a winding-up. The Trustee may prove and/or claim in any Winding-Up (whether or not instituted by the Trustee) and shall have such claim as is set out in Condition 4*(a)*.

The Trustee may, at its discretion and without notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed (other than any payment obligation, including any damages), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to the Conditions or the Trust Deed. No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for a winding-up or prove or claim in any Winding-Up unless the

	Trustee, having become bound so to do, fails or is unable to do so within a period of 60 days and such failure or inability shall be continuing. See Condition 8 for further information.
Modification	The Trust Deed will contain provisions for convening meetings of Noteholders (including, without limitation, in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, pursuant to which defined majorities of the Noteholders may consent to the modification or abrogation of any of the Conditions or any of the provisions of the Trust Deed, and any such modification or abrogation shall be binding on all Noteholders.
Substitution of the Issuer	The Trustee may, without the consent of the Noteholders but subject to the Issuer having obtained any requisite Supervisory Permission therefor, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute of the Issuer) as the principal debtor under the Notes and the Trust Deed of certain other entities (including any Subsidiary of the Issuer), provided that except where the Substitute Obligor is the successor in business of the Issuer, the obligations of the Substitute Obligor under the Trust Deed and the Notes shall be guaranteed by the Issuer on a subordinated basis, and subject to the Trustee being satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders and certain other conditions set out in the Trust Deed being complied with.
Form	The Notes will be issued in registered form. The Notes will initially be represented by a Global Certificate and will be registered in the name of a nominee of a common depositary for the Clearing Systems.
Denomination	£100,000 and integral multiples of £1,000 in excess thereof.
Clearing systems	Euroclear and Clearstream, Luxembourg.
Rating	The Notes are expected to be assigned a rating of 'A-' by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.
Listing	Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for admission of the Notes to trading on the Main Market.
Governing law	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Notes or the Trust Deed, will be governed by, and construed in accordance with, English law.
ISIN	XS2795388383

Common Code	279538838

RISK FACTORS

The Issuer believes that the following factors, which are specific to the Issuer, may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur.

In addition, risk factors which are specific to the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes as at the date of this Prospectus. If any or a combination of these risks actually occurs, the business, results of operations, financial condition and/or prospects of the Group could be materially and adversely affected, which could result in the Issuer being unable to pay interest, principal or other amounts on or in connection with any Notes or materially and adversely affect the trading price of any Notes.

Prospective investors should note that the risks relating to the Issuer and the Notes summarised in this section are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this section.

Risks Related to the Group's Business

1. Key business-related risks

The Group's business is conducted in a highly competitive environment with changing client requirements and continued profitability depending upon management's ability to respond to these pressures and trends.

The Group's business model could be disrupted by a range of external factors including technology advancements such as AI, product evolution and market participants. The financial services markets in which the Group operates are highly competitive, with several factors affecting the Group's continued profitability and its ability to sell its products and services, including the range, quality, price and performance of the products offered by the Group and the Group's financial strength, ratings, brand strength and name recognition which may not meet the standards of clients. In some of its markets, the Group faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products and/or offer similar products or services at a lower price and thereby undercut its offerings. Further, heightened competition for talented and skilled employees may limit the Group's potential to grow its business as planned.

The Group's principal asset management and solutions competitors include JPMorgan Asset Management, PIMCO, Fidelity, abrdn, BlackRock, Franklin Templeton, Janus Henderson, Jupiter and Vanguard. In private markets, competitors include Apollo, BlackRock, Blackstone, Hamilton Lane, Partners Group and StepStone. And in wealth management, competitors include Rothschild, Coutts, UBS Wealth Management, Goldman Sachs Private Wealth Management, Quilter, Rathbones, Openwork and St James's Place.

The Group believes competition may intensify across all areas in response to factors such as consumer demand, digital and other technological advances, such as artificial intelligence, the need for economies of scale and the consequential impact of consolidation, regulatory actions and new non-traditional market entrants. Client needs and expectations are changing rapidly, becoming more complex, with increased

need for advice and guidance, and an increasing demand for innovative products and service tailored to clients' specific requirements.

There is a risk that the Group's product or service offering is not suitably diversified or viable or does not provide access to strategies that will help investors to meet their objectives. Client requirements are evolving rapidly. Failure by the Group to adapt or evolve its business model and product range to reflect these changes could lead to a decrease in AUM. An example of where the Group needs to continue to respond to this is in winning business that has transferred from defined benefit to defined contribution pension plans. The continued evolution of the UK pensions and savings market means that the Group will need to ensure that it provides clients with the flexible long-term investment solutions that they are increasingly looking for. Similarly, offering a range of options for investing sustainably is a material part of the Group's client considerations, and the Group expects climate risks to feature more heavily in future investment requirements and offerings.

In the asset management sector, growth in passively run index trackers continues to gain pace, propelled by the US market and the reality that some active strategies fail to consistently outperform their benchmarks, net of fees. Market access to passive investing, including strategies driven by smart beta, robot-enabled advice, artificial intelligence and machine learning, is cheap and ubiquitous through passive funds and exchange-traded products, which increases competition. Fee attrition caused by clients allocating more of their assets to passive products, and less to active managers, coupled with a lower allocation to public markets and a greater allocation to private markets (where the Group has a lower market share), has resulted in increased competition on price in the traditional active management market. The Group is also exposed to the risk of intermediaries, such as distributors of its products, taking a greater proportion of its potential revenue streams.

In addition to the risk that the Group's product range does not meet clients' requirements, product risk can also arise from capacity constraints in instances where the size of assets under management in a particular asset class or strategy can make it more difficult to trade efficiently in the market and exceed benchmarks, and in some cases unable to accept further funding from clients.

Further, many clients of the Group's Wealth Management business are older investors who tend to have accumulated more significant assets to invest. The Group will lose AUM if clients withdraw assets for use in retirement, or if the investment performance of portfolios fails to keep up with long-term inflation such that investors withdraw a greater proportion of funds to maintain their standards of living, or if the Wealth Management business fails to engage with clients' next generation who may subsequently withdraw assets when their parents pass away. There will therefore be a continued need for the Group to attract new clients in the future to compensate for this natural loss of AUM and for the Group to ensure that its range of services addresses the needs of both older and younger clients to keep pace with demographic trends and intergenerational transfers. The advice gap means demand for many wealth management products continues to persist. There is a risk the Group does not grow and evolve to respond to this demand. If the Group is unable to attract new clients in the future, or if younger generations of clients do not generate wealth at a rate similar to historical periods, the Group may experience decreased demand for its services or products.

Whilst the Group aims to operate a diversified business by geography, distribution channel, product, clients and markets, its over-reliance on generating earnings from a particular country or region, distribution channel, product, client type or market could lead to the Group being exposed to the risk that such country or region, distribution channel, product, client type or market is affected by economic downturns or other factors leading to the Group suffering a proportionately greater adverse impact than its competitors who are not subject to this business concentration risk.

The Group's ability to generate revenues and profit depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures and changing client requirements. Failure to do

so may negatively impact the Group's ability to attract and retain clients and, importantly, may limit the Group's ability to take advantage of new business arising in the markets in which it operates, which may have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

Sustained underperformance across a range of funds or products, or by one or more of the Group's larger funds, institutional asset management mandates or asset pools, could have adverse effects on the Group's business, reputation, financial condition, results of operations and prospects.

When financial advisers or institutional investors select an investment manager or savings product, or when retail clients select a wealth manager, an important consideration for such clients, intermediaries and advisers is the ongoing investment performance of the products or services offered. There is a risk that portfolios may not meet their investment objectives or that there is a failure to deliver consistent and above-average performance. There is a risk that clients will move their assets elsewhere if the Group is unable to outperform competitors or unable to deliver against investment objectives. The current higher interest rate environment may impact clients' performance expectations and the Group's ability to meet them and may require adjustments to strategies. Strong investment performance is critical to the success of the Group. If the Group were to persistently fail to provide satisfactory investment returns, clients may decide to reduce their investments or withdraw assets altogether in favour of better performing services or competing investment managers. Failure to achieve strong investment performance may therefore have a material adverse effect on the Group's financial condition and financial results, for example by leading to a reduction in the level of the Group's AUM and, as a result, lower fee income.

Investment underperformance relative to competitors, client or adviser expectations or relevant benchmarks would also make it more difficult for the Group to attract new clients and advisers and could damage the Group's reputation and brands, which have in part been built around its investment performance capabilities. As a result, the Group's ability to attract assets from existing and new clients and advisers might diminish, particularly given the competitive nature of the asset management and wealth management markets.

Any sustained period of actual or perceived underperformance across a range of the Group's funds or products, or by one of its larger funds, institutional asset management mandates or asset pools relative to peers, benchmarks, objectives or internal targets, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation and its ability to continue to attract new clients and advisers.

The failure to understand and respond effectively to sustainability risks could adversely affect the Group's achievement of its long-term strategy.

Sustainability risks have the potential to impact every company, industry and investment portfolio. These risks may arise in connection with both the investments the Group manages for its clients and its own operations.

When making investment decisions on behalf of its clients, the Group's approach to sustainability is centred on incorporating an understanding of sustainability risks and opportunities into investment decisions and stewardship consistent with its clients' investment objectives.

A failure to understand, accurately assess and/or manage investment risks associated with sustainability factors within assets and portfolios, and/or to appropriately represent the risks, and the Group's commitments in relation to them, to clients and stakeholders, may lead to poor investment decisions and sustainability products failing to meet clients' expectations which could lead to a loss of existing or potential clients, impacting the Group's performance, brand and reputation.

The Group's own operations are exposed to the risk of increased carbon pricing being applied to its own emissions and there may be a cost associated with the transition to use lower emissions technology.

Additionally, the Group's operations are exposed to energy price volatility due to the risk of supply chain disruption and increased costs arising from extreme weather events or changes in temperature which may lead to business disruption, additional capital expenditure and insurance costs. A failure to meet corporate climate change targets may also impact the Group's brand and reputation.

There is also a risk associated with regulators implementing different approaches to sustainability with heightened scrutiny on the topic (see "– *Legal and Regulatory Risks – The Group's business is subject to substantial and increasing industry wide regulatory and governmental oversight"* and *"The Group is subject to evolving and increasingly complex sustainability disclosure requirements*").

Breaches of investment mandates by the Group could lead to significant losses.

The Group is generally required to invest in accordance with specific investment mandate terms or objectives established for the particular portfolio or product (or in the case of segregated mandates, set by the client or its adviser). If investment decisions are made in breach of an investment mandate, the Group could be required to unwind the relevant transactions, suffering reputational and brand damage as a result and could be liable for losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under the Group's insurance policies, if any. The potential reputational and brand damage and the obligation to compensate for such losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See "*The Group is exposed to conduct risk which could lead to unanticipated financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals*" below.

The Group's business is dependent on the strength of its reputation across its brands and corporate identity, which are vulnerable to stakeholder perception, including adverse market perception.

The Group operates in industries where integrity, trust and confidence are paramount. The Group's success and results are, to a certain extent, dependent on the strength of its reputation across its brands. While the Group and associated brands (including Schroders Capital, Cazenove Capital, Schroders Wealth Management, Benchmark Capital and Schroders Personal Wealth) are well recognised, they are vulnerable to adverse market or client perception. The Group is exposed to the risk that litigation, employee misconduct, operational failures or events due to weaknesses in systems and controls, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential client information, and inadequate services, among other factors, whether or not well founded, could result in the Group failing to meet its stakeholders' expectations, impacting its stakeholders' perceptions of the Group and its reputation.

In recent years, the Group has extended its brand through several new acquisitions (including the acquisitions of Greencoat Capital (now Schroders Greencoat) and River and Mercantile's solutions business in 2022). Reputational issues in joint ventures and associates where the Group has limited control of the outcome could adversely impact the Group. Issues relating to senior management and directors have been experienced in a variety of organisations including financial services, corporations and industry bodies, and have damaged the reputation of these organisations. This is therefore a heightened risk for all firms, including the Group. Failing to meet stakeholders' expectations (for example, clients, regulators or those of the wider community) could also give rise to reputational risk. Social media exacerbates reputational risk due to the pace at which information or disinformation can be spread, and how the information may be perceived by different stakeholders. The Group's reputation may also be negatively affected by actions by the Group's asset management and/or wealth management peers which results in negative sentiment towards the asset and/or wealth management industries.

The Group's reputation could also be affected if it (or any of its intermediaries) recommends products or services that do not perform in line with clients' expectations (whether such expectations are well founded

or not). Furthermore, as part of its diversified investment strategy, the Group invests in a broad range of asset classes, including companies and assets in public and private markets. There is a risk that any adverse perception (whether by the market or individual clients) of the companies, assets or markets in which the Group invests could impact the Group's reputation.

Failure by the Group to attract, retain and motivate the necessary personnel at all levels could have adverse effects on the Group's business, financial condition, results of operations and prospects.

People and employment practices risk may arise from: an inability to attract or retain key employees to support business activities or strategic initiatives; non-compliance with legislation; or failure to manage employee performance. Inclusion and diversity remain a key focus for the Group. Competition for highly qualified professional people in most countries in which the Group operates is intense. As a financial services organisation, the Group relies, to a considerable extent, on the quality of key talent and business leaders in the locations in which it operates. The Group's ability to attract and retain highly qualified professionals and, in particular, experienced investment managers and other specialists, is dependent on a number of factors, including prevailing market conditions, the Group's culture and working environment and the Group's ability to offer competitive compensation packages. It is therefore important that individuals identified as having key talents and skills critical to the success of the business are engaged and retained and, where necessary, in the event of any unexpected departures, are replaced with the best available talent from either internal or external sources.

The success of the Group's Wealth Management business equally depends on its ability to continually attract, train and retain high calibre portfolio managers and financial advisers as well as the third-party advisers who use the Group's platform services in a competitive market. These individuals are key to driving growth and delivering net new business flows for the Group. If the Wealth Management business is unable to recruit, train and retain high quality advisers, either through organic recruitment or acquisition activity, the Group may fail to achieve its strategy or realise the anticipated benefits of its strategy, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Inclusion and diversity is a key theme that the Group is focused on in running its business. The Group set new 2030 inclusion and diversity aspirations, including increasing ethnic minority representation amongst the UK employee population to 25 per cent. and in UK senior management to 20 per cent. The Group is committed to providing equal employment opportunities and combatting all forms of discrimination. Failure by the Group to meet its targets and maintain its commitment to workplace equality could result not only in negative media coverage, but in the ability for the Group to recruit and retain talent.

The Group's various strategic initiatives have the potential to cause disruption to the Group's people and business activities. It is necessary to ensure that the right people are recruited and retained in order to deliver the Group's various strategic initiatives. This may be made more difficult if the demands placed on specialist and senior management resources lead to an unacceptable stretching of resources. See "*The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group and may adversely impact the Group if these initiatives fail to meet their objectives*" below.

Furthermore, the industry has now moved past the enforced working from home and dispersed workforce driven by the Covid-19 pandemic and into a hybrid working model. This may impact the Group both in terms of the way it attracts and retains employees, and also the way in which it uses its available office estate. Public perception within wider social media will continue to have an influence on which companies people choose to work for.

Failure by the Group to adequately manage any of the foregoing risks could have an adverse impact on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation and its ability to attract the talent necessary for its business.

2. Operational and technology risks

Adverse experience in the operational risks inherent in the Group's business could disrupt the Group's business and have a negative impact on its financial condition, results of operations and prospects.

The Group faces risk of failure of significant business processes, such as compliance with fund or mandate restrictions, fund pricing, trade execution for investment portfolios and client suitability checks, whether these occur within Schroders or appointed third parties.

Operational risk, the risk of financial or non-financial impact (for example, regulatory or reputational impact) resulting from inadequate or failed internal or outsourced processes, employee errors, technology issues or from external events which impact operations, is present in all of the Group's businesses. Exposure to such risk could disrupt the Group's systems and operations significantly, and may result in financial loss, regulatory censure, adverse client outcomes and/or reputational damage.

The Group's business is dependent on processing a large number of transactions across numerous and diverse product ranges and services, and it currently employs a large number of models, and user developed applications, some of which are complex, in its processes. The long-term nature of much of the Group's business also means that accurate records have to be maintained for significant periods. While the Group has business continuity plans which include backing up critical data, the Group is nevertheless exposed to the risk that its data may become corrupted which would likely impact the Group's ability to perform its services to its clients and carry out its processes mentioned above which could lead to a material adverse effect on the Group's results of operations and financial condition. Further, the Group operates in an extensive and evolving legal and regulatory environment (including in relation to tax) which adds to the operational complexity of its business processes and controls. See "*Legal and Regulatory Risks*" below.

