



# An employer of choice

**We are proud of our reputation as an employer of choice. We encourage an open, collaborative and meritocratic working environment in which everyone has the opportunity to fulfil their potential. We engage employees over the long term by providing challenging work and supporting development opportunities.**

Our people strategy is aimed at developing an agile workforce as we continue to attract, retain, develop and motivate the right people for our current and future business needs. We encourage diversity and an inclusive workplace to create a positive environment for our people.

Our approach to business is defined in our guiding principles, which we share with all employees, and includes our values of excellence, innovation, teamwork, passion and integrity. Our values are a key part of the Schroders culture – they define the high standards of behaviour that we expect from our people and are embedded in our appraisal process.

## Diversity of thought

Talented people who can understand and embrace different perspectives are crucial to our continued success. This means attracting, retaining and developing a diverse team regardless of age, gender, sexual orientation, disability, religious beliefs or other characteristics. Our Group Chief Executive is committed to ensuring we foster an inclusive culture of diversity across our global workforce.

As we look to expand our diverse talent pool, we have taken a number of key measures, including:

- Ensuring that our entry level assessment centres are gender balanced;
- Providing training to managers on diversity issues and unconscious bias;
- Providing internal and external mentoring programmes to encourage diversity; and
- Offering maternity and paternity coaching, shared parental leave and flexible working policies to help support employees with children.

A series of employee resource groups have been established, which are an important part of our approach to diversity and inclusion. They include gender and sexual orientation, disability, mental health, carer and multi-cultural groups that are a key feature of our identity as an inclusive place to work.

We are committed to providing equal employment opportunities and combating discrimination. Where possible, we monitor the ethnicity, age and gender composition of our workforce and those applying for jobs.

We were amongst the first signatories to the 2016 Women in Finance Charter. We achieved our initial target of 30% women within senior management during the first quarter of 2017, though at year end the figure had fallen back to 29% as a result of minor restructurings within the firm. We are now targeting 33% by the end of 2019. More information on female representation and our gender pay gap can be found on page 78.

In line with our equal opportunities policy, we give fair consideration to all employment applications, including from disabled people, considering particular aptitudes and abilities. If employees become disabled, employment continues wherever possible, with retraining given if necessary. For the purposes of training, career development and progression, all employees are treated equally as part of our commitment to making Schroders an inclusive place to work. More on our approach to diversity and inclusion can be found at [schroders.com/inclusion](http://schroders.com/inclusion).

We are proud to be an accredited London Living Wage employer. All of our London-based employees, including contractors, are paid above the London Living Wage.

## Gender diversity

2017 (2016)	Female	Male
Directors of Schroders plc	3 (2)	8 (7)
Senior managers <sup>1</sup>	238 (220)	580 (541)
Subsidiary directors <sup>2</sup>	9 (8)	37 (34)
Total senior management	247 (228)	617 (575)
All employees	1,876 (1,634)	2,743 (2,386)

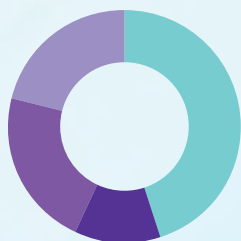
1. Senior managers excludes the executive Directors of Schroders plc and includes some individuals who are also subsidiary directors.
2. Subsidiary directors comprises directors of subsidiaries who are not classified above as senior managers or Directors.

## Board policy on diversity

The Board recognises the importance of diversity and that it is a wider issue than gender. We believe that members of the Board should collectively possess a diverse range of skills, expertise, industry knowledge, business and other experience necessary for the effective oversight of the Group. The Nominations Committee considers diversity as one of many factors when recommending new appointments to the Board. Whilst we currently have three female Directors representing 27% of the Board, the Board aims to have a minimum of 33% of Board positions held by women by 2020. We also endeavour to only use the services of executive search firms who have signed up to the Voluntary Code of Conduct on Gender Diversity.



