

Our people are central to our unique culture and working environment

Enabling everyone to work at their best contributes to our overall success as a business and we continue to focus on developing careers, ensuring inclusivity and mental wellbeing

Our values

We strive for excellence

Being good at what we do is a powerful way to create value for all our stakeholders and secure a long-term future for our business.

We promote innovation & teamwork

We challenge how things are done, anticipate future opportunities and understand that to deliver this value it will take collaboration and a healthy respect for individual skills.

We have passion & integrity

We are realistic about what we can achieve, but are ambitious too, approaching everything we do with energy and drive. This sits alongside an openness and responsibility to deliver on our promises.

91%

of employees are proud to be associated with Schroders



Our culture is one of our greatest strengths

We believe that people remain at the heart of investing and our long-term focus is on retaining, developing and attracting the right talent for our current and future business needs. To achieve this we concentrate on our sense of purpose, our working environment and quality of work, and strive to provide a positive, inclusive and collaborative culture for this key stakeholder group to thrive within.

We measure our effectiveness by actively seeking feedback via multiple channels to ensure we evolve our employee proposition alongside our business strategy. Our intention is to provide the best possible environment, where regardless of role, location or background all employees can realise their potential.

2019 at a glance*

Our people around the world



UK	58%
Europe, Middle East and Africa	17%
Americas	18%
Asia	7%

Schrodgers is widely seen as a good place to work

87%

would recommend Schrodgers as a good place to work

We focus on retaining our most talented employees

94%

retention of high-performing employees

An engaged and motivated workforce

Proud to work at Schrodgers

91%

are proud to be associated with Schrodgers

Inclusive environment

83%

feel they are treated with fairness and respect

Believing in our purpose

88%

believe strongly in Schrodgers' goals and objectives

Value wellbeing

81%

believe Schrodgers' management is interested in the wellbeing of employees

Strong diversity values

82%

feel that Schrodgers recognises and values diversity among its employees

Opportunities for personal development

78%

feel they have the opportunity for personal growth and development at Schrodgers

* Statistics quoted are based on responses from our 2019 Employee Opinion Survey.

Employer of choice

We seek to be an employer of choice by providing a collaborative and innovative culture where everyone can thrive. We focus on delivering and enhancing our experiences across the employee lifecycle, creating an environment where people can do their best work and producing the sustainable outcomes our clients and shareholders expect from us.

Our purpose

As a global investment manager, we recognise that we have an important part to play in shaping the future for all our stakeholders. Our focus on doing the right thing for our clients, our people and wider society lies at the centre of our culture and so we are committed to delivering positive outcomes for all.

We see our purpose as creating a better future by investing responsibly for our clients.

We have built a diverse team of individually-minded people who work together to bring more insightful perspectives for our clients. In a fast moving, data-driven world we have the ingenuity and intuition to capture insights and identify the trends that will shape the prosperity of individuals, businesses and future generations.

Connecting with our people

Our Group Chief Executive leads the effort to ensure our people are aware of the factors affecting the Group's performance. In 2019, this started with a global session to reflect on our achievements, the Group's overall performance and to provide clarity on strategic areas of focus.

At the release of our Gender Pay Gap report in March, and at the announcement of senior management changes in September, our Group Chief Executive again takes the lead. These sessions have employee Q&A, with subsequent videos, intranet articles and podcasts being released to provide content in accessible ways. We provide on-going communications with our quarterly in-house magazine and use our recently refreshed interactive intranet to allow employees to share views and get actively involved.

In 2019, we created a global employee forum in addition to our UK employee forum. This new body enables the voices of our people to be heard directly by our Board of Directors. 12 appointed representatives from across Asia, Europe and the Americas meet twice a year with the designated non-executive Director, Ian King. The remit of this forum is intended to cover Group strategy; financial performance; diversity and inclusion; employee engagement; and other such items.

Our employee opinion survey runs annually with Directors briefed on the results and our Group Chief Executive engaging with our GMC members on accountable action plans designed to actively respond to employees' sentiments. We then continue to measure engagement in those respective functions and take further actions as necessary.