These factors, among others, result in significant reliance on, and require significant investment in, the information technology ("**IT**") infrastructure, compliance and other operational systems, personnel and processes for the performance of the Group's core business activities. The operational effectiveness and resilience of these components may be impacted, particularly in times of significant change. Although the Group's IT, compliance and other operational systems and processes incorporate controls designed to manage and mitigate the operational and model risks associated with its activities, there remains a risk that such controls will not always be effective. Operational risk incidents do happen periodically and no system or process can entirely prevent them. Such events could, among other things, harm the Group's ability to perform necessary business functions, result in the loss of confidential or proprietary data (exposing it to potential legal claims and regulatory sanctions) and damage its reputation and relationships with its clients, regulators and business partners, all of which may have a material adverse effect on the Group's results of operations and financial condition.

Certain aspects of the Group's business, including some of its strategic initiatives, are dependent on joint venture partners and third-party arrangements, including the outsourcing of services, which may carry various material risks.

The Group relies, and may increasingly rely in the future, on several third-party supplier and outsource partner arrangements to provide certain business operations, including in respect of transfer agency functions, foreign exchange share class hedging for funds, the provision of the Group's main trading platform, fund accounting book of record and a number of IT support functions, investment operations and data hosting. The Group also has interests in joint ventures in support of certain strategic initiatives.

This creates reliance upon the operational performance and resilience of these third-party suppliers, outsourcing arrangements and joint ventures. The disruption or loss of key technology, staff, facilities or subcontracted services utilised by these parties, the insolvency of a third-party supplier or outsourcing partner, or the Group's failure to oversee these arrangements adequately could result in significant

disruption to the Group's most important business services, processes and its clients, which could impact its financial condition and results of operations.

The outsourced nature of the services provided means that there remains a risk that client outcomes or service standards may fall below required levels. In the event that an outsourcing partner fails to adhere to adequate contractual or regulatory standards, particularly in a client facing element of the business, the Group may be exposed to the material risk of regulatory action and reputational harm, and such failure may have a material adverse effect on the Group's financial condition.

Furthermore, a significant proportion of the Group's product distribution is carried out through arrangements with third parties not directly controlled by the Group. The Group's product distribution is therefore dependent upon the continuation of these relationships and such third parties operating in compliance with regulatory standards. A temporary or permanent disruption to these distribution arrangements, such as through any significant deterioration in the reputation, financial position or other circumstances of the third party or material failure in the third party's controls (such as those pertaining to the third party's inadequate operational resilience, regulatory compliance or the prevention of financial crime) could adversely affect the results of operations of the Group.

In addition, outsourcing and other agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms or not at all. There is a risk that any such non-renewals or losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group also faces risks arising from operational integration of acquisitions as there may be some risks whilst newly acquired firms are operating on different platforms, and before they are fully aligned to Schroders' policies. Similarly, the Group faces risks arising from the ineffective management of joint ventures and associates.

The Group has a high dependency on technology solutions operating effectively to meet the growing digital needs of its business, clients and clients, the failure of which could disrupt the Group's business functions and have a negative impact on its business, financial condition, results of operations and prospects.

Technology risk relates to the failure in delivering scalability, privacy, security, integrity and availability of systems that leads to a negative impact on the Schroders business and its client experience. The maintenance, integrity and resilience of the Group's IT infrastructure and applications is paramount to meeting the Group's business, client and client needs.

The Group may experience outages as a result of computer systems failures or attempts by third parties or malicious insiders to disrupt or improperly access the Group's IT systems. See "*Attempts by unauthorised parties (including external threat actors or malicious insiders) to disrupt or improperly access the Group's IT systems or data could result in reputational damage, regulatory action, financial loss or the need for client redress, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects*" below. Inadequate identification, prioritisation, tracking and resolution of IT incidents or underlying problems, could lead to a failure in timely and appropriate resolution of IT, incidents, and consequently a lower than desired/agreed performance of IT services. Similarly, a failure to design, implement or maintain an effective IT architecture model could result in an IT platform not designed to achieve the Group's IT strategy and ultimately failing to fulfil business and customer needs. Such outages and/or failures may lead to operational issues, reputational damage or client detriment, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects or damage its reputation.

The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group and may adversely impact the Group if these initiatives fail to meet their objectives.

The markets in which the Group operates are characterised by continued improvements in operational infrastructure, including changes to reflect adviser or client requirements and preferences, the introduction of new technologies and developments in industry and regulatory standards. These changes could render the Group's existing technology, systems and control environment obsolete.

In response to such challenges, the Group continues to execute a strategy, including an expansion of its capabilities in private markets, solutions and wealth management, whilst maintaining focus on sustainability leadership within the industry.

The implementation of strategic change initiatives, many of which involve complex interdependencies and/or are of large scale, are also necessary to improve the experience and outcomes for clients, while strengthening the Group's resilience and control environment, and provide the Group with an efficient and scalable platform for future growth. There may be financial, operational, regulatory, client and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity, or weaken the control environment, of the Group. The scale and nature of the change programmes may cause disruption to resourcing through heightened uncertainty, increased workloads and short-term resource stretch, which, in turn, result in the transformation activities being delayed or not delivered at all and/or the disruption of business as usual activities, all of which could have an adverse impact on the Group's ordinary course business and, consequently, its financial condition, results of operations and prospects, or otherwise harm the Group's reputation.

Attempts by unauthorised parties (including external threat actors or malicious insiders) to disrupt or improperly access the Group's IT systems or data could result in reputational damage, regulatory action, financial loss or the need for client redress, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects.

Information security risk relates to the confidentiality, integrity or availability of services being negatively impacted by the activities of a malicious insider or external party. The cyber-security threat landscape continues to evolve, with the risk from untargeted but sophisticated and automated attacks increasing. This has been compounded with recent global events increasing the potential for UK financial institutions to be a target.

The Group continues to develop the digitalisation of its services, and operates with a dispersed workforce, working from home with cyber criminals endeavouring to exploit the new digitalised services and individuals' anxieties. As a result, the Group, cloud service providers and associated third parties have been, and likely will continue to be, exposed to attempts at unauthorised access and cyber-security attacks such as 'denial of service' attacks (which, for example, can cause temporary disruption to websites and IT networks), phishing and disruptive software campaigns.

Advances in artificial intelligence and deep fake technology creates opportunities for more advanced social engineering techniques to be used in cyber-attacks. These advances and other information identified through the Group's threat intelligence and active cyber testing continue to provide insight on the areas the Group should focus on to enhance its cyber defence capabilities. However, the occurrence of any such attacks could disrupt the availability, confidentiality, integrity and resilience of the Group's IT systems, resulting in the disruption of key operations, making it difficult to recover critical services, damage assets and compromise the integrity and security of data (both corporate and client). Should an event occur, the potential consequences could be a loss of trust in the Group by the Group's clients, employees and other stakeholders, reputational damage and direct or indirect financial loss.

The Group is continually enhancing its IT environment to improve its cyber security and operational resilience in order to remain secure against emerging threats and is continually upgrading its ability to

detect system compromise and recover should such an incident occur. In particular, the Group has substantially completed the migration of its IT environment to the cloud, with the aim of increasing its resilience. Cyber threats, stemming from highly capable criminal organisations and state-sponsored, persist, and are amplified by advances in artificial intelligence and deep fake technologies. The Group has built a dedicated cyber security team and developed defences with the aim of protecting the Group and its clients against ongoing attacks. Whilst the Group continues to strengthen and develop these defences year-on-year, there remains a risk that such events will take place which may have material adverse consequential effects on the Group's business, financial condition, results of operations and prospects.

3. Conduct risks

The Group is exposed to conduct risk which could lead to unanticipated financial costs, losses or penalties, reputational damage and, in the case of regulatory enforcement action, ultimately the suspension or revocation of regulatory permissions, licences or approvals.

Conduct risk is the risk that acts or omissions of the Group, or individuals within the Group, result in client detriment or reputational harm. Conduct risk may arise from inappropriate conduct of the Group's staff or those of counterparties, suppliers and other appointed third parties, including failure to meet regulatory requirements (including those with respect to conflicts and financial crime), poor behaviour, acts intended to defraud the Group or its clients or failing to meet appropriately clients' expectations. This risk may also arise where the Group fails to deal with complaints effectively, sells or recommends unsuitable products or solutions to clients, fails to provide them with adequate information to make informed decisions or provides unsuitable investment or financial planning advice to clients, or fails to do any of the foregoing on an ongoing basis after initial sales of its products and services, among other things. Regulators continue to take varying approaches to assessing how firms are responding to sustainability requirements and demands, making implementation of regulation more difficult, and scrutiny of "greenwashing" remains high.

Other conduct risks also include the Group's Wealth Management business offering a product or service that is unsuitable to the circumstances or risk tolerances of the clients to whom it is offered or client advisers failing to accord with the standards of the FCA's 'Consumer Duty' (as defined below), causing client harm. Both these risks could cause a material increase in the rate of complaints received, go on to cause reputational damage to the Group, and could lead the Group to have to compensate affected clients and meet regulatory fines. This could in turn make it difficult for the Group to attract new clients and retain existing ones.

Conduct risk remains the subject of close regulatory scrutiny. Failing to treat clients fairly and appropriately, and failing to demonstrate sufficient suitability processes and monitoring could lead to legal proceedings, regulatory enforcement action or the imposition of a requirement to make redress payments. Given that regulation includes principles-based rules and regulations, the rules and regulations may be subject to differing applications and interpretations by regulators or market participants over time. This could in turn lead to unanticipated financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. Moreover, if the Group fails to detect misconduct on a timely basis, or at all, the Group may face further reputational or financial damage. This is particularly pertinent during periods of strategic transformation, if resources typically focused on ordinary course business are diverted to transformation delivery, which brings risks to client outcomes.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation.

Failure by the Group to manage conflicts of interest could result in reputational damage, regulatory action or the need for client redress, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects.

The Group faces significant potential and actual conflicts of interest, including conflicts between: the Group and its clients; the Group's clients; the Group's employees and its clients; and the Group's businesses, including where Group employees carry out different roles in more than one business entity.

Whilst the Group believes these potential and actual conflicts of interest have been identified and the Group has appropriate controls in place to mitigate the risk of conflicts being mismanaged, there remains a risk that the Group will suffer reputational damage or potential regulatory liability if its information barriers, procedures and systems to identify, record and manage potential and actual conflicts of interest fail or are insufficient. Any such failure could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

4. Additional business-related risks

Litigation, disputes and regulatory investigations may adversely affect the Group's business, financial condition, operations and prospects.

The Group, like other financial services groups, is, and may in the future be, subject to legal actions, ombudsman processes, regulatory investigations and/or general litigation in various contexts, including in the ordinary course of business. Depending on the context, these may be initiated by regulators, clients, market counter-parties or other third parties and arise in the normal course of its investment management, wealth management and other business operations (together, "**proceedings**"). Due to the nature of these proceedings, it is often not possible to forecast or determine the final result. It is also possible that a regulator may carry out a review of products previously sold or services previously supplied, whether as part of an industry-wide review, a firm-specific assessment or otherwise. It is not possible to predict the outcome of such reviews. Possible outcomes may include a requirement to compensate clients for losses they have incurred as a result of the products they were sold or services they received or the initiation of regulatory enforcement action against the Group, which could result in various possible remedies such as the imposition of a fine. This may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

These legal actions, disputes and investigations may relate to aspects of the Group's businesses and operations that are specific to the Group, or that are common to companies that operate in the Group's markets, and this risk may be enhanced in circumstances where the Group is operating in new markets. Legal actions and disputes may arise under contracts, regulations (including in relation to tax) or from a course of conduct taken by the Group and may be class actions. Given the large or indeterminate amounts of damages sometimes sought by claimants, other sanctions that might be imposed and the inherent unpredictability of litigation and disputes, it is possible that an adverse outcome to any litigation, dispute or regulatory investigation could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business is subject to inherent risks concerning liquidity

The Group's liquidity risk consists of both principal and agency risk.

The principal liquidity risk concerns the ability of the Group to meet its liabilities as they fall due. For example, the Group's four wealth management banks need to be able meet client deposit outflows under normal and stressed conditions. All entities across the Group need to be able to meet normal and unexpected liquidity demands as they arise. Examples include settling normal operating expenses and cash flows as well as less predictable liquidity requirements which can include, but are not limited to, regulatory fines, operational risk events and margin calls on derivatives used for hedging. In addition, the Group is exposed to the risk of not receiving inflows when expected due to delayed settlements or non-payment from clients and other parties. More broadly, any factors that would cause a lower level of revenue

would in turn lead to a lower level of cash generation and liquidity resources. A further principal liquidity risk concerns the inability to make required transfers of liquidity resources around the Group, for example due to regulatory restrictions.

Agency liquidity risk arises in the event that the underlying liquidity of client portfolios is not sufficient to either meet client redemptions or to manage portfolios in line with their investment objectives. Agency liquidity risk gives rise to reputational risk. In such circumstances, the Group may be forced to sell clients' assets at significantly lower prices than the price at which they were initially recorded and/or suspend client redemptions, which could adversely affect the Group's reputation and in turn its results of operations, financial condition and prospects.

The Group is rated by Fitch, and a decline in the Schroders plc Issuer Default Ratings and/or the Schroder Investment Management Limited Investment Management Quality Rating or any other similar ratings could significantly impact the Group's competitive position and damage its relationships with creditors, trading counterparties or clients.

The Group's ratings are important factors that could affect confidence in the Group. Downgrades or changes in the outlook of the Group's ratings as a result of, for example, decreased profitability, increased costs, increased indebtedness or other concerns could have an adverse effect on the Group's financial flexibility.

In addition, changes in methodologies and criteria used by the rating agency could result in changes in outlook or downgrades that may not reflect changes in the general economic conditions or the Group's financial condition. The interest rates the Group pays on borrowings, if any, may also be affected by its credit rating. These eventualities resulting from a decline in the Group's financial strength, outlook or credit rating could adversely affect the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation.

The Group's debt service obligations and leverage could have adverse effects on the Group's business, financial condition, results of operations and prospects.

On 7 November 2022, the Group entered into a committed revolving credit facility of £850 million (the "**Revolving Credit Facility**") which expires in November 2028. The maximum amount which the Group has historically borrowed under the Revolving Credit Facility was £180.0 million. As at the date of this Prospectus, the Revolving Credit Facility is undrawn.

The Group has, on average, generated 450 basis points per annum of capital over the last five years (being the average of the last five years' profit after tax divided by risk weighted assets as at 31 December 2023). However, the Issuer's debt obligations may in the future require the Group to dedicate a greater portion of its capital generation to making payments on the Issuer's debt obligations, thereby reducing the availability of assets for other purposes. Such debt obligations may also increase the Group's vulnerability to adverse general economic or industry conditions that are beyond its control and may place the Group at a competitive disadvantage compared to its competitors that may have less debt. Any increase in the level of the Group's indebtedness may also negatively impact its credit rating (see "*The Group is rated by Fitch, and a decline in the Schroders plc Issuer Default Ratings and/or the Schroder Investment Management Limited Investment Management Quality Rating or any other similar ratings could significantly impact the Group's competitive position and damage its relationships with creditors, trading counterparties or clients*" above). A significant increase in the amount of interest payable by the Group could adversely affect the Group's business, financial condition, results of operations and prospects. In addition, if in the longer term the Group wishes to take on additional borrowings (for example, to finance future growth), the Group's current debt obligations may increase the cost of such additional borrowings. This could have a material adverse effect on the Group's business, financial condition and results of operations.

The inability of hedge counterparties of the Group to meet their obligations could have material adverse effects on the Group's business, financial condition, results of operations and prospects.

The Group transfers exposure to certain risks to others through hedging arrangements. When the Group enters into a hedging arrangement, it remains primarily liable for the hedged risks, regardless of whether the reinsurer or hedge counterparty meets hedging obligations. Therefore, the inability or unwillingness of the Group's hedge counterparties to meet their financial obligations or disputes on, and defects in, hedging contract wording or processes, could materially affect the Group's business, financial condition, results of operations and prospects.