## Employees by length of service



< 4 years	45%
4 years to < 6 years	12%
6 years to < 10 years	22%
≥ 10 years	21%

## Employee opinion survey 2017

**90%**

of employees recommend Schroders as a good place to work

**94%**

of employees are proud to be associated with Schroders

**93%**

believe Schroders behaves responsibly towards our clients

## Employee wellbeing

We have a multi-generational workforce and it is vital that our people are provided with the support and opportunities they need to optimise their health and wellbeing.

As well as being members of several thought-leadership networks, we provide a comprehensive calendar of wellbeing events for our people across five key areas: mind, workplace, body, financial and work-life balance. There is also extensive resilience and mental health training embedded within our learning and development programmes.

## Engaged and highly motivated employees

During 2017 we carried out a firm-wide Employee Opinion Survey. The results demonstrate that our employees are engaged with their roles, understand our values and believe that we behave responsibly towards our clients.

We have continued to invest in our corporate communications during 2017, as we recognise that good communication is key to delivering high levels of engagement. It helps employees to understand and deliver our strategic objectives. We communicate regularly through a variety of channels, including management briefings, videos, an internal magazine and a social intranet. Annual 'Inside Schroders Live' meetings are held with the Group Chief Executive to discuss the progress made by the business and future objectives and challenges. Similar events are held across our offices globally.

## High ethical standards

We promote high ethical standards and have a strong culture of doing the right thing for our clients, our employees, our shareholders and other stakeholders. If an employee does have any ethical concerns, we have a whistleblowing policy, through which they can raise them. A widely publicised 24-hour hotline is available for employees to report any concerns anonymously. Personal securities trading by employees is subject to clearly defined internal policies.

Employees are not permitted to solicit or accept any inducements that are likely to conflict with their duties. We have policies in place and train employees on identifying potential tax evasion, gifts and entertainment, anti-money laundering, awareness of terrorist financing, anti-bribery, market integrity and data protection. Due diligence is undertaken before entering any material new client relationship and this is enhanced for higher risk countries, entities or individuals.

## Retaining our talented people

We have a highly engaged, experienced and stable workforce, with 43% of employees having been with the firm for six years or more. Overall turnover in 2017 was 9% (2016: 9%). We focus on retaining our most talented employees and our retention of high performing employees remains high at 94% (2016: 95%).

Over 23% of roles across the Group were filled with internally developed talent (31% in the UK), as we provide our employees with the opportunities and experience they need to achieve their full potential. We invest heavily in developing their knowledge, skills and capabilities. Employees have access to a range of learning and development programmes in order to maintain and increase technical competence in their roles and align behaviours with our values.

As part of the Investment 2020 programme, Schroders provides opportunities for school leavers and graduates across the business. More than half of our 2016 trainees progressed to full time roles and the majority of those that did not stay at Schroders went on to attend university. In 2017 we also introduced our inaugural apprenticeship programme, which provides permanent roles for school leavers, with tailored training.

Competitive remuneration that reflects the performance of each employee and of the firm is important in retaining our people. Our approach is explained in the Remuneration report on pages 62 to 90.





## Our impact on society

# Committed to shaping future prosperity

**Although our overall purpose is to help our clients build future prosperity, we also recognise the responsibility we have to wider society and other key stakeholders. We have always believed that demanding high levels of corporate responsibility (CR) is the right thing to do for a principle-led business such as Schroders.**

**More details on how we have engaged with our stakeholders can be found on page 53.**

We view CR as the management of all of the environmental, social, governance (ESG), economic and ethical issues that make up our relationships with stakeholders and society. The development of our CR strategy has continued throughout this year, reinforcing our commitment to act responsibly and contribute to society.

Following a review of the United Nations' (UN) 2030 Agenda, we are supportive of the aims of the 17 Sustainable Development Goals which represent a comprehensive agenda for addressing the world's societal challenges. In 2017, our impact and commitment across a number of these areas has been demonstrated through work with our communities, our clients and the environment. Further information on our approach can be found in our Sustainability Annual Report at [schroders.com/sustainability](http://schroders.com/sustainability).