Opportunities to develop and grow

Our ongoing success is driven by our people and providing them with the resources to reach their full potential is critical to our employee engagement. We aim to do this through different experiences such as rotations and job shadowing as well as offering the tools and resources they need to grow. We see this as a key driver in executing our business strategy and continue to take steps to future-proof our workforce for an ever changing world.

Offering digital learning

Our global learning management system, Spark, launched in late 2018. Its success is reflected in continued engagement with the platform; on average around a quarter of our workforce is accessing content every month, reflecting our learning agility and keen desire to develop and grow. Employees are able to create their own playlists of content around topics to share with others, with over 180 created since launch.

Building skills for the future

We appreciate that our employees want guidance on their future careers. Therefore we run global learning and career weeks, giving employees opportunities to build skills for the future and better understand how to manage and drive their careers. Over 100 sessions saw around 1,500 employees participate in a mixture of virtual, in-person and digital sessions to broaden their development.

Supporting our managers

We believe our managers are critical in helping us deliver the best working environment for our people, driving employee engagement and championing change as we continue to grow and adapt as a business. A set of manager expectations launched this year gives them a framework to understand how to succeed. Our formal learning programmes have been redesigned around this framework, to offer a consistent experience across our offices. We have also given managers the ability to seek feedback on these expectations as part of encouraging ongoing dialogue at any time throughout the year.



Employee development

Developing talent at every level of the organisation continues to be part of our people strategy. Our early careers programmes, with investment in apprentices, trainees (as part of the Investment 2020 scheme) and graduates, help build our pipeline of new talent.

Of the graduates who have joined since 2010, 64% are still at Schroders, reflecting the unique proposition that our programme offers. From a new talent scheme that brings together potential future leaders from all over the world to participation in initiatives that build external perspective at mid and senior levels of the organisation, we are focused on developing our leaders with the right skills to face the coming years.

Mobility and succession planning

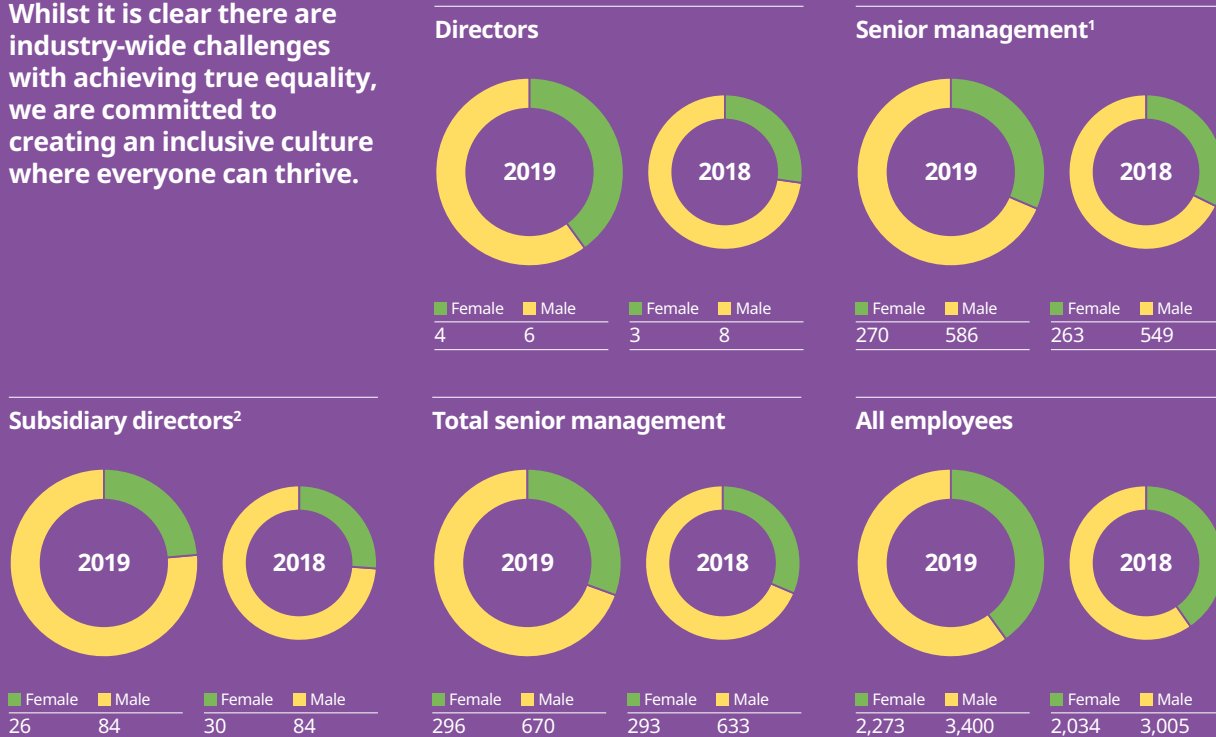
We know that gaining different experiences is a key part of career development at Schroders and look to fill our open roles with internal candidates where possible. In 2019, 25% of our hires were filled in this way. This offers people the chance to take more responsibility, learn new areas of the business and also to put new skills into practice. A key outcome of mobility is also internal succession. Growing and developing our people has enabled us to make several key management changes internally. These highly skilled individuals have a deep understanding of the organisation and are able to make an immediate impact.