Even if a hedge counterparty has a good credit rating at the time the relevant hedging arrangement is entered into, such hedge counterparty may become less financially sound by the time it is called upon to pay amounts due. If a catastrophic event or any inability to meet financial obligations caused these counterparties to default, the Group's business profitability could be significantly affected to the extent that any collateral mechanism, if any such mechanism is in place, also fails. Furthermore, market conditions beyond the Group's control determine the availability and cost of the hedging protection purchased. Accordingly, the Group may be forced to incur additional expenses for hedging or may not be able to obtain sufficient hedging on acceptable terms, or such hedging may prove inadequate to protect against losses, any of which could adversely affect the Group's business, financial condition, results of operations and prospects.

As a holding company, the Issuer is dependent upon its subsidiaries to cover operating expenses, dividend payments and debt obligations.

The Issuer is the ultimate holding company of the Group, with its operations being conducted through direct and indirect subsidiaries, which are subject to the risks discussed elsewhere in this "Risk Factors" section. As a holding company, the Issuer's principal sources of funds are remittances from subsidiaries and any amounts that may be raised through the issuance of equity or debt.

Some of the Issuer's subsidiaries are or may become subject to applicable foreign exchange and tax laws, rules and regulations and other arrangements that can limit their ability to make remittances and/or may require the Issuer to make capital or liquidity available to those subsidiaries. In some circumstances, this could limit the Issuer's ability to make available funds held in certain subsidiaries to cover operating expenses of other members of the Group or to satisfy its debt obligations. A material change in the financial condition of any of its subsidiaries may have a material effect on the results of operations and financial condition of the Issuer.

The Group operates a material defined benefit pension scheme that could move from a significant surplus position to a deficit position.

The Group's material defined benefit pension scheme, the Schroders Retirement Benefits Scheme (the "**Scheme**"), has UK members, is closed to future benefits accrual and was in a significant surplus position at 31 December 2023. The main risks to which the Scheme exposes the Group are asset volatility, credit risk, interest rate risk, inflation risk and life expectancy. In addition to these risks, the determination of the Scheme's obligations are based on certain financial estimates and assumptions which may turn out to be incorrect. As a result of these risks the Group is exposed to the risk of the significant surplus position changing to a deficit position which may require the Group to fund additional payments to top up the deficit. The Scheme's assets are also subject to fair value assessments. See also *"Certain financial instruments are recorded at fair value under relevant accounting rules. To determine fair value, the Group uses financial models which require it to make certain assumptions and judgements and estimates which may change over time"*.

The inability of the Group to adequately insure against specific risks could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's business entails the risk of liability related to litigation from clients, shareholders, employees or third-party service providers and actions taken by regulatory agencies, which may not be adequately covered by insurance or at all. Specifically, there is a risk that claims may arise in relation to damage resulting from the Group's employees' or service providers' operational errors or negligence, or misconduct or misrepresentation by its employees, agents and other operational personnel, there can be no assurance that a claim or claims will be covered by insurance or, if covered, that any such claim will not exceed the limits of available insurance coverage or that any insurer will meet its obligations to insure. There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Group to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's risk management policies and procedures may not adequately identify or anticipate all risks facing its businesses, which may result in the Group being exposed to unforeseen financial impacts or reputational damage.

Management of risk requires, among other things, policies and procedures to anticipate, identify, assess, manage, control and report effectively on risks. Some risk exposures are quantified using mathematical models which are calibrated using a combination of historical data and expert judgement. As a result, these methods may not fully predict future exposure to risks, which can be significantly greater than historical measures indicate, particularly in unusual markets and environments. Other risk management methods depend upon the evaluation of information, regarding markets, clients, catastrophe occurrence or other matters that are, or will be, accessible to the Group. In respect of known risks, this information may not always be accurate, complete, up to date or properly evaluated and, in respect of unknown risks, no information may be available at all. Although the Group makes use of forward-looking risk indicators and other risk management tools across its business where appropriate, it is not possible for these indicators to precisely predict future outcomes which may result in the Group being exposed to unforeseen financial impacts or reputational damage.

Price inflation may adversely impact the Group's business, financial condition, results of operations and prospects.

Inflation increases the Group's costs which may adversely impact the Group's ability to achieve its strategy and in turn impact the Group's business, financial condition, results of operations and prospects. Examples of costs that may be impacted by inflation include but are not limited to staff salaries, office leases, market data costs and services received from external parties. Any sustained increase in the Group's costs may have a material effect on the Group's business, financial condition, results of operations and prospects. See also "*The Group's business is inherently subject to market fluctuations and general economic conditions, each of which may adversely affect the Group's business, financial condition, results of operations and prospects*".

Certain financial instruments are recorded at fair value under relevant accounting rules. To determine fair value, the Group uses financial models which require it to make certain assumptions and judgements and estimates which may change over time.

Under IFRS, the Group is required to carry certain financial instruments on its balance sheet at fair value, through profit and loss, including, among others, trading assets (which include certain retained interests in loans that have been securitised) and assets where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI (Solely Payments of Principal and Interest) test, and fair value through other comprehensive income, equity and debt instruments. Generally, in order to establish the fair

value of these instruments, the Group relies on quoted market prices or internal valuation models that utilise observable market data. Furthermore, in common with other financial institutions, the Group's processes and procedures governing internal valuation models are complex and require the Issuer to make assumptions, judgements and estimates in relation to matters that are inherently uncertain, such as expected cash flows from a particular asset class, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing trends in relation to such matters.

To the extent the Group's assumptions, judgements or estimates change over time in response to market conditions or otherwise, the resulting change in the fair value of the financial instruments reported on the Group's balance sheet could have a material adverse effect on the Group's earnings.

Financial instruments are valued differently under relevant applicable accounting rules depending upon how they are classified. For example, assets identified as hold to collect are carried at amortised cost while assets held to sell or to collect and sell are carried at fair value. Similar financial instruments can be classified differently by a financial institution depending upon their business model assessments. In addition, financial institutions may use different valuation methodologies which may result in different fair values for the same instruments.

Accordingly, the Group's carrying value for an instrument may be materially different from another financial institution's valuation of that instrument or class of similar instruments.

Furthermore, a fair value determination does not necessarily reflect the value that can be realised for a financial instrument on a given date. As a result, assets and liabilities carried at fair value may not actually be able to be sold or settled for that value. If such assets are ultimately sold or settled for a lower or greater value, the difference would be reflected in a write-down or gain. The difference between the fair value determined at a particular point in time and the ultimate sale or settlement value can be more pronounced in volatile market conditions or during periods when there is only limited trading of a particular asset class from which to establish fair value. This can result in a significant negative impact on the Group's financial condition and results of operations due to an obligation arising to revalue assets at a fair value significantly below the value at which the Group believes it could ultimately be realised.

Risks Related to the Group's Industry

The Group's business is inherently subject to market fluctuations and general economic conditions, each of which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's income is substantially derived from the value of the assets it manages. Falling markets reduce the Group's AUM and therefore impact revenues. Market falls may be exacerbated by geopolitical risk, for example the conflicts in Russia-Ukraine and the Middle East, which remain heightened. Foreign exchange rates are a key factor in financial performance as the Group's functional currency is sterling and its net income and AUM are denominated in many other currencies. Economic uncertainty and geopolitical developments presented a risk in 2023 and may continue to present a risk in 2024 and beyond. The impact of rising inflation on interest rates, wages and economic growth could impact asset prices and markets, as could an acceleration of climate risk, leading to a fall in AUM.

In addition to the level of AUM, changes in the mix of products and services may also drive the Group's overall income due to different fee levels on different types of products and services. In the event of a shift to lower fee-earning activities, the Group's income could fall which could have a material effect on the Group's business, financial condition, results of operations and prospects.

Exposure to domestic and global political developments and their impact on financial markets may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business is geographically diverse, not only in terms of the assets managed but also the location of subsidiaries, joint ventures and associates. Consequently, the Group is exposed to geopolitical risk, including as a result of the Russia-Ukraine conflict, tensions in the Middle East, Taiwan, the South China Sea and North Korea, as well as the ongoing strain in trade relations between the U.S., China and the EU resulting in increased import tariffs and other trade restrictions and sanctions. Heightened tension between China and the West may result in disruption to the Group's operations in China and could affect the value of Chinese assets in which the Group invests on behalf of its clients. As the Group has operations in both developed and emerging markets, the continuation of such geopolitical events as well as other political developments could have an adverse impact on AUM and therefore the Group's revenue and profitability.

The Group is exposed to a deterioration in client demand for investment, wealth management and retirement related products, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Demand for investment products and services, wealth management and retirement related products can be impacted by factors such as increases in interest rates, inflation and pressure on household budgets which may have an adverse impact on the Group's business, results of operations, financial condition and/or prospects. In particular, the attractiveness of cash products in times of increased interest rates may limit the demand for the Group's investment strategies, leading to a reduction in AUM.

Market risks may adversely affect profitability of the Group.

The Group faces market, credit, liquidity and capital risks from movements in the financial markets in which it operates, arising from holding investments as principal. Market risk is the exposure to loss arising from movements in markets such as equity prices, currency exchange rates, interest rates, credit spreads and changes in the valuation of other assets such as real estate. See also "*The Group's business is subject to inherent risks concerning liquidity*" and "*Counterparty/credit risk may adversely affect profitability of the Group*".

The ways in which market risk may impact the Group include, but are not limited to:

- lower market valuations leading to reduced AUM which in turn may lead to lower revenue and net income;
- reduced value of on-balance sheet assets (for example seed investments and co-investments);
- movements in foreign exchange markets leading to reduced sterling-equivalent net assets and capital resources;
- movements in foreign exchange markets leading to non-sterling based earnings being worth less in sterling terms; and
- lower or no performance fees.

Due to ongoing geopolitical events generating market fluctuations and contributing towards inflation, movements in interest rates and commodity prices, the Group has seen continued higher volatility in several asset classes. There have also been shifts in correlations between asset classes. Should any of the above, or other market risks materialise from time to time, such risks could have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

Counterparty/credit risk may adversely affect the profitability of the Group

In the context of the Group's treasury management activities, the Group places cash on deposit with banks or in money market or similar funds which are subject to credit default risk. The Group also utilises its own capital to seed and co-investment in funds (where the purpose of investing is to help establish a new product or invest alongside a client, rather than gain additional market exposure).

Where the Group uses derivatives to hedge assets on its balance sheet, there is a risk of losses arising from the default of counterparties to derivatives and repurchase and reverse repurchase transactions before the maturity date of the transaction. The Group may be exposed to the loss of any potential or actual gains due from a defaulting counterparty. This credit risk may exist in the case of using certain derivatives, repurchase and reverse repurchase transactions although this may be mitigated in part by the transfer of collateral from the counterparty in the form of cash or government securities to cover the changes in market prices of the transaction during its life. However, if a counterparty defaults, there can be no guarantee that the collateral held by the Group would be sufficient to cover all losses on the transactions. Conversely, if the Group has transferred collateral to the counterparty the Group may not receive back the full value of that collateral if the counterparty defaults. In the case of derivatives transactions entered into to hedge currency, interest rate or other risk in respect of another investment that Group holds, in the event of the default by a counterparty to those hedging transactions there is no guarantee that the Group will be able to enter into a replacement transaction with another counterparty at the same price. See "*The inability of hedge counterparties of the Group to meet their obligations, could have material adverse effects on the Group's business, financial condition, results of operations and prospects*" above.

There is also a risk of loss to the Group through its lending activities to clients by the Group's Wealth Management business in the event that the collateral or security held becomes insufficient to cover the amounts owed to it from its clients, either as a result of an inability to enforce or a reduction in the value of the assets themselves. Within the Group's Wealth Management business, treasury activities exist at the bank legal entity level, and credit and counterparty risk arise in the management of the balance sheet.

Aside from credit risk, the Group is also exposed to the risk of its service providers not providing the services due resulting in the Group failing to comply with its own obligations whether contractual (for example, to its clients) or regulatory.

Should any of these counterparty/credit risks materialise, they may have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

The Group is exposed to changes in tax legislation, its interpretation and to increased rates of taxation in all countries in which it operates

Tax risk is the risk associated with changes in tax law, including the risk of changes in tax rates, and in the interpretation of tax law. Tax rules and their interpretation may change, possibly with retrospective effect, in any of the jurisdictions in which the Group operates. Significant tax disputes with tax authorities, any change in the tax status of any member of the Group or any revisions to taxation legislation or to its scope or interpretation could have substantial impacts on the Group. It also includes the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities. These impacts may be more pronounced in respect of jurisdictions in which the Group has particularly substantial operations, such as the UK. For example, with effect from 1 April 2023, the UK's main rate of corporation tax (which applies to companies with profits in excess of £250,000) increased from 19 per cent. to 25 per cent., which has increased the Group's effective tax rate by approximately 3 per cent. Failure to manage tax risks could lead to increased tax charges, including financial or operating penalties, for not complying as required with tax laws. Action by governments to increase tax rates or to impose additional taxes would reduce the profitability of the Group. Adversely determined tax disputes or

negative changes in tax status, legislation, scope or interpretation could affect the Group's business, financial condition, results of operations and prospects.

Legal and Regulatory Risks

The Group must comply with a wide range of laws and regulations in the markets in which it operates.

As a financial services group, the Group is subject to extensive and comprehensive regulation. The Group must comply with numerous laws and regulations in any of the markets in which the Group operates which significantly affect the way it does business. Consequently, the Group is exposed to many forms of risk in connection with compliance with such laws and regulations, including:

- breaching general organisational requirements, such as the requirement to have robust governance arrangements (which include a clear organisational structure with well defined, transparent and consistent lines of responsibility), effective processes to identify, manage, monitor and report the risks the Group is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems;
- continued high level of scrutiny of the treatment of clients by financial institutions from regulatory bodies, the press and politicians; in the UK, the FCA in particular continues to focus on retail conduct risk issues, as well as conduct of business activities through its supervision activity;
- a potential failure of processes, systems or security may expose the Group to heightened financial crime and/or fraud risk, and in the UK the PRA, BoE and FCA continue to focus on the operational resilience of firms and financial markets infrastructures;
- certain aspects of the Group's business may be determined by the relevant authorities (such as the Financial Ombudsman Service (the "**FOS**") in the UK) or the courts not to have been conducted in accordance with applicable laws or regulations or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;
- the possibility of alleged mis-selling of financial products (for example, the risk that products are not accurately described, do not perform in alignment with their investment objectives for a sustained period, that product liquidity is not consistent with the product description or the redemption requirements of investors) or the mishandling of complaints related to the sale of such products by or attributed to an employee of the Group, including as a result of having sales practices, complaints procedures and/or reward structures in place that are determined to have been inappropriate;
- breaching laws and requirements relating to the detection and prevention of money laundering, terrorist financing, bribery and corruption and other financial crime; and
- non-compliance with legislation relating to unfair or required contractual terms or disclosures.

Failure to comply with this wide range of laws and regulations could have a number of adverse consequences for the Group, including the risk of:

- substantial monetary damages or fines, other penalties and injunctive relief, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks;
- regulatory investigations, reviews, proceedings and enforcement actions;
- being required to amend sales processes, product and service terms and disclosures, withdraw products or provide redress or compensation to affected clients;

- the Group either not being able to enforce contractual terms as intended or having contractual terms enforced against the Group in an adverse way;
- civil or private litigation (brought by individuals or groups of individuals/claimants) in the UK and other jurisdictions (which may arise out of regulatory investigations and enforcement actions or client complaints);
- criminal enforcement proceedings; and
- regulatory restrictions on the Group's business,

any or all of which could result in the Group incurring significant costs, may require provisions to be recorded in the Group's financial statements, could adversely impact future revenues from affected products and services and could have a negative effect on the Group's reputation and the confidence of clients in the Group, as well as taking a significant amount of the Directors' and management's time and resources away from the implementation of the Group's strategy. Regulatory restrictions could also require additional regulatory capital and/or liquid assets to be held. Any of these risks, should they materialise, could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

In addition to the above, failure to comply with the wide range of laws and regulations could result in the FCA and the PRA or other competent regulatory authorities cancelling or restricting the regulatory authorisations of Schroder Investment Management Limited or Schroder & Co. Limited (the "**Bank**") or other regulated entities in the Group altogether, thereby preventing them from carrying on their businesses.

