

## Annual General Meeting 2022 Statements from the Chairman and Group Chief Executive

### Michael Dobson – Chairman

---

The AGM is an important part of our shareholder communications programme. We have been unable to have shareholders attend the AGM in person for the last two years because of Covid restrictions. We did however facilitate attendance by phone and video for the last two years and I'm delighted that, with the lifting of restrictions, we are again able to welcome shareholders to attend in person here today. We have decided to retain the facility for shareholders unable to come in person to participate remotely via a live online broadcast. We will continue to offer you the choice of joining us in person or remotely in future.

Board succession is something we consider very carefully. Last year, we concluded our search for my successor, and in September, Elizabeth Corley joined the Board as a non-executive Director and Chair designate. Elizabeth will succeed me as Chair at the conclusion of today's meeting. In March, we announced that Paul Edgecliffe-Johnson will join the Board later this year as an Independent non-executive Director.

Earlier this week we announced that we will be putting forward proposals to enfranchise our non-voting shares. The Board has been reviewing our share structure for some time and we feel that now is the right time to enfranchise the non-voting shares. This will enable all shareholders who share the same economic risks and rewards to have the same voting rights. We believe it is in the best interests of all shareholders, and we are pleased to have an indication from shareholders representing over 47% of the ordinary shares, and over 40% of the non-voting shares, that they will support the proposals. We will be issuing a circular to shareholders in due course, which will contain the full details of the proposals, and we very much hope that all shareholders will give them their support. The reactions since we announced the proposals have been very positive.

### Peter Harrison – Group Chief Executive

---

Last year was a good year. It was a good year for our industry, and it was a particularly a good year for Schroders. For the year ending 31 December 2021, we reported £836 million of profit before tax and exceptional items, which was up 19% on the prior year. It was driven by strong performances in our Wealth Management business, in our Private Assets businesses, and also a very strong performance from our core Asset Management business. Assets under management reached £731.6 billion. That included £35 billion of new business that came into the group, where clients entrusted us with new money. We announced this morning, by way of update, that, at the end of March of this year, that number had risen further to £752.7 billion, which is, again, a new high.

Our dividend was 122 pence, up 7%, and we retained our strong balance sheet which has been a very important part of our appeal to clients and the optionality that we can have within the business to keep on investing throughout the cycle. I think what's absolutely key as an active manager is that we produce strong investment performance for clients.

79% of our funds outperformed their benchmarks over three years, which is a really important hurdle, and a very competitive number in the industry. We launched an important new brand, Schroders Capital, which is the sum total of all our Private Markets activities. To produce that good performance, we rely on being an attractive place to work. I'm delighted to say we have won Large Employer of the Year. 95% of our employees said they

were proud to work for Schroders. We signed the Black Talent charter and we reached our target of having 33% of our senior management as females. The proposition to our employees is working, and that number of 95% is a very, very long way ahead of even the best performing financial services businesses.

Key to those employees is that we play an active role in society. That is what drives a lot of our employee engagement. Many of our new fund launches last year were addressing social issues, addressing environmental change, addressing opportunities of the transitioning world, and being able to play an active role of directing finance to helping that transition. We actively helped our staff donate significantly to Covid relief and launched two funds directly aimed at Covid relief. Our Schroders Giving initiative earned a platinum award for the strength of participation we have and the amount of matching that we do for our employees around the world. Not only are we working well for clients, but the people behind that were very happy in their engagement. From a societal basis, I think that this partnership of working together worked really well last year.

I will now cover the proposed enfranchisement of our non-voting shares, which was announced earlier this week. Fundamentally, enfranchisement is a simplification. We have two classes of shares today, and we are going to move to having one class of ordinary shares. To do that, we are proposing to effectively give voting rights to non-voting shareholders and to compensate ordinary shareholders for the dilution of their voting rights through a bonus issue. Under the proposed terms of the enfranchisement, that bonus issue has been set at three additional shares for every 17 ordinary shares, which is very much in line with precedent. It is also in line with the advice that the Board received from independent advisors, and it is also the number which has resonated well with both shareholders, voting and non-voting.

The meetings to vote on the proposals will likely be held at the end of July, based on our current timeline. We are proposing the enfranchisement because a) it's a significant simplification and b) it will significantly improve the liquidity of our voting shares, which will open up new opportunities.