Creating the right environment for all

We are committed to fostering an inclusive culture and the continuous encouragement of greater diversity in our global workforce is championed by our Group Chief Executive. Talented people who can understand and embrace different perspectives are crucial to our continued business success. This means attracting, retaining and developing a diverse team regardless of age, gender, ethnicity, sexual orientation, disability, religious beliefs or other characteristics.

Gender diversity statistics (2018 vs. 2019)

Whilst it is clear there are industry-wide challenges with achieving true equality, we are committed to creating an inclusive culture where everyone can thrive.



1. Senior management includes members of the GMC, the direct reports of members of the GMC and the direct reports one level below that, in each case excluding administrative and other ancillary roles. In the charts above, the data excludes the executive Directors of Schroders plc and includes some individuals who are also subsidiary directors.
2. Subsidiary directors comprise directors of subsidiaries who are not classified above as senior management or Directors of Schroders plc.
3. Total senior management in the charts above is the sum of the senior management and subsidiary directors categories.
4. All employees include permanent and temporary staff.

We recognise that each individual needs to be able to benefit from an environment that allows them to manage the balance in their lives and we are rolling out flexible working policies globally so employees feel supported and included.

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.

In line with our longer-term plans, we achieved our initial target of 30% females within senior management positions during the first quarter of 2017 and at the end of December 2019 reached 32%. This is just short of our 33% target.

In keeping 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.

We are proud to have been a Living Wage accredited employer in the UK since 2015. All of our UK-based employees and contractors are paid above the real Living Wage.

Employee-led inclusion

We have 13 active Employee Resource Groups across our business, including gender equality, sexual orientation, disability, mental health, religion and ethnicity groups. They are a key feature of our identity as an inclusive place to work. Additionally diversity and inclusion (D&I) is owned in the business both via functional D&I groups and in-country employee-led Diversity & Inclusion Councils outside of the UK (including Singapore, Hong Kong, Japan, Australia and North America). Recognising the changing generational dynamics of the workplace, our newest Employee Resource Group, Millennials@Work, was set up in the Asia Pacific region this year.

Members not only run events to celebrate their heritage but also work together to raise awareness around challenges that under-represented groups might face. As part of our Career Week 2019, our Employee Resource Groups collaborated to bring together a panel of external and internal leaders (Levelling the Playing Field for Ethnic Minorities) to dispel some of the myths and discuss challenges around career progression.

Inclusion embedded in the employee lifecycle

We believe that each step of our employee experience should be considered with a view to creating an inclusive organisation. This includes being thoughtful about our policies – for example offering both maternity and paternity coaching and shared parental leave – as well as implementing changes to continue to allow for a diverse workforce and reduce bias.

We are proud to have been part of the inaugural Bloomberg 2019 Equality Index in January 2019, which recognises us as a leader in advancing gender equality globally.

In 2019, we have:

- Reduced bias by changing our early careers recruitment using a newly designed digital assessment and removing use of traditional CVs until assessment centre stage
- Designed a new talent development experience whereby employees are able to self nominate and go through an objective assessment to participate in a Future of Work workshop, as well as gain developmental coaching to support their career progression.