The Group's business is subject to substantial and changing prudential regulation.

The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital and liquidity resources and to satisfy specified Pillar 2 requirements, buffer requirements and capital ratios and liquidity requirements at all times. The Group's borrowing costs, regulatory capital and liquidity requirements could be affected by future changes to the prudential regulation that applies to it, which include (i) the legislative package comprising the amended Capital Requirements Directive (2013/36/EU) (the "**CRD**") and Capital Requirements Regulation (575/2013) (the "**CRR**") (collectively, the "**CRD IV**"), each as implemented in the UK and as they form part of domestic law by virtue of the EUWA, implementing the proposals of the Basel Committee on Banking Supervision (known as Basel III) and other regulatory developments impacting capital and liquidity positions and (ii) the Bank Recovery and Resolution Directive 2014/59/EU (the "**BRRD**"), as implemented in the UK and as it forms part of domestic law by virtue of the EUWA, which established an EU wide framework for the recovery and resolution of credit institutions and investment firms. The CRD and BRRD requirements were implemented in the UK before the UK's exit from the EU, and the UK framework was then amended to reflect the UK's exit from the EU. The CRR has been onshored in the UK by the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (as amended) and related rules in the PRA Rulebook (the "**UK CRR**").

CRD IV

CRD IV introduced significant changes in the prudential regulatory regime applicable to banks with many of the measures taking effect from 1 January 2014, including increased minimum levels of capital and additional minimum capital buffers; enhanced quality standards for qualifying capital, increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk and the introduction of a minimum leverage ratio for large credit institutions. Following its implementation in the UK, CRD IV has been further amended, (including as a result of "onshoring" in the context of Brexit or as a result of the implementation of changes to the underlying Basel III standards).

CRD V / CRR II

In November 2016, the European Commission ("**EC**") published a package of proposed amendments to CRD IV / CRR (the "**CRD V**" and "**CRR II**", respectively). Following the EC's proposals, CRD V and CRR II entered into force on 27 June 2019. EU member states (including the UK) were required to implement CRD V by 29 December 2020. CRR II largely came into effect from 28 June 2021 in the EU. The UK implemented most of CRR II reforms on 1 January 2022.

The CRD V and CRR II amendments implemented some of the remaining aspects of Basel III and reforms which reflect EC findings on the impact of CRD IV on bank financing of the EU and UK economies. Certain of the proposed changes such as new market risk rules, standardised approach to counterparty risk, details on the leverage ratio and net stable funding requirements and the tightening of the large exposures limit particularly impacted capital requirements.

Basel 3.1

The final capital framework to be established in the European Union and the United Kingdom under the Basel standards differs from Basel III in certain areas. In December 2017, the Basel Committee finalised further changes to the Basel III framework which include amendments to the standardised approaches to credit risk and operational risk and the introduction of a capital floor and in January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk (together, "**Basel 3.1**").

Basel 3.1 standards were originally to take effect from 1 January 2022, with some standards subject to five-year phase-in arrangements, but this was extended in June 2020 to apply from 1 January 2023 as part of the EU's response to the COVID-19 pandemic. The UK has indicated that it is committed to implementing international standards and, on 12 December 2023, the PRA published PS17/23 "Implementation of the Basel 3.1 standards near-final Part 1", which sets out the PRA's proposed rules and expectations with respect to implementing the Basel 3.1 standards in the UK. These changes are due to take effect on 1 July 2025 and include revisions to a number of elements of the standardised approach for credit risk, a new operational risk framework as well as revisions to the standardised approach for market risk.

The changes may have an impact on incentives to hold the Notes for investors that are subject to CRD V and CRR II and, as a result, they may affect the liquidity and/or value of the Notes.

Post-Brexit - Edinburgh Reforms

The UK prudential regime continues to evolve following the UK's exit from the European Union and the extent to which the UK may choose to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time, remains to be seen. The proposed reforms unveiled on 9 December 2022 as part of the "Edinburgh Reforms" of UK financial services and the introduction of some legislative reforms under the Financial Services and Markets Act 2023 (which received Royal Assent on 29 June 2023) provide an indication of the possibility of further divergence in the future. With the evolution of the UK's financial landscape, the UK authorities may seek to adjust the prudential framework to better reflect these changes.

EBA technical standards

The capital requirements framework adopted in the UK may also change following changes to existing, or development of new, regulatory technical standards by the European Banking Authority (the "**EBA**") notwithstanding that they do not form part of UK law, as well as changes to the way in which the PRA continues to take such standards into account when interpreting and applying UK law (including as regards individual model approvals or otherwise). Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Group's capital, liquidity and funding ratios or alter the way such ratios are calculated.

The implementation of these various reforms and various other banking reform initiatives and any future unfavourable regulatory developments could have a material adverse effect on the Group's business, results of operations and financial condition.

Future changes to the applicable prudential regime

While the Group is currently subject to the prudential regulatory regime under CRD IV, the prudential regulatory regime to which the Group is subject may change in the future. Any alternative prudential regulatory regime that applies to the Group from time to time could result in the Group and/or the Issuer becoming subject to different capital, liquidity and/or other regulatory requirements. No guarantee can be given that the Notes and any other regulatory capital instruments issued by the Issuer and/or the Group would continue to be eligible as regulatory capital (or receive equivalent capital treatment) under any such alternative regime. A change to the applicable prudential regime may affect the risk profile of the Notes, the Group's product range, distribution channels, competitiveness, profitability, risk management approaches, corporate or governance structure, reported results and financing requirements, as well as the amount of regulatory capital and liquid assets the Group and/or the Issuer must maintain, and the Group and/or Issuer may, consequently, be required to issue further regulatory capital instruments.

Prudential regime that applies to Subsidiaries of the Issuer that are MIFID investment firms

The Issuer has Subsidiaries, including Schroder Investment Management Limited, which hold regulatory authorisations as investment firms for the purposes of MIFID II as implemented in the UK and the Markets in Financial Instruments Regulation (EU) 600/2014 as it forms part of UK domestic law. In some jurisdictions, such Subsidiaries of the Issuer are subject to additional prudential requirements. Where such Subsidiaries are incorporated in the UK, they are subject to the prudential regime for investment firms (the "**IFPR**") which came into force on 1 January 2022. The IFPR imposes additional capital requirements which apply to such Subsidiaries of the Issuer on a solo (individual) basis. Due to the Group being subject on a consolidated basis to the prudential regime under CRD IV, the Group is currently not subject to an IFPR consolidated capital requirement. However, a change in the prudential regime that applies to the Group could result in the Group becoming subject to the IFPR (or another prudential regime) on a consolidated basis and therefore becoming subject to different capital or liquidity requirements and prudential standards.

The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit and could have a material adverse effect on the Group's operations, financial condition and prospects

The PRA sets capital and liquidity requirements for the Group and monitors the Group's capital adequacy on an ongoing basis. If the Group fails, or is perceived to be likely to fail, to meet its minimum regulatory capital or liquidity requirements (including in connection with any stress tests performed by the BoE or other authorities), then it may be subject to governmental actions, including requiring the Group to issue additional Common Equity Tier 1 securities or other regulatory capital, requiring the Group to retain earnings or suspend dividends or issuing a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital, pay future dividends or pursue other strategic opportunities, impacting future growth potential. If the Group is unable to raise further regulatory capital, this could affect the Issuer's ability to fulfil its obligations under the Notes.

Any actual or perceived failure of the Group to meet regulatory requirements or any actual or perceived weakness in the Group's financial position when compared to other institutions could give also rise to a loss of confidence from clients, counterparties and investors. Consequently, clients may withdraw deposits from the Bank and counterparties and investors may not wish to transact with the Group or the Issuer or may only be willing to do so on less favourable terms meaning the Group's or the Issuer's (as applicable) sources of capital and funding could become more expensive, unavailable, or constrained. This may impact the Group's business operations, strategic opportunities and, in turn, future growth potential.

The Group is subject to risk-based capital requirements, including minimum requirement for own funds and eligible liabilities ("**MREL**"), and liquidity requirements and could become subject to leverage-based requirements in the future, as set out below.

Risk-based capital requirements

Under the current prudential framework as at the date of this Prospectus, the Group is required to hold minimum amounts of regulatory capital equal to 8 per cent. of risk-weighted assets (the "**Minimum Capital Requirement**" or "**MCR**"), plus additional capital buffers comprising a capital conservation buffer and a counter-cyclical buffer. The PRA may also impose a systemic risk buffer (intended to prevent and mitigate macroprudential or systemic risks). These combined buffer requirements (the "**buffer requirement**") and the Minimum Capital Requirement together are referred to as "**Pillar 1**" capital requirements, and are applied generally to banks or, for certain of the buffers, banks having certain characteristics.

In addition to the Pillar 1 capital requirement, the PRA may impose individual capital add-ons specific to an institution, which can include an add-on to the Minimum Capital Requirement (often referred to as "**Pillar 2A**", the "**Pillar 2 Requirement**" or "**P2R**") and/or an add-on to the buffer requirements (often referred to as "**Pillar 2B**", the "**PRA buffer**", "**Pillar 2 Guidance**" or "**P2G**").

The Minimum Capital Requirement and Pillar 2A requirement must be met with at least 56.25 per cent. Common Equity Tier 1 capital and at least 75 per cent. Tier 1 capital, with not more than 25 per cent. Tier 2 capital. The buffer requirement and PRA buffer must be met solely with Common Equity Tier 1 capital. The PRA presently requires that the level of the PRA buffer is not publicly disclosed (unless required by law).

As at 31 December 2023, the overall capital requirement (excluding the PRA buffer) of the Group was £1,443 million, of which £1,059 million reflected the sum of the Group's MCR and Pillar 2A capital requirements, £381 million reflected the Group's buffer requirement (a capital conservation buffer of 2.50 per cent. and a counter-cyclical buffer of 0.92 per cent. of the Group's risk weighted assets) and £3 million reflected a capital requirement in respect of the Group's insurance companies (which is an internal requirement and does not form part of the Group's capital requirement under the CRD IV regime). As at 31 December 2023, the Group had total regulatory own funds of £2,072 million consisting entirely of Common Equity Tier 1 capital.

Liquidity requirements

The Group is required to comply with the liquidity coverage ratio ("**LCR**"), which was 765 per cent. as at 31 December 2023. The LCR is intended to ensure that a UK bank and its group maintains an adequate level of unencumbered, high quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short term significant liquidity stress scenario. The current minimum requirement for LCR is set at 100 per cent. The Group is also required to maintain available stable funding equal to at least 100 per cent. of its required stable funding (the Net Stable Funding Ratio).

MREL requirements under the BRRD.

In addition to the capital requirements under CRD IV, the BRRD requires that all institutions must meet an individual MREL requirement set by the relevant resolution authorities on a case-by-case basis. Items eligible for inclusion in MREL will include an institution's own funds, along with "eligible liabilities". Although the provisions of the BRRD transposed into UK law relating to MREL took effect from 1 January 2016, the BoE is able to determine an appropriate transitional period for an institution to reach its end-state MREL. The BoE's Statement of Policy entitled "The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)" published in June 2018, as updated in December 2021, sets out the BoE's policy for exercising its power to direct institutions to maintain a minimum requirement for MREL under section 3A(4) and (4B) of the Banking Act (as defined below). Given the BoE's preferred resolution strategy for the Bank is a modified bank insolvency process, the Group does not, and does not expect to, have an MREL requirement set above its going concern capital requirements unless the

applicable resolution strategy is changed. The BoE reviews the MREL set for all relevant firms on an annual basis. Any change to the Bank's or the Group's MREL requirement could increase the Group's costs and could adversely impact its capital structure, business, financial condition and prospects, and may result in the Group being required to raise further own funds or eligible liabilities. Future regulatory capital or eligible liabilities issuances may also be required as a result of further costs or losses or shortfall in revenues and capital or MREL requirements exceeding the Issuer's expectations. MREL will also have an impact across the market including potentially affecting the credit rating of the securities issued by the Group (including the Notes) and its competitors and there is a risk that the relative impact may give rise to a reduction in competitiveness of the Group.

Leverage-based requirements

The UK leverage ratio framework applies in parallel with the risk-weighted capital requirements. The calculation determines a ratio based on the relationship between Tier 1 capital and total (i.e. non-risk-weighted) exposures, including off-balance sheet items. The leverage ratio does not distinguish between unsecured and secured loans, nor does it recognise the loan-to-value ratio of secured lending. The UK minimum leverage ratio is currently set at 3.25 per cent. of total exposures (excluding central bank reserve exposures) and applies to UK banks and banking groups with retail deposits of at least £50 billion. At least three-quarters of the leverage ratio requirement must be met with Common Equity Tier 1 capital and up to one-quarter may be met with Additional Tier 1 capital. In addition, the UK leverage ratio framework includes two additional buffers that are to be met using Common Equity Tier 1 capital only: an Additional Leverage Ratio Buffer ("**ALRB**"), applying to the largest UK banks and set at 35 per cent. of the corresponding risk-weighted systemic buffer rate, and a macro-prudential Countercyclical Leverage Buffer ("**CCLB**"), which is set at 35 per cent. of the corresponding risk-weighted countercyclical buffer (and rounded to the nearest 0.1 per cent., with 0.05 per cent. being rounded up).

As at the date of this Prospectus, the Group does not have a binding leverage ratio requirement, as the Bank has retail deposits below £50 billion. However, the Bank and the Group are subject to a supervisory expectation that they will maintain a minimum 3.25 per cent. leverage ratio as calculated under the UK leverage ratio framework. Accordingly, the Group monitors and reports its leverage ratio on this basis, and as at 31 December 2023, the Group's leverage ratio as calculated using the PRA definition was 30.3 per cent. Any non-compliance with this leverage ratio expectation may have an adverse effect on the Group's businesses, operating results, financial condition and prospects.

The Group is subject to substantial and changing conduct regulations.

The Group is exposed to many forms of conduct risk, which may arise in a number of ways, including but not limited to:

- certain aspects of the Group's business may be determined by its regulators, including the FCA, the PRA, the Payment Systems Regulator, HM Treasury, the FOS, the Competition and Markets Authority (the "**CMA**"), the UK Information Commissioner or the courts, as not being conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;

- the Group may be subject to allegations of mis-selling financial products, including as a result of having sales practices and/or reward structures in place that are determined to have been inappropriate and/or failures in client servicing or causing client harm, which may result in disciplinary action (including significant fines) or requirements to amend sales or servicing processes, withdraw products or provide restitution to affected clients;

- the continued focus on the operational resilience of firms. In both December 2020 and February 2021, the PRA published 'Dear CEO' letters noting that operational risk remains a key priority for the PRA and firms should continue to prepare for operational disruptions and ensure that risk and control frameworks are operating effectively. In March 2021, the PRA published a Statement of

Policy clarifying how its operational resilience policy affects its approach to the following key areas of the regulatory framework: (i) governance, (ii) operational risk management, (iii) business continuity planning and (iv) the management of outsourced relationships. The PRA has also published Supervisory Statement SS1/21 in March 2022 setting out supervision as regards impact tolerances for important business services;

- the other priority areas of FCA supervision of retail banks as set out in the February 2021 FCA 'Dear CEO' letter including ensuring fair treatment of borrowers (including those in financial difficulties), ensuring good governance and oversight of client treatment and outcomes during business change, and minimising fraud and other forms of financial crime;
- the FCA's implementation of the Consumer Duty (for more information on the implementation and impacts of the Consumer Duty, see the risk factor entitled "*The Group is exposed to the risk of financial and reputational costs and the threat of regulatory enforcement action if it fails to deliver fair outcomes for clients*" below); and
- the Group may be liable for damages to third parties harmed by the manner in which the Group has conducted one or more aspects of its business and the Group's own business or reputation could be impacted where it has engaged a third party and there is a failure in the processes, security or systems of such third party.

For example, the high level of scrutiny of the treatment of clients by financial institutions from regulatory bodies, the press and politicians may continue and the FCA, as evidenced through the introduction of the Consumer Duty, may continue to focus on retail conduct risk issues as well as conduct of business activities through its supervision activity which could result in changes in conduct regulations driven by higher expectations, or a different interpretation, of what is required to demonstrate compliance with conduct of business standards in certain markets.