### Our communities

Social mobility was a key theme for us in 2017. We achieved a top 50 ranking in the UK's first Social Mobility Employer Index for our work supporting high achievers from non-privileged backgrounds. We partnered with the Social Mobility Foundation and disability charity Action For Kids to deliver three successful 'Futures Days'. These provided insight into the asset management industry and world of work for high-achieving students from low income backgrounds and young adults with physical or learning disabilities. We also worked with both charities to launch internal work placement programmes across the business, and Action For Kids awarded Schroders an 'Inclusive Gold Partner' award at its annual recognition event.

### Human rights

We aim for high standards of governance throughout the firm. We recognise the responsibility we have towards our stakeholders, including our employees and society as a whole, as well as the expectations of our clients and regulators. Our business model is intended to fully comply with applicable human rights legislation in the countries in which we operate.

Schroders is strongly opposed to slavery and human trafficking and will not knowingly support or conduct business with any organisation involved in such activities. Our business is undertaken predominantly in countries with a clear commitment in this area and the vast majority of our major suppliers are headquartered in low risk countries. As a responsible investor we have examined modern slavery risks across our holdings in high risk sectors.

As an asset management firm with relatively simple supply chains, predominantly comprising business and professional services organisations, we believe that there is low risk of slavery or human trafficking taking place within our supply chain. Nevertheless, we use a combination of supplier due diligence, employment policies and employee training to support this. More information can be found in our Slavery and Human Trafficking Statement at [schroders.com/slavery](http://schroders.com/slavery).

### Charitable giving

We are proud to support the communities in which we operate and actively encourage our employees to do the same. We have a long history of positively contributing to local communities through donations and employee time. In 2017 we donated £2.0 million to charitable causes around the world (2016: £1.5 million), £783,000 of which was outside the UK (2016: £464,000). Our emphasis remains on supporting our employees through Give As You Earn payroll giving and in the UK 29% of our employees donated to charitable causes in this way (2016: 29%). We also offer fundraising matching to support employee fundraising efforts.

In addition to financial donations, we have provided gifts in kind, organised frequent charitable collections and encouraged our employees to share their knowledge, skills and capabilities with charitable organisations through volunteering. To support our employees giving back to communities, we offer time matching for volunteering hours completed outside of working hours, and up to 15 hours of volunteering leave a year. Last year employees globally volunteered over 1,000 working hours.

### Our clients

Social and environmental change is happening faster than ever. The challenges posed by climate change, inequality and demographics are sizeable.

For fund managers navigating this backdrop, consistently delivering positive investment outcomes can be challenging. We believe that taking a sustainable approach is key to managing this challenge. We focus on identifying well-managed businesses, understanding the risks and opportunities of environmental and social change, and actively engaging to improve company behaviours and governance.



### Some examples of fundraising and volunteering undertaken around the world in 2017:



#### UK

Our London offices joined forces with the wider asset management industry to support the 2017 CASCAID appeal, raising money for Cancer Research UK. After matching, we contributed over £200,000 of the total £2.4 million raised with a number of employee-led events, including a team abseil of Broadgate Tower in the City of London. Speaking about the initiative, Phil Middleton, Co-Head of UK Intermediary and CASCAID Ambassador, said: "It has been a fantastic initiative getting the whole industry together, clients and competitors alike."



#### North America

Our US digital team organised a STEM (science, technology, engineering and mathematics) volunteer day at a lab built for children with special educational needs. The team spent a day working with children on new technology including 3D printers and robotic arms. Josh Draper, Developer, said: "Spending time volunteering in an area outside your normal routine enriches our lives beyond anything we can imagine. Using our volunteer days gives a real example of how employees can leverage this great benefit to help others."



#### Asia Pacific

In partnership with Hondao Senior Citizen's Welfare Foundation, employees in our Taipei office ran a series of free financial fraud education seminars for senior citizens. To make their sessions more engaging, the team partnered with a local opera group and produced their own performance to encourage audience participation. A Hondao employee said: "The senior citizens were so involved and enjoyed the experience – it really attracted their attention."