A fit and healthy work environment

We have a multi-generational workforce and it is vital that our people are provided with support and opportunities to optimise their health and wellbeing. By focusing on education and prevention, we try to reduce the risk of future health problems developing and encourage healthier life choices.

We support our people across five key areas: mind, workplace, body, financial and work-life balance. In 2019 we held events across our global network, including:

- A month long 'Move More and Count It!' physical activity challenge, to encourage individuals to increase their general activity levels, improve awareness around the impact of sedentary behaviour and drive team spirit
- For Mental Health Awareness week, we launched a new e-learning module 'Wellbeing in the Workplace', combining drama with real life experiences and expert advice. The learning modules 'Wellbeing in the Workplace' and 'Active Listening' were developed by Samaritans using the same principles by which they train their volunteers. On Global Mental Health day in October, we rolled out a Global Employee Assistance Programme to help ensure employees are provided with access to free, independent and confidential support, including short-term counselling.

In the UK, over 40 colleagues have qualified as mental health first aiders and our aim is to expand this initiative to other locations. Since 2017, we have supported the Lord Mayor's Appeal Green Ribbon Campaign and encourage our people to wear a green

ribbon as a sign of their support to help end the stigma and show colleagues that they care about their mental health and wellbeing. Also, we are proud to have signed up to the Mental Health At Work Commitment.

Case study: Our award-winning workplace

In November, we won the Best Workplace Design at the Business Culture awards, for our head office in London. The judges were impressed with the way the building was designed to encourage collaboration, as well as positioning employee wellbeing at the heart of the project. Factors such as daylight and lighting, air quality, noise and biophilia were carefully considered. High quality amenities include a Health, Fitness and Wellbeing Centre with onsite gym, spin studio, fitness studio and multifunctional clinical treatment including private dentist, GP, nurse, physiotherapists, and cognitive behavioural therapists. The building contains a number of open air terraces with gardens created to support natural wildlife and to encourage healthier ways of commuting we have facilities for those who want to cycle or run. Our goal was to ensure the new workplace is one that our people are proud of and they enjoy coming to work.

Focus on conduct

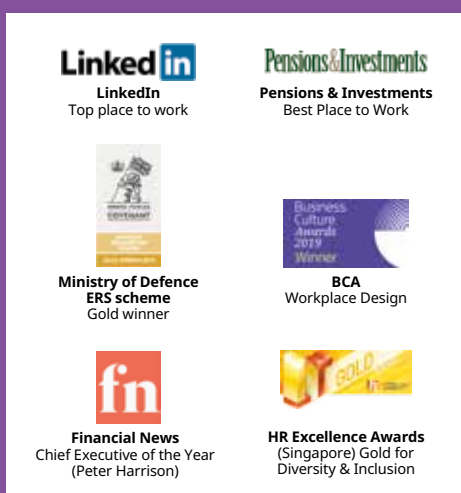
We understand the importance of doing the right thing for our clients, employees and shareholders, and to embed this each employee has a conduct goal as part of their annual objectives.

We have a whistleblowing policy, under which employees can report any concerns. A widely publicised 24-hour external hotline is available to allow them to do so anonymously. Personal securities trading by employees is subject to clearly defined internal policies. Employees are not permitted to solicit or accept any gifts, entertainment or inducements that are likely to conflict with their duties. We have policies in place and train employees on identifying potential tax evasion, 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.

Aligning reward to our values and our clients

Competitive benefits and remuneration that reflects the performance of each employee as well as the business is important in retaining our people. Our approach is explained in the remuneration report on pages 72 to 108.

Key awards in 2019



Key memberships and partnerships





**Our decisions and actions
can make a real difference
to wider society**

**We are committed to improving futures for those
around us and support programmes and initiatives
that have lasting impact**

Ensuring diversity of thought through diversity of action

Key achievements in 2019 include

Carried out more than 1,750 ESG engagements

Volunteered 1,707 work hours

Committed to net zero carbon emissions from 2020

100%

**ESG integration
across our managed
assets by end 2020**



Committed to creating positive impacts

The impact we have on society and the environment is at the centre of our approach to corporate responsibility. We focus on driving progress and improving futures across each of our identified stakeholder groups with sustainability remaining a priority.