Failure to manage the risks arising from substantial and changing conduct regulations adequately could lead to significant liabilities or reputational damage and damage to the Group's brand, which could have a material adverse effect on its business, financial condition, results of operations and relations with clients. This in turn could affect the Issuer's ability to fulfil its obligations under the Notes.

The Group must comply with anti-money laundering, financial crime, anti-bribery and sanctions regulations.

The Group is subject to laws and regulations that are in place to prevent financial crime, including money laundering, the financing of terrorism, the facilitation of bribery and tax evasion, the circumvention of applicable sanctions regimes, as well as laws that prohibit the Group, its staff or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purposes of obtaining or retaining business, including the UK Bribery Act 2010. Compliance with anti-money laundering, anti-bribery rules and sanctions legislation and regulations creates a significant financial burden on banks and other financial institutions and requires significant technical capabilities to manage these risks. In recent years, enforcement of these laws and regulations has become more aggressive, resulting in several landmark financial penalties against UK financial institutions. Economic crime continues to be a key focus for regulators, with the FCA, in particular, highlighting anti-money laundering and the prevention of financial crime as priorities in its business plan. This is in addition to the recent passing of the Economic Crime (Transparency and Enforcement) Act 2022 and Economic Crime and Corporate Transparency Act 2023.

Furthermore, the UK, the EU, United States and numerous other jurisdictions have introduced sweeping sanctions against Russia and Belarus following the invasion of Ukraine, and many of these sanctions involve the banking and financial services sectors.

In addition, the Group cannot predict the nature, scope or effect of future legislative or regulatory requirements to which it might be subject or the manner in which existing laws might be administered or interpreted in the future. Unforeseen and quick changes to legislative or regulatory requirements could make compliance by the Group more challenging and/or costly.

The Group is subject to the potential impacts of banking reform initiatives.

In recent years, the relevant regulatory authorities in the UK have proposed (and in some cases have commenced implementation of) dramatic reforms to many aspects of the banking sector, including, among others, institutional structure, resolution procedures and deposit guarantees. While the impact of these regulatory developments remains uncertain, the Group expects that the evolution of these and future initiatives could have an impact on its business. This in turn could affect the Group's ability to fulfil its obligations under the Notes.

The Bank is responsible for contributing to compensation schemes such as the UK Financial Services Compensation Scheme (the "**FSCS**") in respect of banks and other authorised financial services firms that are unable to meet their obligations to clients. Further provisions in respect of these costs are likely to be necessary in the future. The ultimate cost to the industry, which will also include the cost of any compensation payments made by the FSCS and, if necessary, the cost of meeting any shortfall after recoveries on the borrowings entered into by the FSCS, remains uncertain but may be significant and may have a material effect on the Group's business, results of operations and financial condition.

The Deposit Guarantee Schemes Regulations 2015, as amended by the Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018, ensure that all deposits up to £85,000 per eligible person per firm are protected through the FSCS deposit guarantee scheme (the "**FCS DGS**"). The FCS DGS is funded through regular contributions before the event (*ex ante*). In the case of insufficient *ex ante* funds, the FCS DGS will collect immediately after the event (*ex post*) contributions from the banking sector and as a last resort it will have access to alternative funding arrangements such as loans from public or private third parties.

Amongst other compensation, the FSCS provides for a qualifying temporary high balance deposit protection, up to £1 million, for up to six months from when the amount was first deposited for certain limited types of deposits. It is possible that future FSCS levies on the Bank may differ from those at present, and such reforms could result in the Group incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations.

Bank Resolution Powers apply to the Group.

The Group is subject to the Banking Act 2009 (the "**Banking Act**") which gives wide powers in respect of UK banks and their parent undertakings and other group companies to HM Treasury, the BoE, the PRA and the FCA (each an "**Authority**" and together, the "**Authorities**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These provisions of the Banking Act implement the BRRD and establish a special resolution regime for UK banks and certain other institutions and their groups (including the Issuer, as the parent entity of the Bank and the resolution entity of the Group) (the "**SRR**").

The exercise of these powers could result in: (a) the transfer of all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent, to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the BoE; (b) the overriding of any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) the commencement of certain insolvency procedures in relation to a UK bank; (d) the overriding, varying or imposing of contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group); and (e) the discontinuation of

the listing and admission to trading of the Notes or other securities issued by the Group from time to time, in order to enable any transferee or successor bank of the UK bank to operate effectively.

The powers granted to Authorities under the Banking Act include, but are not limited to: (i) a "mandatory write-down and conversion power" relating to regulatory capital instruments (such as the Notes) and (ii) a "bail-in" tool relating to the majority of unsecured liabilities. Such loss absorption powers give resolution authorities the ability to write-down or write-off all or a portion of the claims of certain unsecured creditors of a failing institution or group and/or to convert certain debt claims into another security, including ordinary shares of the surviving group entity, if any. Such resulting ordinary shares may be subject to severe dilution, transfer for no consideration, write-down or write-off. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

Mandatory write-down and conversion power

The mandatory write-down or conversion of capital instruments (such as the Notes) power may be used where an Authority has determined that the institution concerned has reached the point of non-viability or where the conditions to resolution are met. Unlike the bail-in tool, this power may be exercised pre-resolution. Any write-down or conversion effected using this power must reflect the insolvency priority of the written-down claims – thus common equity shall generally be written off in full before subordinated debt (including the Notes) is affected. The mandatory write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard which applies to the bail-in power.

Bail-in power

The bail-in power gives an Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Notes) into another security, including ordinary shares of the surviving entity, if any. The Banking Act requires an Authority to apply the "bail-in" power in accordance with a specified preference order. In particular, an Authority must write-down or convert the regulatory capital and MREL eligible liabilities instruments in the following order: (i) Common Equity Tier 1 instruments, (ii) Additional Tier 1 instruments, (iii) Tier 2 instruments (which would include the Notes), (iv) other subordinated claims and (v) eligible senior claims. In general, the exposure of creditors and shareholders resulting from the exercise of the bail-in powers will reflect the order in which they would have received distributions in an insolvency process immediately before the coming into effect of the bail-in power (the "no creditor worse off" safeguard). However, due to the exclusion of certain liabilities (such as protected deposits) from the scope of the bail-in powers, certain creditors may bear greater losses than they would on insolvency.

Other resolution powers under the Banking Act

As well as a "write-down and conversion of capital instruments" power and a "bail-in" power, the powers of an Authority under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can only be used together with another resolution tool).

The Authorities also have wide powers under the Banking Act to modify contractual arrangements in certain circumstances (for example, varying the maturity of a debt instrument), to impose a temporary suspension of payments and to override events of default or termination rights that might be invoked as a result of the

exercise of the resolution powers, which could have a material adverse effect on the rights of holders of the equity and debt securities issued by the Issuer (including Noteholders), including through a material adverse effect on the price of such securities (such as the Notes). The Banking Act also gives the BoE the power to override, vary or impose contractual obligations between a UK bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for HM Treasury to disapply or modify laws (with possible retrospective effect), excluding provisions made by or under the Banking Act, to enable the powers under the Banking Act to be used effectively.

Any exercise of these powers may limit the capacity of the Group to meet its obligations under the Notes. In addition, if the market perceives or anticipates that any action may be taken under the Banking Act in respect of the Group, the Bank or any of their respective securities (including the Notes), this may have a significant adverse effect on the market price of the Notes and/or the liquidity and/or volatility of any market in the Notes, whether or not such powers are ultimately exercised. In such cases, investors may experience difficulties in selling their Notes, or may only be able to sell their Notes at a significant loss.

The Group's business is subject to changing laws and regulation and regulatory focus and approach.

In addition to the substantial and changing prudential and conduct regulation described in the risk factors entitled "*The Group's business is subject to substantial and changing prudential regulation*", "*The Group's business is subject to substantial and changing conduct regulations*" and "*The Group is subject to the potential impacts of banking reform initiatives*" above, the Group faces risks associated with an uncertain and changing legal and regulatory environment in all the markets in which it operates. Existing laws and regulations may be amended, or new laws and regulations may be introduced, which could affect the Group by, for example:

- resulting in the need for increased operational and compliance resources to ensure compliance with the new or amended laws and regulations;
- restricting the client base to which the Group's products or services can be offered; and
- restricting the products or services the Group can provide,

any or all of which could ultimately have an adverse impact on the Group's business, financial condition, results of operations and prospects.

In addition, changes to the regulatory authorities' approaches and expectations may result in increased scrutiny of the Group's compliance with existing laws and regulation. This may result in the Group needing to change its internal operations, at an increased cost.

The Group's business is subject to substantial and increasing industry wide regulatory and governmental oversight.

In addition to the promulgation of new legislation and regulation, the UK Government, the PRA, the FCA, other regulators in the UK and other regulators and governments overseas have, in recent years, become substantially more proactive in their application and monitoring of certain regulations, and they may intervene further in relation to areas of industry risk already identified or in new areas, which could adversely affect the Group.

Areas where regulatory changes could have an adverse effect on the Group's business include, but are not limited to:

- general changes in government, central bank or regulatory policy, or changes in regulatory regimes, including changes that apply retroactively, that may influence client decisions in particular markets in which the Group operates, which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;

- external bodies applying or interpreting standards or laws in a manner that is different to how the Group applies or interprets them;
- one or more of the Group's regulators intervening to mandate the pricing of certain of the Group's products as a consumer protection measure;
- one or more of the Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;
- changes in competitive and pricing environments;
- further requirements relating to financial reporting, corporate governance and conduct of business and employee compensation;
- changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;
- CMA market studies or investigations, FCA market studies or Payment Systems Regulator market studies (or other market studies of regulatory authorities) potentially resulting in a range of measures, including behavioural and/or structural remedies;
- influencing business strategy, particularly the rate of growth of the business;
- imposing conditions on the sales and servicing of products, which has the effect of making such products unprofitable or unattractive to sell;
- changes to regulation and legislation relating to sustainability disclosure requirements, environmentally sustainable investments and to broader environmental, social and governance (ESG) rules and supervisory expectations that apply to banks and asset managers; and
- imposing additional sustainability conditions and requirements, in particular in the asset management sector.

The financial services industry continues to be a focus of significant regulatory change and scrutiny. This has led to a more intensive approach to supervision and oversight, increased expectations of authorised firms and their senior management and enhanced regulatory requirements. For example, the FCA business plan for 2023/2024 confirms the FCA's commitment to becoming a more assertive, adaptive and innovative regulator in light of significant and rapid change in the financial services sector.

As a result, regulatory risk will continue to require the attention of senior management who are increasingly accountable to the regulators and will consume significant levels of business resources. Furthermore, as enhanced supervisory standards are developed and implemented, this more intensive approach and the enhanced regulatory requirements, along with uncertainty and the extent of international regulatory coordination, may ultimately adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix or to exit certain business activities altogether or to determine not to expand in areas despite their otherwise attractive potential.

Implementation of further regulatory developments or supervisory expectations could result in additional costs and/or could limit or restrict the way in which the Group conducts business.

The Group is subject to evolving and increasingly complex sustainability disclosure requirements

The Group is subject to evolving and increasingly complex sustainability disclosure requirements in the various markets in which it operates. In particular, in March 2021, the Sustainable Finance Disclosure Regulation (the "**SFDR**") came into effect in the EU. The SFDR aims, among other things, to improve how investment firms communicate the sustainability characteristics of investment funds, including the extent

to which they hold “sustainable investments”. Funds falling within Article 8 or 9 of the SFDR are able to market themselves on the basis of their sustainability characteristics, including with respect to their “sustainability investments”, where applicable. Although the SFDR is not applicable in the UK, the Group has classified its EU-domiciled investment products according to the SFDR, so those qualifying as Article 8 or 9 can be more effectively marketed to investors as promoting environmental or social characteristics and/or having sustainable objectives. Evolving application and interpretation of the SFDR may result in the Group having inadvertently misclassified funds as being within either Article 8 or 9 with potential consequential reputational damage and adverse impact on the Group’s future growth prospects.

On 28 November 2023, the FCA published policy statement PS23/16 on Sustainability Disclosure Requirements (the “**SDR**”) and investment labels. The SDR aims to build transparency and trust by introducing labels to help consumers navigate the market for sustainable investment products, and ensuring that sustainability-related terms in the naming and marketing of products are proportionate to the sustainability profile of the product. The SDR also introduced disclosure requirements, including accessible consumer-facing disclosures, as well as more detailed product- and entity-level disclosures. There remains uncertainty over the burden of compliance with the SDR, their evolving interpretation and application, the impact on competitor and customer behaviour, and the impact on the Group’s operations.

The Group is exposed to the risk of financial and reputational costs and the threat of regulatory enforcement action if it fails to deliver fair outcomes for clients.

Conduct risk is the risk that the Group’s actions or decisions could result in an unfair outcome for its clients arising, for example, from poor product design, ineffective complaints handling or a failure to meet the needs of clients in financial difficulty. Issues associated with poor conduct have been a significant source of cost and reputational damage to the financial services industry in recent years and have attracted increased scrutiny from regulators. This is of particular focus in the UK given the FCA’s implementation in July 2023 of the consumer duty on regulated firms (the “**Consumer Duty**”) which aims to set a higher level of consumer protection in retail financial markets. In particular, the Consumer Duty introduces (i) a new ‘Consumer Principle’ that requires regulated firms to deliver good outcomes for retail clients; (ii) cross-cutting rules requiring firms to act in good faith, avoid causing foreseeable harm, and enable and support clients to pursue their financial objectives; and (iii) fair outcomes requiring firms to ensure consumers receive communications they can understand, products and services that meet their needs and offer fair value, and the support they need. The Consumer Duty impacts all areas of the Group’s UK regulated business, and has applied to all new and existing products and services that remain open for sale or renewal since the end of July 2023 and will apply to all other products and services by the end of July 2024. Although some uncertainty remains over the FCA’s exact supervisory approach to the Consumer Duty, the impact on competitor and customer behaviour and the final operational impact to the Group, the Group may face increased ongoing costs due to the need to implement additional compliance controls because of changes to the interpretation and guidance issued in relation to the Consumer Duty.

Aspects of the Group’s current or historic activities could be deemed by the FCA or other regulatory authorities to be inconsistent with the delivery of fair outcomes for clients.

The Group is committed to managing its business in a way that puts good client outcomes at the heart of its culture, values and behaviours, and is embedded through its policies, processes and incentive structures. Any failure to successfully monitor and manage conduct risk could result in regulatory censure and harm to the Group’s reputation and standing with clients and others which, in turn, could adversely affect its financial condition, operational performance and future prospects.

Risks Related to the Notes

The obligations of the Issuer in respect of the Notes are subordinated.

The Notes constitute unsecured and subordinated obligations of the Issuer.

On a Winding-Up, all claims in respect of the Notes will rank junior to the claims of all Senior Creditors of the Issuer. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Noteholders will lose some (which may be substantially all) of their investment in the Notes.

For the avoidance of doubt, the holders of the Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Although the Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent or subject to any of the resolution, write-down or conversion powers in the Banking Act.

Other than the ordinary shares of the Issuer, as at 2 April 2024, all current liabilities of the Issuer will be senior to the Notes.

Noteholders are also subject to the provisions of the Banking Act relating to, *inter alia*, the write-down or conversion of capital instruments and the bail-in of liabilities as described under "*Bank Resolution Powers apply to the Group".*

The remedies available to Noteholders under the Notes are limited.

Noteholders may not at any time demand repayment or redemption of their Notes, although in a Winding-Up, the Noteholders will have a claim for an amount equal to the principal amount of the Notes plus any accrued interest.

The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to certain conditions as described in Condition 8, is that the Trustee, on behalf of the Noteholders may, at its discretion, or shall at the direction of the holders of at least 25 per cent. of the aggregate principal amount of the outstanding Notes subject to applicable laws, institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under the Notes are more limited than those typically available to the Issuer's unsubordinated creditors. For further details regarding the limited remedies of the Trustee and the Noteholders, see Condition 8.

There is no limit on the amount or type of further bonds or indebtedness that the Issuer may issue, incur or guarantee.

There is no restriction on the amount of bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, *pari passu* with or junior to, the Notes. The issue or guaranteeing of any such Notes or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up or administration or resolution of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes.

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Group or the Bank could materially adversely affect the value of any Notes.

The resolution powers of the Authorities under the SSR could be exercised in relation to the Group or the Bank which could materially adversely affect the value of the Notes, the rights of the Noteholders or the

terms of the Notes. These powers and the SSR are described further in risk factor entitled "*Bank Resolution Powers apply to the Group*".