## Our impact on society continued

Our commitment to integrating ESG factors into our investment process began in 1998. We now have a team of 12 people working across asset classes and geographies. ESG factors are integrated in our core investment processes and we are launching new funds designed to meet client demand for a more sustainable investment approach.

### Stewardship

In 2017 we engaged with companies more than 1,000 times on ESG matters – an increase of over 100% from two years ago. We have addressed a wide range of issues ranging from cyber risk to responsible lending in auto finance. We voted at over 5,000 company AGMs around the world, and our votes against management have increased in recent years.

In 2017 we were ranked as the top European Asset Manager for Responsible Investment performance by ShareAction. We also received a UNPRI A+ ranking for strategy, governance, equity, credit, fixed income and sovereign fixed income and an A for real estate.

We are also a founding signatory of the 'Climate Action 100+' initiative, a five year collaborative engagement project to engage over 100 of the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

As well as our quarterly and annual reports, we regularly publish thematic research, and our voting records at [schroders.com/sustainability](http://schroders.com/sustainability).

### Climate change

Climate change is a major investment risk and one to which we are devoting increasing resources. A solution will require co-operation across the stakeholder groups, including clients, companies and policymakers.

We are committed to reporting in accordance with the Task Force on Climate-related Financial Disclosures recommendations and have also signed up to a Global Investor Statement on Climate Change. This group is committed to taking steps towards a low carbon and climate resilient investment approach.

In 2017 we wrote to 125 non-disclosing companies outlining the importance of transparency and disclosure of their exposure to climate risks and opportunities. We have also supported 50 climate related shareholder resolutions, including co-filing at Exxon to request improved disclosure on the impact of public climate change policy on the business.

More information on our approach to climate change and related investment issues can be found at [schroders.com/climatechange](http://schroders.com/climatechange).

### The environment

As part of our commitment to responsible consumption and production, we aim to minimise the impact that our own business has on the environment. We constantly review opportunities to minimise the environmental impact of our operations and to deliver continuous improvements in our environmental performance.

In 2015, we set renewable energy targets for the first time. We achieved our target of sourcing over 60% of our global electricity supply from renewable sources by the end of 2016. We have recently signed up to the Climate Group and CDP's RE100 initiative, which brings together more than 100 businesses globally. As part of this commitment, we are aiming to increase our use of renewable energy to 75% by 2020 and 100% by 2025. By the end of 2017 we had reached a total of 70% renewable energy globally and we anticipate our membership of RE100 will help us towards our final goal.

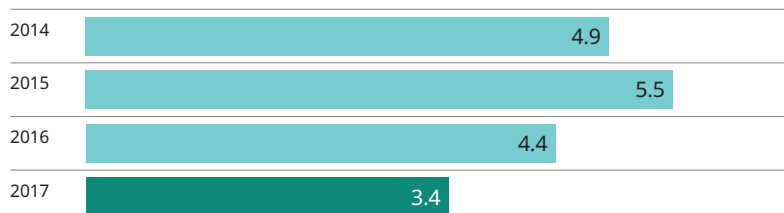
We continue to participate in the Dow Jones Sustainability Index and the CDP climate change program and have demonstrated a continual reduction of our electricity consumption, achieving the Carbon Saver Gold standard for the last 10 years.

We use DEFRA's conversion factors to calculate our CO<sub>2</sub>e emissions for all consumption apart from overseas electricity, for which we use the International Energy Agency's conversion factors as recommended by DEFRA. Our data has been verified and further information is disclosed in our CDP submission. Our total carbon output in 2017 has reduced by 9.6%.