Social and environmental issues have become fundamental factors to consider for any organisation or business. Stakeholder expectations demand that they are considered and increasingly legislation and regulation seek to address some of the more pressing issues, such as climate change, human rights and corruption. Sustainability as a concept is now mainstream for many organisations, with notable leadership from the United Nations with its 17 Sustainable Development Goals (SDGs).

Towards the end of 2019, we signed up to the UN Global Compact, the world's largest corporate sustainability initiative, which calls on companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. As a signatory we have committed to do business responsibly by aligning our strategies and operations with its ten principles and take action to advance broader societal goals, such as the UN SDGs, with an emphasis on collaboration and innovation.

In defining positive outcomes, we use the SDGs as our benchmark, recognising their role in setting truly global objectives. While an issue like climate change may already demand specific focus for us, as a global investment business we should aim to progress most, if not all, of them while we go about our work.

Our immediate stakeholders include our clients, shareholders, people, suppliers, service providers, investment funds, investee companies and the communities in which we operate. We also have clear responsibilities to general society and the environment.

A positive impact towards improving futures is what we want to achieve for each of these groups. This applies to both engaging on sustainability with investee companies as well as reducing our carbon footprint, and supporting our people volunteering their time to break down barriers to education and employment.

Our approach to society

Human rights

Respect for human rights is fundamental to contributing properly to society and is central to the responsibility we have towards our stakeholders. Our business model is designed to comply with applicable human rights legislation in the countries in which we operate and, as a signatory to the UN Global Compact, we fully support the United Nations' Guiding Principles on Business and Human Rights. This applies equally to our own people and any individuals with whom we have contact through our operations.

We are strongly opposed to slavery and human trafficking in any form and we actively manage our supply chain so that our zero tolerance approach to human rights abuses is maintained. We provide specific training for everybody involved in managing our suppliers and service providers. Whilst our business is undertaken predominantly in countries with a clear commitment in this area and the majority of our suppliers are headquartered in low-risk countries, we have additional due diligence procedures in place where the risk is higher. More information can be found in our Slavery and Human Trafficking statement at schroders.com/slavery.

As a responsible investor, we include human rights assessments in our evaluation of companies from a sustainability perspective. This includes specific modern slavery assessments across our holdings in higher-risk sectors.

We launched an employee photography competition focused on the 17 UN Sustainable Development Goals (four winners are shown below)



Our suppliers

We rely on external service providers to provide goods and services globally as essential contributors to our own infrastructure. This enables us to benefit from their expertise or specialist skills, with access to lower costs and efficient service delivery.

We engage proactively with our external service providers and have an established framework that governs our approach to selection, on-boarding, management, oversight and reporting across our supply chain. Our Supplier Code of Conduct sets out the high standards and behaviours we expect from them, covering human rights, ethical sourcing, bribery and corruption, living wages, diversity and inclusion, health and safety and the environment.

We perform ongoing critical assessments of our supply chain and our Audit and Risk Committee reviews our material supplier relationships and framework annually to confirm that our approach remains appropriate, consistent and adds value to supplement our own infrastructure.

As a signatory to the UK's Prompt Payment Code, we are committed to the principles regarding treatment of suppliers, which include paying on time, providing clear guidance on our terms and encouraging our suppliers to adopt the code.

Our relationships with regulators

As a global company, we aim to maintain positive relationships with our regulators around the world. They provide important oversight of how we run our business. Our clients' interests are best served when we have positive relations and work constructively with our regulators.

We regularly engage with regulators and policymakers to ensure that our business understands, and contributes to, the evolving regulatory environment. Senior management hold regular meetings with regulators to foster healthy working relationships and we frequently contribute to consultations, both directly and through relevant trade associations. We also report regularly to the Board and the Audit and Risk Committee on engagement with regulators, and how changes in regulatory regimes may impact our business processes and procedures. In 2019, these reports included the implementation of SMCR in the UK, Conduct Risk and MiFID II.