The determination that securities and other obligations issued by the Issuer (including the Notes) will be subject to Authorities' powers under the Banking Act is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. This determination will also be made by the relevant Authority and there may be many factors, including factors not directly related to the Issuer, the Group, or the Bank which could result in such a determination. Because of this inherent uncertainty and given that the relevant provisions of the Banking Act remain largely untested in practice, it will be difficult to predict when, if at all, the exercise of a loss absorption power may occur which would result in a principal write-off or conversion to other securities, including the ordinary shares of the Issuer or the Bank. Moreover, as the criteria that the relevant Authority will be obliged to consider in exercising any loss absorption power provide it with considerable discretion, holders of the securities issued by the Issuer (including Noteholders) may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer or the Group and the securities issued by the Issuer (including the Notes).

The Notes are not 'protected liabilities' for the purposes of any Government compensation scheme.

The UK Financial Services Compensation Scheme (the "**FSCS**") established under the Financial Services and Markets Act 2000 is the statutory fund of last resort for clients of authorised financial services firms paying compensation to clients if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together "**Protected Liabilities**").

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the United Kingdom or any other jurisdiction.

Noteholders may not require the redemption of the Notes prior to their maturity.

The Notes mature on 18 July 2034. The Issuer is under no obligation to redeem the Notes at any time prior thereto and the Noteholders have no right to require the Issuer to redeem or purchase any Notes at any time. Any redemption of the Notes and any purchase of any Notes by the Issuer will be subject always to the prior approval of the Competent Authority and to compliance with prevailing Regulatory Capital Requirements, and the Noteholders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

The Notes are subject to early redemption at the option of the Issuer in certain circumstances.

Subject to the prior approval of the Competent Authority and to compliance with prevailing Regulatory Capital Requirements, the Issuer may, at its option, redeem all (but not some only) of the Notes at their principal amount plus interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date (i) on any day from and including 18 April 2029 to and including 18 July 2029, (ii) upon the occurrence of a Tax Event or a Capital Disqualification Event; or (iii) at any time where the Clean-Up Call Condition has been met.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that the Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case, Noteholders may only

be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Notes, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes on the Reset Date if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

Owning and transferring the Notes may give rise to tax costs for Noteholders.

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

In particular, the Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected.

Potential investors should be aware that taxes, duties, assessments, charges or withholdings may arise as a result of, or in connection with, the ownership, any transfer and/or payment in respect of the Notes, depending on the relevant Noteholder's individual circumstances.

The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes.

The Notes will initially accrue interest at a fixed rate of interest to, but excluding, the Reset Date. From, and including, the Reset Date, however, the interest rate will be reset to the Reset Rate of Interest (as described in Condition 5). This reset rate could be less than the initial rate of interest, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

The Issuer may be substituted as principal debtor in respect of the Notes.

At any time, the Trustee may (subject to the approval of the Competent Authority) agree to the substitution in place of the Issuer as the principal debtor under the Notes of certain other entities (including any Subsidiary of the Issuer), in each case subject to certain conditions set out in the Trust Deed being complied with. Noteholders should be aware that the substitution right may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions.

In the event of certain specified events relating to taxation or following the occurrence of a Capital Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some

only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must have terms not materially less favourable to holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial advisor of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes.

Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer.

The Notes will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the payment obligations of the Issuer under the Notes will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common depositary. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Integral multiples of less than £100,000.

The denomination of the Notes will be £100,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of £100,000 that are not integral multiples of £100,000. Should Certificates be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Noteholders who hold Notes in the Relevant Clearing System (as defined in this Prospectus) in amounts that are less than £100,000. Accordingly, any Noteholder who holds an amount which is less than £100,000 in principal amount of the Notes in his account with the Relevant Clearing System at the relevant time may not receive a Certificate (should Certificates be printed) in respect of such holding. Such a Noteholder would need to purchase a principal amount of Notes such that its holding amounts to £100,000 in order to receive a Certificate.

If Certificates are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Meetings of Noteholders and modification.

The Conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In addition, the Trustee may agree, without the consent of the Noteholders, to make any modification to any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement that: (i) in the opinion of the Trustee, subject to the provisions of the Trust Deed, is not materially prejudicial to the interests of the Noteholders; or (ii) in its opinion, is of a formal, minor or technical nature or to correct a

manifest error or to comply with mandatory provisions of law. Any such modification shall be binding on the Noteholders.

Change of law.

The Conditions of the Notes will be governed by the laws of England. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Prospectus.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Credit rating may not reflect all risks.

Fitch, an independent credit rating agency, is expected to assign a rating of 'A-' to the Notes. A rating does not reflect the potential impact of all risks relating to structure, market, additional factors discussed in this section and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the assigning rating agency at any time.

Fitch is established in the UK and registered under the UK CRA Regulation, and, as at the date of this Prospectus, appears on the latest update of the list of registered credit rating agencies on the website of the FCA at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras. The rating that Fitch has given to the Notes is expected to be endorsed by Fitch Ireland, which is established in the EEA and registered under the EU CRA Regulation and, as at the date of this Prospectus, appears on the list of registered credit rating agencies on the ESMA website at http://www.esma.europa.eu.

Rating agencies other than Fitch could seek to rate the Notes, whether or not on a basis solicited by the Issuer. Any unsolicited ratings would be based on publicly available information only, and assigned without the benefit of the support and insight of the Issuer. If any further or alternative ratings are assigned to the Notes in future, and if any such rating is lower than the rating assigned by Fitch, this could have an adverse effect on the market value of the Notes.

Any rating assigned to the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, the credit quality of the Notes has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Notes may be lowered. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, any rating may not reflect the potential impact of all risks relating to the Notes, and other factors that may affect the value of the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks Related to the Market Generally

The secondary market generally.

The Notes represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer and any subsidiary of the Issuer can (subject to Supervisory Permission and compliance with prevailing Regulatory Capital Requirements) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Noteholders should be aware of the prevailing credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although an application has been made for the Notes to be admitted to trading on the Main Market, there is no assurance that such application will be accepted or that an active trading market will develop.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or pounds sterling may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

Interest rate risks.

An investment in the Notes, which bear interest at a fixed rate (reset on the Reset Date), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will

be reset on the Reset Date, and as such the reset rate is not pre-defined at the date of issue of the Notes; it may be different from the initial rate of interest and may adversely affect the yield of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Certificate.

The issue of the £250,000,000 6.346 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034 (the "**Notes**") of Schroders plc (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer (the "**Board**") passed on 27 February 2024 and a resolution of a Committee of the Board passed on 4 April 2024. The Notes are constituted by a trust deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 18 April 2024 between the Issuer and Citicorp Trustee Company Limited (the person or persons for the time being the trustee or trustees under the Trust Deed, the "**Trustee**") as trustee for the Holders (as defined below) of the Notes. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. Copies of the Trust Deed and of the agency agreement (the "**Agency Agreement**") dated 18 April 2024 relating to the Notes between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent, the "**Principal Paying Agent**") and the initial transfer agents named therein (the person(s) for the time being the transfer agent(s), the "**Transfer Agent(s)**"), Citibank Europe plc as the initial registrar (the person for the time being the registrar, the "**Registrar**"), and the Trustee, (i) are available for inspection during usual business hours at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Noteholder following their prior written request to the Trustee and the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Trustee and the Principal Paying Agent).

The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement and the Reset Rate Agency Agreement (if any).

1 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered in the denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2*(a)*, each Certificate shall represent the entire holding of Notes by the same Holder.

(b) Title

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, "**Noteholder**" or "**Holder**" means the person in whose name a Note is registered.

2 Transfers of Notes

(a) Transfer

A holding of Notes may, subject to Condition 2*(d)*, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Noteholder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2*(a)* shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2*(b)*, "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by or on behalf of the person submitting such Certificate(s) of any tax, duty, assessment or other governmental charges of whatsoever nature that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption or substitution of that Note pursuant to Condition 6 or (ii) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes constitute direct and unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 4.

4 Subordination

(a) Winding-Up

If a Winding-Up occurs, the rights and claims of the Holders (and of the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect thereof, provided however that such rights and claims shall be subordinated as provided in this Condition 4*(a)* and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

(b) Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, counterclaim or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Trust Deed and each Holder shall, by virtue of his holding of any Note (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation, counterclaim or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

5 Interest Payments

(a) Interest Rate

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Interest shall be payable on the Notes in equal instalments semi-annually in arrear on each Interest Payment Date in each case as provided in this Condition 5, save that the first payment of interest to be made on 18 July 2024 shall be in respect of the period from (and including) the Issue Date to (but excluding) 18 July 2024 (and shall be £15.87 per Calculation Amount).

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a full Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the actual number of days in the Interest Period (or, if the relevant accrual period falls within the short first Interest Period, the actual number of days from and including the date falling 6 months prior to the first Interest Payment Date) in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

(b) Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 6*(a)*, *(c), (d), (e) or (f)* or the date of substitution thereof pursuant to Condition 6*(g)*, as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 5*(a)* for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of each Note, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 6.346 per cent. per annum (the "**Initial Fixed Interest Rate**").

(d) Reset Rate of Interest

The Interest Rate will be reset (the "**Reset Rate of Interest**") in accordance with this Condition 5 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin.

(e) Determination of Reset Rate of Interest

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, subject to receipt from the Issuer or the Reset Reference Banks of the Gilt Yield Quotations as provided by the Reset Reference Banks (if any), determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) Publication of Reset Rate of Interest

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 5 in respect of the Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 14, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 8*(a)*, the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 5 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) Agent Bank and Reset Reference Bank

Whenever a function expressed in these Conditions to be performed by the Agent Bank and the Reset Reference Banks falls to be performed, the Issuer will maintain an Agent Bank and the number of Reset Reference Banks provided below.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 5*(d)*, the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution (of international repute) in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders, the Trustee or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Redemption, Substitution, Variation and Purchase

(a) Final Redemption

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6*(g)*) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest on 18 July 2034 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, purchase or substitution of the Notes or variation of the terms of the Notes, in each case in accordance with Conditions 6*(c)*, *(d)*, *(e)*, *(f)*, *(g) or (h)* is subject to:

(i) the Issuer obtaining prior Supervisory Permission therefor;

(ii) in the case of any redemption or purchase of any Notes (other than in respect of any redemption or purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 6*(f)* or 6*(h)* (as applicable) and in respect of which the requirement in Condition 6*(b)(v)(A)* is satisfied), if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer having (on or before the relevant redemption or purchase date) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds and, as applicable, eligible liabilities of the Issuer Group would, following such redemption or purchase, exceed its minimum applicable capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Competent Authority considers necessary at such time;

(iii) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date, if and to the extent then required under prevailing Regulatory Capital Requirements in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;

(iv) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the

satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and

(v) in the case of any redemption or purchase of the Notes prior to the fifth anniversary of the Reference Date pursuant to Condition 6*(f)* or 6*(h)*, either (A) the Issuer having, before or at the same time as such redemption or purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of any purchase pursuant to Condition 6*(h)*, the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

Any refusal by the Competent Authority to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6*(b)*, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6*(c)*), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary are satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 19 and (ii) in the case of a redemption pursuant to Condition 6*(d)* only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (iv) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee shall accept (and the Holders shall be treated as having accepted) such certificate and, where applicable, opinion, without further enquiry and without liability to any person, as sufficient evidence of the satisfaction of the relevant conditions precedent and it shall be conclusive and binding on the Trustee and the Holders.

(c) Issuer's Call Option

The Issuer may, subject to Condition 6*(b)*, by giving not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Notes at any time from and including 18 April 2029 to and including the Reset Date at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6*(b)*, redeem the Notes.

(d) Redemption Due to Taxation

If, prior to the giving of the notice referred to in this Condition 6*(d)*, a Tax Event has occurred, then the Issuer may, subject to Condition 6*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar, the Principal

Paying Agent (which notice shall, save as provided in Condition 6*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6*(b)*, redeem the Notes.

(e) Redemption for Regulatory Purposes

If, prior to the giving of the notice referred to in this Condition 6*(e)*, a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6*(b)*, redeem the Notes.

(f) Issuer's Clean-up Call Option

If, prior to the giving of the notice referred to in this Condition 6*(f)*, the Clean-Up Call Condition is met, then the Issuer may, subject to Condition 6*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6*(b)*, be irrevocable and shall specify the date fixed for redemption (the "**Clean-Up Redemption Date**")), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the Clean-Up Redemption Date. Upon the expiry of such notice, the Issuer shall, subject to Condition 6*(b)*, redeem the Notes.

(g) Substitution or Variation

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6*(b)* and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6*(b)*, be irrevocable and shall specify the date fixed for substitution or variation, as the case may be, of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 6*(g)* and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 6*(b)* above and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 6*(b)*, either vary the terms of or substitute the Notes in accordance with this Condition 6*(g)*, as the case may be. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to any liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in, as appropriate, Condition 6*(d)* or *(e)*.

In connection with any substitution or variation in accordance with this Condition 6*(g)*, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(h) Purchases

The Issuer may, subject to Condition 6*(b)*, at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Noteholders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 8*(c).*

(i) Cancellation

All Notes redeemed or substituted by the Issuer pursuant to this Condition 6 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer may, at the option of the Issuer and subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Notes so surrendered, shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(j) Trustee Not Obliged to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

7 Payments

(a) Method of Payment

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as provided for payments of interest in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by the payee with a bank in London.

(b) Payments Subject to Laws

Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes, duties, assessments or government charges of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments. For the purpose of this paragraph, the phrase "fiscal or other laws, regulations and directives" shall include any withholding or deduction imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any regulations

thereunder, any law implementing an inter government approach thereto, any agreement entered into pursuant to FATCA, or any official interpretation of FATCA.

(c) Payments on Business Days

Payment is to be made by transfer to an account in pounds sterling, and payment instructions (for value the due date, or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Delay in Payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) Non-Business Days

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located.

8 Default

(a) Default

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount in respect of the Notes) for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default (a "**Default**") under the Trust Deed and the Notes and the Trustee in its discretion may, or (subject to Condition 8*(c)*) if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, notwithstanding the provisions of Condition 8*(b)*, institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or (subject to Condition 8*(c)*) if so requested by an Extraordinary Resolution or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding shall, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 4*(a)*.

(b) Enforcement

Without prejudice to Condition 8*(a)*, the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or

otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions and the Trust Deed.

Nothing in this Condition 8*(b)* shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in, as appropriate, Conditions 4*(a)* and 8*(a)*.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 8*(a)* or *(b)* above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a period of 60 days and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

(e) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

9 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders in respect of those payments of interest after the withholding or deduction shall equal the amounts which would have been received by them in respect of payments of interest on the Notes had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

(a) held by or on behalf of a Holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of having some connection with the Relevant Jurisdiction otherwise than merely by holding the Note or by the receipt of amounts in respect of the Note; or

(b) held by or on behalf of a Holder who would not be liable or subject to the withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(c) in respect of which the Certificate representing such Note is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the last day of such period of 30 days; or

(d) where the requirement to withhold or deduct which would otherwise give rise to the obligation to pay Additional Amounts arises out of any combination of paragraph (a) to (c) above.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of FATCA or otherwise imposed pursuant to Sections 1471 through 1474 of FATCA (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders (including, without limitation, in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Conditions 3 and 4, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Interest Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 6*(g)* in connection with the variation of the terms of the Notes so that they become, alternative Qualifying Tier 2

Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6*(g)*.

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the Relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

Any such modification, authorisation, waiver or determination shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable. No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (if and to the extent required at the relevant time by the Competent Authority) the Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(c) Substitution

The Trust Deed contains provisions permitting the Trustee, subject to the Issuer giving at least 30 days' prior written notice thereof to, and receiving Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission) to agree, subject to the satisfaction of such other conditions as are set out in the Trust Deed but without the consent of the Holders, to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 of certain other entities including, for the avoidance of doubt, any Subsidiary of the Issuer (any such entity, a "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes, provided that except where the Substitute Obligor is the successor in business of the Issuer, the obligations of the Substitute Obligor under the Trust Deed and the Notes shall be guaranteed by the Issuer on a subordinated basis equivalent

to that described in Conditions 3 and 4. Any such substitution shall be binding on all Holders shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

(d) Entitlement of the Trustee

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, substitution or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

12 Replacement of the Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Conditions 3 and 4 apply only to amounts payable in respect of the Notes and nothing in Conditions 3, 4 or 8 shall affect or prejudice the payment of the costs (including legal fees), charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall not be liable for any consequences of any application of Statutory Loss Absorption Powers (as provided in Condition 17*(c)* below) in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this paragraph shall prevent any application of Statutory Loss Absorption Powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Holder by its acquisition of any Notes (or any interest therein), authorises and instructs

the Trustee to take such steps as may be necessary or expedient in order to give effect to any such application of Statutory Loss Absorption Powers.