I would now like to spend a moment on our strategy and looking forward. We have a very strong position in the active management business, but we need to keep moving forward. We have set ourselves objectives to be leaders in sustainability. Our clients used to simply care about delivering performance for a certain level of risk. Increasingly, they care how we achieve that performance, and acting in a deliberate way to support transition is an important part of that. Being leaders in sustainability, creating a new product set to drive that, expanding our geographical reach, and growing our ability to advise all of the client's assets rather than just one narrow product has been the key to driving strong growth.

Alongside that, we have said we want to get closer to end consumers. Two and a half years ago, we announced a partnership with Lloyds Banking Group, which is going well and which focuses on advising the mass affluent. Cazenove continues to perform very well. On the other side, our clients are increasingly moving from public markets into private markets, which is long term, sticky money. We have made a number of acquisitions in that area, and what you have seen is a good growth last year. The strategy of being able to expand our reach both ways is moving forward.

I have said already that the transition to a sustainable world is absolutely key. Now, everyone in this room will have heard of the word 'greenwashing.' It's the act of talking about wanting to be part of a sustainable world and not doing it. So I wanted to emphasise some of the proof statements which we think are important. Most publicly, we've committed to having a science-based target. There are very few firms, certainly of our size, that have committed to a science-based target for that transition. Morgan Stanley rate our environmental, social and governance (ESG) activity as AAA, which is right at the top of the sector. Our carbon disclosure project rates as A-, which is a really high bar to get over, and we have been working hard, particularly in the area of natural capital, which we see as the next frontier. Financial markets can do so much, but addressing nature's own assets, we have signed the Natural Capital Investment Alliance.

A lot of new money we attracted last year was from people who wanted to invest sustainably. At the end of last year, we announced the acquisition of Greencoat Capital, which is a leader in both wind turbines and solar across the UK, but increasingly into Europe and the US.

I will just talk a little bit more about the three acquisitions which we made at the end of last year. During lockdown, we took a very cautious view of acquisitions, not being able to meet people. We want to make sure the cultural alignment between us and the businesses we are buying is there. That has been the defining issue of the businesses we have brought in historically.

The first acquisition, Cairn, was a very small deal but it allowed us to have a pan-European real estate offering. The second, Greencoat, is really important. We knew nothing about the tragedies in Ukraine when we bought it, but it looks to be very timely from a European perspective given the amount of capital which is going to go into changing power supply. Finally, the River and Mercantile Solutions Business has proven to be a real accelerant in advising all of the pension funds' assets. The week we announced this, we won three new mandates. It just speaks to people saying, 'We're ready for Schroders to be competing in the sector.' Three weeks ago, Lloyd's of London announced that we were going to end up entering into a very significant partnership, advising all of the Lloyd's of London assets, which is a big step forward.

I'll spend a moment on the outlook from here. Clearly, the world today is a very uncertain place, and our business is going to be impacted, as everyone else is being impacted, by the tragedies which are going on around the world, both from a war in Ukraine perspective, but also the tragedy of the cost of living rises, inflation and higher interest rates. Those will have a profound impact on markets. There is no way around that, but our job is to take a long-term perspective and invest through that for our clients who want long-term outcomes.

We believe that Schroders Capital will deliver between £7 to £10 billion of net new business this year. We anticipate delivering further strong growth in our Wealth Management business, another 5%+ net new business growth. We expect to have strong growth in our operations, particularly in China, where we have launched a new business and our Schroders Solutions business continues to go forward with Lloyd's of London. While the environment is difficult, long-term investing and active management is alive and well. So for the long-term, we will continue to invest behind those and see positive momentum.

I think people will be aware that this is Mike's last AGM. In 2001, Mike joined the Board in April, and was made Chief Executive in November. The report and accounts of that year show that the business lost £8.1 million. The Investment Bank had just been extracted, clearly, a huge amount of talent taken out of the business. 6% of assets flowed out of the business that year. It was 90% institutional, and it was a business under some pressure, with strong values, but needed a lot of work. Assets under management were £110 billion. The dividend per share was 18.5 pence, and the share price was £7. If we look 20 years on, the profit after exceptional items has gone from a loss of £8.1 million to £764 million. The assets under management have equally grown about sevenfold, to £752.7 billion, and the dividend per share is up another fivefold, at 122 pence. So, a remarkable transformation. I just wanted to share those figures with this audience because it's 20 years of proper progress. Thank you.