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](https://www.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 by the Group 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 2019 was £245.7 million (2018: £253.1 million).

Taxes collected

Companies also have an important role to play in collecting and administering taxes on behalf of governments, where the cost of 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. These are taxes paid in addition to the taxes we bear as a business, which are referred to above.

The total tax collected in 2019 was £244.4 million (2018: £223.0 million).

The combined taxes borne by us as a business and the amounts collected by us on behalf of tax authorities in 2019 were £490.1 million (2018: £476.1 million).

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

Our clients

Sustainability continues to grow in importance for our clients globally, with more interest in how they can make their investment portfolios more sustainable and resilient for an ever-changing world. In our 2019 Global Investor Study, 57% of end investors said they will always consider sustainability factors when selecting an investment product. However, they still prioritise financial objectives over investing sustainably; avoiding losing money and meeting their return expectations were ranked the most important factors. Changes to regulations, better financial advice and easy to understand information were ranked among the top factors that would help encourage investors to invest more in sustainable products.

Stewardship

Through our Sustainability Accreditation, we seek to provide clarity to our clients on the different roles that ESG plays in the investment processes of our funds. We have committed to integrating environmental, social and governance factors across all of our managed assets by the end of 2020.

Companies play a critical role in society and need to maintain a strong relationship with shareholders, employees, suppliers, communities, customers and regulators and support the environment to be sustainable in the long run. It is essential to question and challenge companies about issues that could materially affect their value. We engage with companies to understand how they are identifying and managing relevant ESG issues and encourage them to move towards best practice. We actively exercise our voting rights and are not afraid to vote against management if we feel it is in the best interests of clients to do so.

In 2019, we carried out more than 1,750 ESG engagements across 57 countries. We have addressed a wide range of issues ranging from climate change to human capital management and shareholder rights. We voted at more than 5,850 company meetings around the world and instructed a vote against at least one resolution at 47% of meetings.

For the fifth consecutive year, we received a UNPRI A+ ranking for our approach to responsible investment. We also received an A+ for our active ownership.

For more information on our approach to sustainability and stewardship, please see [schroders.com/sustainability](https://www.schroders.com/sustainability).

Our communities

We have a responsibility to create lasting positive impact in the societies in which we live and work. This year we have continued to build and establish new strategic community partnerships through Schroders Giving across the globe, moving from responsive funding to international multi-year partnerships with organisations that meet our aims of improving futures. This has allowed greater investment into social capital and maximises the impact we can have on the beneficiaries. Through our partnerships we are actively supporting the United Nations 17 Sustainable Development Goals with a particular focus on: reduced inequalities; quality education; decent work and economic growth; and good health and wellbeing.

Schroders Giving

Our new charity partnerships underpin our ambition of improving futures and through them we tackle the issues we feel strongly about, including improving social mobility, breaking down barriers to education and employment, and supporting mental health, with the help of our talented workforce. It is important to us that through these partnerships, we're able to provide our employees with meaningful volunteering opportunities, where they are able to use their skills to contribute to making a lasting positive social impact.

We have continued to focus on improving social mobility, which plays an integral role in our continued success as a business. In the UK, we have continued our partnership with the Social Mobility Foundation (SMF), which supports high-achieving students from low-income backgrounds. Over our four-year partnership, we have successfully secured SMF candidates onto the Investment 2020 programme, into our formal recruitment process and placed almost 20 students through SMF's One+1 work placement scheme. We continue to run 'Futures Days', aiming to break down barriers to the asset management industry and develop participating students' skills. This year, we have also partnered with the Amos Bursary, Snowdon Trust and Sutton Trust to fund university places for students from less fortunate backgrounds, with disabilities, and young black, Asian and minority ethnic men.

We have established partnerships across the globe to break down the barriers to education and employment. In the UK, through our partnership with Teach First, we have funded the training of 11 teachers who are placed into schools in low-income areas, which has in turn impacted over 1,500 students. To continue our focus on education, we have partnered with Enactus UK and IntoUniversity, ensuring access to education through the funding of a new IntoUniversity centre and empowering university teams across the UK to tackle social challenges with innovative solutions through the Enactus network. We have established a number of partnerships across our regional offices including: Jonk Entrepreneuren, a Luxembourg association that aims to inspire and prepare young people to enter the world of work; The Music Children Foundation in Hong Kong, which provides free music education to children from low-income families; and with Read Alliance in the US, through which we have helped almost 1,000 elementary pupils with their reading skills in 2019.