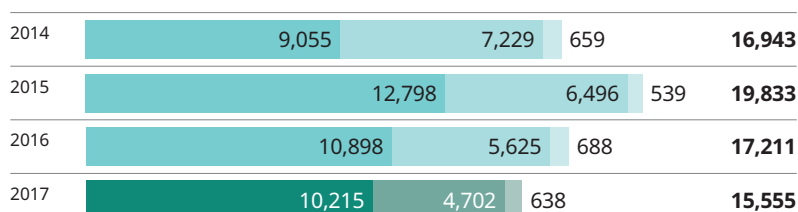
For the last three years, we have used the internationally accepted GHG Protocol Corporate Standard for reporting.

We continue to prepare for the transition to our new UK headquarters at 1 London Wall Place, which provides opportunities for some notable improvements in energy and water usage and access to high quality green spaces.

### CO<sub>2</sub>e emissions per employee (tonnes)



### Total CO<sub>2</sub>e emissions (tonnes)



- Scope 1: Natural gas, oil and company-owned vehicles
- Scope 2: Electricity
- Scope 3: Business travel

## Our approach to tax

We aim to comply with both the spirit and letter of the law and are committed to conducting our tax affairs in an open and transparent way.

This means that we comply with our tax filing, reporting and payment obligations globally. We also seek to maintain good relationships with the tax authorities in the jurisdictions in which we operate. This may take the form of discussing key developments in our business and the potential impact of those developments on the amount of tax we pay.

From time to time, our views on the appropriate tax treatment in any given situation may differ from those of the tax authorities. Where this occurs, we work constructively and proactively to achieve an early resolution. We comply with the UK's Code of Practice on Taxation for Banks and are treated as 'low risk' by HM Revenue & Customs.

We believe it is important that businesses behave responsibly and build trust within society regarding their role and contribution on tax. With this in mind, we support initiatives to improve international transparency on taxation matters, including the Organisation for Economic Co-operation and Development measures on country-by-country reporting and automatic exchange of information.

Our tax strategy, available at [schroders.com/taxstrategy](http://schroders.com/taxstrategy), sets out our approach to tax matters across the Group more generally. This strategy is reviewed and approved annually by the Audit and Risk Committee.

### Taxes borne

Taxes borne include corporate income tax on the profits arising in each country, indirect taxes such as value added tax on our expenses and payroll taxes on our employees' remuneration.

The total tax borne by the Group in 2017 was £250.4 million (2016: £225.3 million).

### Taxes collected

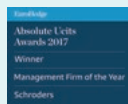
Companies also have an important role in collecting and administering taxes on behalf of governments, where the cost of the tax is borne by others. This includes income tax and social security payments deducted from our employees' remuneration and indirect taxes charged to our clients.

The total tax collected in 2017 was £238.4 million (2016: £228.8 million).

Total taxes borne and collected in 2017 were £488.8 million (2016: £454.1 million).

Further information on the taxes borne and collected can be found at [schroders.com/taxtransparency](http://schroders.com/taxtransparency).

## Corporate awards



EuroHedge Absolute UCITS Awards – Management Firm of the Year



Funds Europe Awards – Digital Brand of the Year



Investment Week Marketing and Innovation Awards – Marketing Team of the Year



Investment Europe Fund Manager of the Year Awards – Group of the Year



Fitch Rating Investment Management Quality Rating: Excellent



Magic Circle Awards – Charity Investment Manager of the Year

## Membership and awards



We received the Payroll Giving Quality Mark Platinum Award.



We have signed up to the RE100 initiative, committing to increase our use of renewable energy to 100% by 2025.



We signed the Women in Finance Charter in May 2016, a pledge for gender balance across financial services.



We are an accredited London Living Wage Employer.



We are a member of the City Mental Health Alliance (CMHA).



We are included in the FTSE4Good Index series.



We are a member of OUTstanding, the professional network for LGBT+ executives and future leaders and their allies.



We participate in the CDP's climate change program.



We are a member of The Business Disability Forum.



We are a member of Working Families, the UK's leading work-life balance organisation.



We are a signatory and association member of UN PRI.



We are included in the Dow Jones Sustainability Indices (DJSI).