14 Notices

Notices required to be given to the Holders pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the Notes then outstanding shall be constituted by the Trust Deed or a deed supplemental to it.

16 Agents

The initial Principal Paying Agent, the Registrar and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar and the Transfer Agents and to appoint additional or other Transfer Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

The Issuer undertakes, whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, to appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 14. If any of the Agent Bank, Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Agent Bank, Registrar or the Principal Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Agent Bank, the Registrar, the Principal Paying Agent and the Holders.

17 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings.

(c) Acknowledgement of Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 17*(c)*, includes each holder of a beneficial interest in the Notes) or the Trustee on their behalf, by its acquisition of the Notes (or any interest therein), each Holder acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(i) the effect of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

(B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;

(C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and

(D) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will constitute a default for any purpose.

Upon the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders in accordance with Condition 14 as soon as practicable regarding such exercise of the Statutory Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Trustee for information purposes. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 17 shall not

affect the validity and enforceability of the Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

19 Definitions

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 9;

"**Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Agent Bank**" means an independent financial institution with appropriate expertise appointed by the Issuer in accordance with the Reset Rate Agency Agreement;

"**Applicable Regime**" means, on any date, the regulatory regime applicable on such date under which the Issuer Group is required to maintain regulatory capital on a consolidated basis, being, as at the Issue Date, the provisions of the UK CRR and the PRA Rulebook that apply to the Issuer as at the Issue Date by virtue of Article 11 of the UK CRR (as may be replaced, succeeded or amended from time to time) and, on any date following any change in applicable regulatory regime under which the Issuer Group is required to maintain regulatory capital on a consolidated basis from time to time, such other regulatory regime applicable on such date under which the Issuer Group is required to maintain regulatory capital;

"**Authorised Signatories**" means any two authorised signatories of the Issuer in accordance with the Trust Deed;

"**Business Day**" means (except, for the avoidance of doubt, where such term is used in Condition 2*(b)* or Condition 7) a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

"**Calculation Amount**" means £1,000 in principal amount;

"**Capital Disqualification Event**" is deemed to have occurred if there is a change (which has occurred or which the Competent Authority considers to be sufficiently certain) in the regulatory classification of the Notes which becomes effective after the Reference Date and that results, or would be likely to result, in some of or the entire principal amount of the Notes being excluded from the Tier 2 Capital of the Issuer Group on, as applicable at the relevant time, a consolidated group basis under the Applicable Regime and for the avoidance of doubt, for so long as Article 64 of the UK CRR applies to the Notes under the Applicable Regime, any amortisation of the Notes pursuant to Article 64 of the UK CRR (or any equivalent or successor provision (including any equivalent or successor provision applying under any other Applicable Regime from time to time)) shall not comprise a Capital Disqualification Event for any purpose;

"**Certificate**" has the meaning given to it in Condition 1*(a)*;

"**Clean-Up Call Condition**" means 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 15 and consolidated and forming a single series with the Notes shall be deemed to have been "originally issued") have been purchased and cancelled pursuant to Condition 6*(h)* and Condition 6*(i)*;

"**Clean-Up Redemption Date**" has the meaning given to it in Condition 6*(f)*;

"**Competent Authority**" means the PRA or such other authority having primary supervisory authority with respect to prudential matters concerning the Issuer and/or the Issuer Group from time to time;

"**Conditions**" means these terms and conditions of the Notes, as amended from time to time;

"**Default**" has the meaning given to in Condition 8*(a)*;

"**Directors**" means the directors of the Issuer;

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed;

"**FATCA**" has the meaning given to it in Condition 7*(b);*

"**FATCA Withholding**" has the meaning given to it in Condition 9;

"**FCA**" means the Financial Conduct Authority and any successor regulatory body or bodies taking over all or part of its responsibilities;

"**Holder**" has the meaning given to it in Condition 1;

"**Initial Fixed Interest Rate**" has the meaning given to it in Condition 5*(c)*;

"**Initial Fixed Rate Interest Period**" means the period from (and including) the Issue Date to (but excluding) the Reset Date;

"**Interest Payment Date**" means 18 January and 18 July in each year, starting on (and including) 18 July 2024;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

"**Issue Date**" means 18 April 2024, being the date of the initial issue of the Notes;

"**Issuer Group**" means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the applicable Regulatory Capital Requirements) of which the Issuer is part from time to time;

"**London Stock Exchange**" means the London Stock Exchange plc;

"**Margin**" means 2.250 per cent.;

"**Market**" means the London Stock Exchange's regulated market;

"**Maturity Date**" has the meaning given to it in Condition 6*(a)*;

"**Noteholder**" has the meaning given to it in Condition 1;

"**Notes**" has the meaning given to it in the preamble to these Conditions;

"**Official List**" means the official list of the FCA acting under Part VI of the Financial Services and Markets Act 2000;

"**pounds sterling**" means the lawful currency of the United Kingdom;

"**PRA**" means the Prudential Regulation Authority and any successor regulatory body or bodies taking over all or part of its responsibilities;

"**PRA Rulebook**" means the PRA Rulebook for CRR Firms;

"**Principal Paying Agent**" has the meaning given to it in the preamble to these Conditions;

"**Qualifying Tier 2 Securities**" means securities issued directly by the Issuer or issued indirectly by the Issuer and guaranteed by the Issuer (on a subordinated basis equivalent to the subordination set out in Conditions 3 and 4 and in the Trust Deed) that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certificate to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Competent Authority in relation to Tier 2 Capital; (2) include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes and do not provide for interest cancellation or deferral; (3) rank *pari passu* with the ranking of the Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (6) shall not preclude the inclusion of any provision analogous to Condition 17*(c)*); and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (6) shall not preclude the inclusion of any provision analogous to Condition 17*(c)*);

(b) are (i) listed on the Official List and admitted to trading on the Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed; and

(c) where the Notes had a published rating from a Rating Agency immediately prior to their substitution or variation and such rating was solicited by or on behalf of the Issuer, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Securities;

"**Rating Agency**" means Fitch Ratings Ltd, Moody's Investors Services Ltd. or S&P Global Ratings UK Limited and/or their respective successors and affiliates.

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the United Kingdom Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"**Record Date**" has the meaning given to it in Condition 7*(a)(ii)*;

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further securities consolidated and forming a single series with the Notes have been issued pursuant to Condition 15;

"**Register**" has the meaning given to it in Condition 1*(b)*;

"**Registrar**" has the meaning given to it in the preamble to these Conditions;

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies (whether or not having the force of law) of the Competent Authority relating to capital adequacy, prudential supervision and/or resolution and applicable to the Issuer and/or, as applicable, the Issuer Group;

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include

amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

"**Relevant Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer and/or the Notes (including following any change in applicable regulatory regime under which the Issuer Group is required to maintain regulatory capital on a consolidated basis from time to time);

"**Reset Date**" means 18 July 2029;

"**Reset Determination Date**" means the day falling two Business Days prior to the Reset Date;

"**Reset Period**" means the period from and including the Reset Date to but excluding the Maturity Date;

"**Reset Rate Agency Agreement**" means an agreement to be entered into between the Issuer and the Agent Bank in respect of the appointment of the Agent Bank to perform the functions expressed to be performed by the Agent Bank under these Conditions;

"**Reset Rate of Interest**" has the meaning given to it in Condition 5*(d)*;

"**Reset Reference Banks**" means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

"**Reset Reference Rate**" means in respect of the Reset Period, the percentage rate (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined by the Agent Bank on the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and the Agent Bank at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of the Reset Period. If at least four quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the quotation provided. If no quotations are provided, the Reset Reference Rate will be the Initial Fixed Interest Rate (less the Margin), where:

> "**Benchmark Gilt**" means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new securities and having an actual or interpolated maturity date on or about the Maturity Date as the Issuer, on the advice of an investment bank of international repute, may determine to be appropriate following any then-current guidance published by the International Capital Market Association at the relevant time; and

"**Gilt Yield Quotations**" means, with respect to a Reset Reference Bank and the Reset Period, the arithmetic mean (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of the Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank;

"**Senior Creditors**" means (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; and (ii) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the Holders in respect of the Notes);

"**Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements that are applicable to the Issuer, relating to (i) Part 1 of the United Kingdom Banking Act 2009 and/or any other law or regulation applicable to the Issuer relating to the resolution of unsound or failing banks or other financial institutions, as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

"**Subsidiary**" means a subsidiary as defined under section 1159 of the Companies Act 2006;

"**Substitute Obligor**" has the meaning given to it in Condition 11*(c)*;

"**Supervisory Permission**" means, in relation to any action, such supervisory permission (or, as appropriate, consent, approval, non-objection and/or waiver) as is required therefor under prevailing Regulatory Capital Requirements (if any);

"**Tax Event**" is deemed to have occurred if, as a result of a Tax Law Change:

(i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts;

(ii) the Issuer is no longer entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is materially reduced;

(iii) the Notes are prevented from being treated as loan relationships for United Kingdom tax purposes; or

(iv) the Issuer is not able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist),

and, in any such case, the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

"**Tax Law Change**" means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes effective on or after the Reference

Date or in the case of a change in law, if such change is enacted by a UK Act of Parliament or by Statutory Instrument, on or after the Reference Date;

"**Tier 1 Capital**" has the meaning given to it (or any successor or other equivalent term) from time to time by the Competent Authority or in the Regulatory Capital Requirements;

"**Tier 2 Capital**" has the meaning given to it (or any successor or other equivalent term) from time to time by the Competent Authority or in the Regulatory Capital Requirements;

"**Transfer Agents**" has the meaning given to it in the preamble to these Conditions;

"**Trust Deed**" has the meaning given to it in the preamble to these Conditions;

"**Trustee**" has the meaning given to it in the preamble to these Conditions;

"**UK CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No. 648/2012 as amended and as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended or replaced from time to time) and as amended or replaced from time to time;

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland; and

"**Winding-Up**" means:

(i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);

(ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or

(iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Notes are represented by the Global Certificate:

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the "**Registered Holder**") for a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Accountholders

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Certificate (an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or such other Alternative Clearing System (as the case may be) as to the outstanding principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the term "**Noteholders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, for which purpose the Registered Holder shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance with and subject to the terms of the Global Certificate and the Trust Deed.

Each Accountholder must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to or to the order of the Registered Holder and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Each Accountholder shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the Registered Holder in respect of each amount so paid.

Exchange of the Global Certificate

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the Relevant Clearing System.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2*(a)* may only be made in part:

(i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and the Issuer has been notified that any such clearing system is closed for business for a continuous period of 14 days (other than by reason of

holidays, statutory or otherwise) or has announced an intention permanently to cease business or does in fact do so and no successor clearing system is available;

(ii) upon or following any failure to pay principal in respect of any Notes when it is due and payable; or

(iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Accountholder has given the Registrar not less than 30 days' notice at its specified office of such Accountholder's intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and/or, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants.

Calculation of Interest

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest payable to the Registered Holder shall be calculated on the basis of the aggregate principal amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 5.

Payments

For so long as the Registered Holder is shown in the Register as the holder of the Notes evidenced by a Global Certificate, the Registered Holder shall (subject as set out above under "Accountholders") in all respects be entitled to the benefit of such Notes and shall be entitled to the benefit of the Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by a Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute prima facie evidence that the payment has been made.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 7) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

Notices

For so long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Noteholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective Accountholders in substitution for publication as required by the Conditions provided that, for so long as the Notes are listed on the regulated market of the London Stock Exchange or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any such notices delivered to the London Stock Exchange will also be published on the website of the London Stock Exchange for so long as its rules so require. Any notice shall be deemed to have been given on the date of delivery or publication (as applicable) which, in the case of communication through Euroclear and Clearstream, Luxembourg, shall mean the date on which the notice is delivered to Euroclear and Clearstream, Luxembourg.

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Notes represented by the Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the due date.

Meetings

For the purposes of any meeting of the Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1.00 in principal amount of the Notes.

Trustee's Powers

In considering the interests of Noteholders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

Written Resolution and Electronic Consent

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer or the Trustee:

(i) where the terms of the proposed resolution have been notified to the Noteholder through the Relevant Clearing System(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the Relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding ("**Electronic Consent**"). None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance; and

(ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a)

accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**Relevant Clearing System**") and, in the case of (b) above, the Relevant Clearing System and the accountholder identified by the Relevant Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Relevant Clearing System (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and the Registrar.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds of the issue of the Notes are expected to amount to approximately £248,750,000. The net proceeds of the Notes will provide additional financial flexibility to drive the Group's strategic growth agenda and further strengthen and diversify the Group's sources of capital and liquidity.

DESCRIPTION OF THE ISSUER'S BUSINESS

History and Development of the Issuer

The history of the Group began in 1804 when JH Schröder became a partner in J.F. Schröder & Co, a London-based firm founded by his brother JF Schröder. It has evolved since then into the company today known as "Schroders plc".

The Issuer was incorporated in England and Wales on 14 January 2000 under the name "Granard public limited company" as a company with limited liability under the Companies Act 1985 with registered number 3909886. On 19 January 2000, its name was changed to "Schroder Holdings plc", on 18 February 2000, its name was changed to "New Schroders plc" and on 18 April 2000, its name was changed to "Schroders plc".

The principal activity of the Issuer is to act as the ultimate holding company of the Group. The principal legislation under which the Issuer operates is the Companies Act and the regulations made thereunder.

The Issuer is domiciled in England and Wales with its principal place of business and registered office being at 1 London Wall Place, London, England, EC2Y 5AU.

The Issuer's telephone number is +44 (0)20 7658 6000 and its website is https://www.schroders.com.

Save for the documents incorporated by reference available for viewing on the Issuer's website (see *"Documents Incorporated by Reference"*), the information on the Issuer's website does not form part of this Prospectus.

The ordinary shares of the Issuer are listed on the Official List and traded on the Main Market. As at the date of this Prospectus, the Issuer is a constituent member of the FTSE 100. As at 2 April 2024, the Issuer had a market capitalisation of £5,974.3 million.

The legal entity identifier of the Issuer is 2138001YYBULX5SZ2H24.

Business Overview

The Group provides active asset management, advisory and wealth management services to clients across 38 locations worldwide. The Group's income is substantially derived from the value of the assets it manages. As at 31 December 2023, the Group's AUM totalled £750.6 billion.

The Group's business is organised across two segments: Asset Management and Wealth Management. The Asset Management segment had £626.1 billion AUM and the segment comprises three business offerings: public markets (with £237.7 billion AUM), private markets (with £66.2 billion AUM, invested across private equity, private debt, infrastructure and real estate asset classes), solutions (with £228.3 billion AUM). Included in the Asset Management segment are Asset Management associates and joint ventures (with £93.9 billion AUM). The Group's Wealth Management segment had £124.5 billion AUM, including Wealth Management joint ventures and associates. The Group has three strategic growth areas; Private Markets, Solutions and Wealth Management.

Over the last five years the Group has generated the following profit after tax and return on average Common Equity Tier 1 capital:

Year	Profit after tax (£m)	Return on Common Equity Tier 1 capital (per cent.)
2019	495.7	22.5
2020	486.0	21.7

Year	Profit after tax (£m)	Return on Common Equity Tier 1 capital (per cent.)
2021	623.8	24.9
2022	486.2	20.9
2023	402.6	19.8

Asset Management

As at 31 December 2023, the Asset Management segment held £626.1 billion AUM. This segment principally comprises investment management services across public and private markets through mutual funds and institutional mandates, as well as the solutions business which offers advisory, investment management, fiduciary management and liability management services. The Group's mutual funds offers its retail clients access to its investment capabilities through intermediary networks which includes advisers and third-party platforms, while its institutional business makes investment components available directly to institutions and through sub-advisory mandates. The Group's Asset Management segment takes an active management approach and, as such, the Group has focused on building a leadership position in sustainability.