We continue to look for opportunities to raise awareness on mental health. We have a responsibility not just to support our employees but our communities as well. That's why we have established a new multi-year partnership with Samaritans, a charity that aims to provide support to anyone in emotional distress or at risk of suicide in the UK. Through that partnership, we will help grow and expand Samaritans' support service by means of employee volunteering and activities. In 2020, Samaritans is launching its 'City Hub', a new flexible volunteering delivery centre, which the charity hopes will help meet the growing number of calls as well as provide new volunteering opportunities. Our partnership complements our internal focus on employee wellbeing. We recently signed the Mental Health at Work Commitment, which provides a framework of standards to create a working environment for employees to thrive.

Case study: Improving reading skills in low-income communities

This year we continued our decade-long partnership with Read Alliance, a US charity that offers one-to-one reading to underprivileged children by employing teens in those same communities to serve as tutors. Over our ten years of partnership, we have raised more than \$500,000 for the charity through employee fundraising events and company donations. We have also hosted teen leaders for workshops covering topics such as public speaking, presentation skills and social media, and their impacts on careers. In 2019, it has worked with over 900 teen leaders and almost 1,000 early elementary students across New York, including the Bronx and Queens.

Case study: Breaking down the barriers to our industry



The East London Business Alliance (ELBA) aims to build connections between business and local communities, bringing time, skills and resources of the private sector to address social mobility, regeneration, poverty and inequality in East London and beyond. In our 13 years of partnership, we have had almost 380 employees volunteer their time as mentors and have mentored over 600 students. Through mentoring, our people have helped to improve prospects for young people and inspire them to succeed, contributing to the programme's objectives of introducing young people to the world of work and raising aspirations.

Charitable giving

Supporting our people in their charitable efforts matters to us and is part of our strategy to be an employer of choice. We have a long history of positively contributing to local communities through monetary donations and employee time. In 2019, we donated £2.1 million to charitable causes around the world (2018: £2.1 million), £569,000 of which was outside the UK (2018: £447,000). Alongside our new company-led partnerships, we continue to run employee-led charitable giving schemes, supporting our employees in their charitable efforts through a number of generous matched giving schemes including external fundraising and payroll giving. In 2019, we focused on rolling out matching schemes across our regional offices and implementing a streamlined approach to our employee charitable giving. In the UK, 29% of our employees give through Give As You Earn (2018: 29%), which saw £855,350 (2018: £670,000) donated by employees before the contributions were matched by Schroders.

In addition to financial donations, we have provided gifts in kind, organised frequent charitable collections and supported our employees giving back to the community through volunteering. We offer a time matching scheme for volunteering outside of office hours and up to 15 hours of volunteer leave per year. In a recent UK volunteer survey, 97% of respondents said they thought it was important for a business to offer volunteer opportunities, while 80% agreed that volunteering improved their mental health and wellbeing. This year, we have aligned our community impact with our learning and development strategy and have established two new partnerships with Governors for Schools and Reach Volunteering to develop, build and use our people's skills for good causes in the charity sector. We recognise volunteering as a fundamental development tool to progress our people's professional and personal skills.

Charitable giving in figures

	2019
 Number of volunteer hours taken by employees during working hours	1,707
 Donations made by employees through employee charity matching schemes (including payroll giving, fundraising and time matching) – before Schroders matching	£994,438

Empowering our people to improve futures across the globe

In 2019, we rolled out our improving futures strategy across the globe with the objective of engaging our people to make a positive impact. We decided to launch a competition, asking our global colleagues to tell us about the charities that they thought were driving progress and improving futures in their communities.

Our employees had the chance to win £50,000, £30,000 or £15,000 (or the local equivalent) on behalf of their charities, if they could show how they were making a real difference around the world.

Our judging panel comprised Peter Harrison, Group Chief Executive; Leonie Schroder, non-executive Director; and Sir Damon Buffini, independent non-executive Director.