The Group's public markets business operates under the Schroders brand and comprises active management of publicly listed securities in respect of equity, fixed income and multi-asset products. The Group also has strategic partnerships such as with the Bank of Communications in China and Axis in India. As at 31 December 2023, the Group had £237.7 billion of AUM in public markets and an additional £93.9 billion of AUM when including associates and joint ventures.

The Group's private markets business operates under the brand name 'Schroders Capital' and provides investors with access to sources of return through investment opportunities, portfolio building blocks and customised private asset strategies. Schroders Capital offers investors opportunities to invest in real estate, private debt, private equity and infrastructure among other alternative investments. As at 31 December 2023, the Group had £66.2 billion AUM within Schroders Capital. The Group has acquired a number of private market specialists, notably the private equity specialist Adveq in 2017 and the majority stakes in BlueOrchard and Greencoat Capital which it bought in 2019 and 2022 respectively. Schroders Greencoat enables the Group to provide investments in renewable energies, while BlueOrchard provides strategies with beneficial social and environmental impacts. In March 2023, the Group offered a European Long-Term Investment Fund (ELTIF) to clients within the EU and received approval to launch the first equivalent UK product, the Long-Term Asset Fund (LTAF). These initiatives are part of a trend to democratise private markets to a wider audience of end investors, something which the Group sees as a core theme in private markets.

The Asset Management segment also encompasses another of the Group's strategic growth areas; the solutions business. This includes Schroders Solutions as well as multi-asset and insurance partnership mandates. Schroders Solutions offers strategic advice, an advanced investment process and an integrated implementation model to institutional clients to help them find solutions to complex investment challenges, such as liability offsets and risk mitigation. In particular, clients include pension funds and insurers. In the pensions sector, the creation of Schroders Solutions has enabled the Group to capitalise on the growth of OCIO (outsourced chief investment officer) and Liability Driven Investment (LDI) offerings which were a successful draw for net new business in 2023.

The Group acquired River & Mercantile's Solutions business in 2022 and its integration has allowed the Group's solutions business to meet the increasingly complex needs of pension fund clients enabling the

Group to further its aim of becoming the provider of choice for fiduciary management. As at 31 December 2023, the Group had £228.3 billion of AUM falling under its solutions business.

Wealth Management

The Wealth Management segment principally comprises investment management, wealth planning and financial advice, platform services and banking services. These services enable clients to invest assets in the Group's products and with third party managers. Wealth planning and financial advice involves the Group providing discretionary or advisory management services including where the client independently makes investment decisions. Platform services comprise the Benchmark Fusion platform which enables financial advisors to administer and manage their clients' accounts by providing dealing and settlement services, valuation statements and custody services through a third party.

Clients in this segment include individuals, families and charities across the wealth spectrum (from ultra-high-net-worth and high-net-worth to affluent individuals) who invest directly or through financial advisers. The Group's Wealth Management segment also includes its joint venture with Lloyds Banking Group, Schroders Personal Wealth, which offers financial advice to mass affluent clients.

As at 31 December 2023, the Group's Wealth Management business had £124.5 billion of AUM.

Brands

The Group markets its propositions through a number of brands and strategic partnerships.

The Group operates within public markets under the Schroders brand and the following strategic partnerships: Hartford Funds in the United States, Axis Mutual Fund in India and Bank of Communications in China.

The Group operates within private markets under its brand, Schroders Capital.

Schroders carries out its Wealth Management services under the following brands: Cazenove Capital, Schroders Wealth Management (international Wealth Management services), Benchmark and Schroders Personal Wealth, a joint venture with Lloyds Banking Group.

Rating

As at 2 April 2024 (being the latest practicable date prior to publication of this Prospectus), the Group had an A+ (Stable) Long Term Issuer Default Rating from Fitch.

Directors of the Issuer

The Directors and their principal functions within the Issuer, together with a brief description of their principal business activities outside the Issuer, are set out below. The business address of each of the Directors (in such capacity) is 1 London Wall Place, London, England, EC2Y 5AU.

Name	Position	Current external appointments
Dame Elizabeth Corley	Chair	Non-executive Director of BAE Systems plc Chair of the Impact Investing Institute Trustee of the British Museum

Name	Position	Current external appointments
Peter Harrison	Group Chief Executive	Chair of Business in the Community Member of the UK Capital Markets Industry Taskforce Director of the Investment Association Member of the Advisory Board of Antler Global Director of FCLT Global
Richard Oldfield	Chief Financial Officer	Trustee and Audit Committee Chair of The Duke of Edinburgh International Award Foundation
Ian King	Senior Independent Director	Senior Adviser to the Board of Gleacher Shacklock LLP Chairman of Senior plc Director of High Speed Two (HS2) Limited and lead non-executive Director for the Department for Transport
Rhian Davies	Independent non-executive Director	Director of Alexander Square Partners
Claire Fitzalan Howard	Non-executive Director	Director and Trustee of the Schroder Charity Trust Trustee of a number of charitable foundations Non-executive Director of Caledonia Investments plc
Rakhi Goss-Custard	Independent non-executive Director	Non-executive Director of Trainline plc Non-executive Director of Kingfisher plc Non-executive Director of Nisbets plc (unlisted)
Iain Mackay	Independent non-executive Director	Non-executive Director and Chair of Audit and Risk Committee of National Grid plc Member of the Court of the University of Aberdeen and Chair of its Remuneration Committee Non-executive Director of UK Government Investments

Name	Position	Current external appointments
Leonie Schroder	Non-executive Director	Director and Trustee of the Schroder Charity Trust Director of a number of private limited companies
Annette Thomas	Independent non-executive Director	Non-executive Director of Pearson plc Non-executive Director of EcoVadis Non-executive Director of OpenClassrooms Senior Advisor to General Atlantic
Frederic Wakeman	Independent non-executive Director	Founder of Blue Endeavor Ventures Co-Founder of Scale-Up Fund
Deborah Waterhouse	Independent non-executive Director	CEO of ViiV Healthcare Member of the GSK Corporate Executive Team
Matthew Westerman	Independent non-executive Director	Director of MW&L Capital Partners Foundation Fellow of Balliol College, Oxford Trustee of the UK Holocaust Memorial Foundation

The Directors may, from time to time, hold directorships or other significant interests with companies outside of the Group which may have business relationships with the Issuer or the Group. Any actual or potential conflicts of interest between the duties owed by the Directors to the Issuer and their private interests and/or other duties that they may have, are managed according to the Group conflicts of interest policy.

Save as described above, there are no actual or potential conflicts of interest between the duties owed by the Directors to the Issuer and their private interests and/or other duties as at the date of this Prospectus.

Organisational Structure

The Issuer is the principal holding company of the Group. The Issuer's assets substantially comprise shares in, and loans advanced to, Group companies. It does not conduct any other business and is accordingly dependent on the other members of the Group and revenues received from them.

As far as is known to the Issuer, no person individually directly or indirectly owns or controls the Issuer.

However, the Schroder family have maintained a significant interest in the Group, which the Issuer believes has been a significant benefit to it. As at 28 February 2024, the interests of some members of the Schroder family were spread across a number of parties (collectively, the "**Principal Shareholder Group**"). The Principal Shareholder Group is comprised of a number of private trustee companies (and investment companies controlled by those trustee companies), a number of Schroder family individuals, and a Schroder family charity which, directly or indirectly, are shareholders in the Issuer. As at 28 February 2024, the Principal Shareholder Group held 711,068,586 ordinary shares (44.11 per cent. of the issued ordinary share capital) in the Issuer. As the Principal Shareholder Group is presumed to be acting in concert, it is required to enter into a binding agreement with the Issuer to comply with certain independence provisions as set out under the Listing Rules. On 14 November 2014, the Issuer entered into such an agreement (the "**Relationship Agreement**") with members of the Principal Shareholder Group holding ordinary shares at that time. Additional persons who have since become members of the Principal Shareholder Group holding ordinary shares have adhered to the Relationship Agreement.

Substantial shareholdings

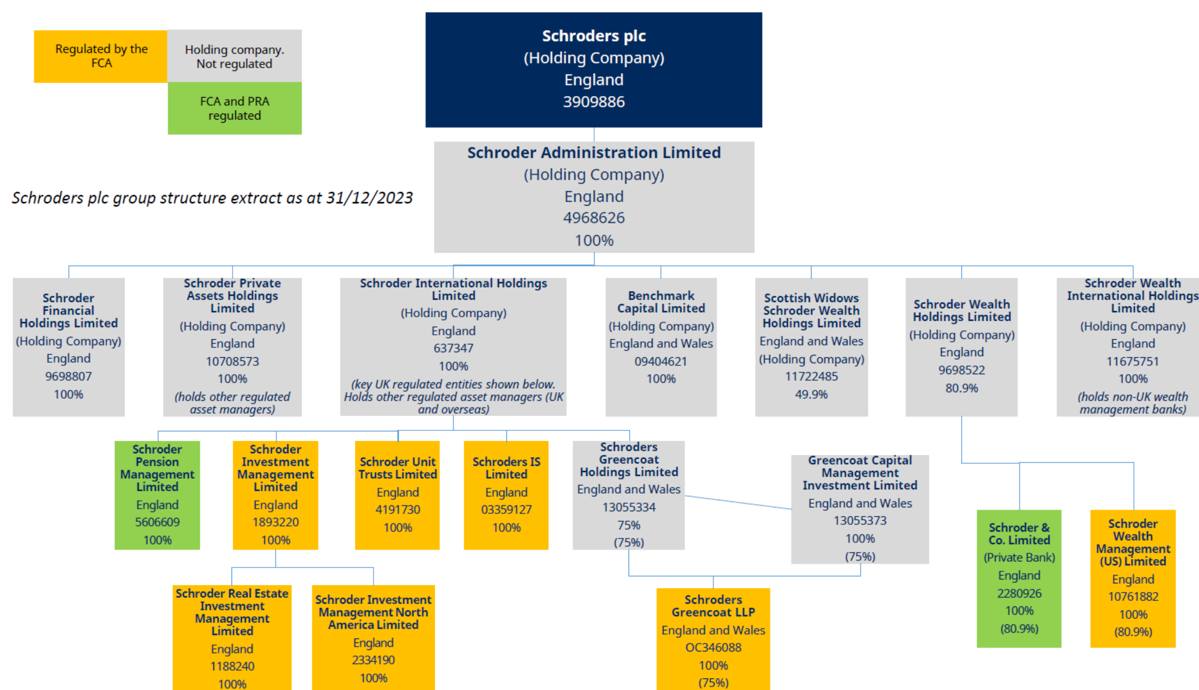
The table below shows the notifiable holdings of major shareholders in the voting rights of the Issuer, as at 31 December 2023, as disclosed to the Issuer in accordance with the Disclosure Guidance and Transparency Rules.

Shareholder	Percentage of voting rights held
Vincitas Limited[i]	24.18
Veritas Limited[i]	15.22
Flavida Limited[i]	24.27
Fervida Limited[i]	16.27
Harris Associates[ii]	5.02
Lindsell Train[ii]	4.99
HSBC Holdings Limited[ii, iii]	3.45
Sir Michael Kadoorie[ii, iv]	3.44

i. Vincitas Limited, Veritas Limited, Flavida Limited and Fervida Limited are party to the Relationship Agreement. Flavida Limited and Fervida Limited are protector companies and have made notifications as protectors of certain settlements, which include the holdings of Vincitas Limited and Veritas Limited.
ii. Lindsell Train Limited, Harris Associates L.P., HSBC Holdings Limited, and Sir Michael Kadoorie are not parties to the Relationship Agreement.
iii. HSBC Holdings Limited is acting as a corporate director for the underlying client.
iv. Shares are held through Orchid Equity Limited.

On 11 January 2024, Silchester International Investors LLP notified the Issuer that their holding had increased to 5.01 per cent. of voting rights held. They are not a party to the Relationship Agreement. No other notifications have been received from year end to 2 April 2024.

The following diagram is an extract of the Group structure as at 31 December 2023:[1]



[1] The ownership interest held by each entity's immediate parent company is shown by [ ] per cent. The ultimate ownership interest held by the Issuer in each entity is represented by ([ ] per cent.).

TAXATION

United Kingdom

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the Conditions). The following is a summary of the Issuer's understanding of current United Kingdom law and HM Revenue and Customs ("HMRC") published practice (which may not be binding on HMRC and is subject to change, possibility with retrospective effect) relating only to the United Kingdom withholding tax treatment of payments of interest in respect of the Notes, in each case as at the latest practicable date before the date of this Prospectus and in each case relating to the Notes. It does not apply where the income is deemed for tax purposes to be the income of any other person. It applies only to persons who are the absolute beneficial owners of Notes. This summary does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position are strongly advised to seek their own professional advice. Certain classes of persons such as dealers, certain professional investors, persons connected with the Issuer, or persons who have acquired their Notes by reason of their employment may be subject to special rules and this summary does not apply to such Noteholders.

References to "interest" refer to amounts treated as interest as that term is understood for UK tax law, and the comments below do not take any account of any different definitions of "interest" which may be created by the Conditions or any other relevant documentation.

Interest on the Notes

Payments of interest on the Notes may be made by the Issuer without deduction of or withholding on account of United Kingdom income tax while the Notes are and continue to be "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 ("**ITA 2007**"). The Notes will constitute "quoted Eurobonds" while they are listed on a "recognised stock exchange" within the meaning of section 1005 of the ITA 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of Part 6 of the FSMA in accordance with the provisions of Part 6 of FSMA by the FCA and are admitted to trading on the London Stock Exchange's Main Market.

In all other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Where Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest and, if so, may be subject to United Kingdom withholding tax as outlined in the paragraphs above.

Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any payments in respect of the accrued discount element on any such Notes will not be made subject to any withholding or deduction for or on account of United Kingdom income tax as long as they do not constitute payments in respect of interest.

The United States Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "**FATCA**", a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of FATCA to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Moreover, Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes and that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding in respect of foreign passthru payments unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under Condition 15 (Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including outstanding Notes issued prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Banco Santander, S.A., Barclays Bank PLC and Citigroup Global Markets Limited (the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 16 April 2024, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of their principal amount less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

Selling restrictions

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a client within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that client would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European

Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a client within the meaning of the Insurance Distribution Directive, where that client would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4(A) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notification under Section 309B(1)(c) of the SFA - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable securities laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by resolutions of the Board passed on 27 February 2024 and resolutions of a committee of the Board passed on 4 April 2024.

Listing

Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Main Market. It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Main Market will be granted on or about 19 April 2024, subject only to the issue of the Notes. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

The Issuer estimates that the total expenses related to the admission to trading of the Notes will be approximately £6,850.

Indication of Yield

Based upon an issue price of 100 per cent. of the principal amount of the Notes, the yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Reset Date, is 6.348 per cent. per annum on a semi-annual basis. The yield is calculated at the Issue Date and is not an indication of future yield.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2795388383 and the Common Code is 279538838. The CFI and FISN for Notes will be set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Notes (as applicable).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant / material adverse change

There has been no significant change in the financial position or financial performance of the Issuer or the Group since 31 December 2023 and there has been no material adverse change in the prospects of the Issuer or the Group as a whole since 31 December 2023.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have during the 12 months prior to the date of this Prospectus, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

Material contracts outside ordinary course of business

There are no material contracts entered into other than in the ordinary course of the Issuer Group's business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

Independent Auditors

The consolidated financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 have been audited in accordance with International Standards on Auditing (UK) and have been reported on without qualification by Ernst & Young LLP.

The independent auditors of the Issuer have no financial interest in the Issuer.

Ernst & Young LLP is registered to carry out audit work in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

Documents available

For so long as any Note remains outstanding, the following documents will be available for inspection on the Issuer's website at https://www.schroders.com, save where an alternative location is stated below:

(a) this Prospectus together with the documents incorporated by reference therein;

(b) the Trust Deed (which includes the form of the Global Certificate); and

(c) the up-to-date articles of association of the Issuer (accessible at: https://find-and-update.company-information.service.gov.uk/company/03909886).

Copies of this Prospectus and any documents incorporated by reference in this Prospectus will also be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at the following address: http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Conflicts of Interest

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their clients. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also

make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

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United Kingdom

TRUSTEE

Citicorp Trustee Company Limited
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United Kingdom

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

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To the Joint Lead Managers and the Trustee as to English Law

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