To engage our colleagues further, we established a 'People's Choice' award. Once our three finalists were chosen, they had to work with their charities to create a short video, highlighting the impact they were having in their communities. Our colleagues then voted on their favourite video and the one with the most votes received an additional donation.

Our judges chose these three winners and we are proud to support these causes, which align to our corporate focus on climate change, social impact and social mobility.

1st Cool Earth, global

Cool Earth works alongside rainforest communities to halt deforestation and climate change. This charity shares and promotes the most effective conservation methods around the world and invests in those methods with the potential for best outcomes for people and the rainforest.

2nd SEWA, India

SEWA has been making women in India self-sufficient since the 1970s. It is made up of a network of self-employed women on low incomes, whose financial wellbeing is therefore unprotected. The charity transforms women's lives by empowering them with leadership skills, entrepreneurship and skills training to gain full-time employment.

3rd Beyond Social Services, Singapore

Beyond Social Services is dedicated to helping children and youths from less privileged backgrounds break away from the poverty cycle in Singapore. The charity provides guidance, care and resources that enable families and communities to keep their young people in school and out of trouble.

Climate change

We believe that climate change will be a defining driver of the global economy, society and financial markets in the future, and that investors will be unable to avoid the impacts of this.

We have been a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) since June 2017. TCFD seeks to provide investors with increased awareness of climate-related risks and opportunities, and we support this objective. We are also signatories of the 2018 Global Investor Statement on Climate Change and as a founding member of the Carbon Disclosure Project (CDP) we continue to use the CDP climate change questionnaire as our means of comprehensive disclosure. In this report we provide a summary of our disclosures, using the TCFD headings as a guide.

Governance

The Group Chief Executive retains overall responsibility for Group strategy in relation to ESG matters, including climate change. The Group has an established risk management framework to identify risk and opportunities and the governance mechanism for reviewing the potential impact of these is through the Audit and Risk Committee. The Committee receives reports on risks impacting the business, one of which is climate change, and reports to the Board on these at least annually.

The management of climate-related risks and opportunities relating to our clients' investments is the responsibility of the Global Head of Investment.

For our own operations, Climate change risk is managed as part of our physical infrastructure and supply chain management functions which report to the Chief Financial Officer.

Strategy

The Group Chief Executive and Board consider ESG risks and opportunities, including climate change, to be integral to the Group's overall strategy.

Key aspects of climate-related risk that currently influence Group strategy are the risks and opportunities associated with the assets we manage on behalf of our clients. We consider these risks as a major long-term challenge for economies and markets, and for our purpose to deliver positive outcomes for our clients. We consider that a multi-faceted approach is needed to successfully mitigate the impacts.

We have been actively monitoring client views on this topic with the aim to meet rapidly evolving expectations, with regular surveys of both retail and institutional clients since 2017. In 2019, we saw greater industry and investor awareness of climate change. In our Global Investor Study, protecting the planet was ranked the top priority for stewardship, with almost three-quarters of investors (71%) believing man-made climate change is a real phenomenon that is impacting the world. Of this number, 40% believed the impact would be 'significant', with 63% of investors believing it will have some impact on investments. Our Institutional Investor Study saw climate change rank above corporate strategy globally as the top engagement issue for the first time. We are seeking to address these evolving client needs in a number of ways.

We are launching and evolving sustainable funds to meet client needs. We have operated a Global Climate Change fund since 2007. This is a diversified, global thematic fund that invests in companies that recognise the threats of climate change and embrace the challenges early, or that form part of the solution to the problems linked to climate change. During 2019, we launched a Global Energy Transition fund which only invests in companies involved in the sustainable energy value chain as the world transitions to low-carbon power. Both of these funds sit alongside our fossil fuel free and low-carbon solutions. We recognise the need to evolve our products; our Global Sustainable Growth fund became explicitly fossil fuel free in 2019, joining a number of existing products of this nature.

We are increasing our interaction with clients on this complex issue. As well as discussing the issue in client events and webinars, our quarterly and annual investment reports include updates on the topic and in 2019 we wrote a specific thought leadership piece on divestment.

We are increasing our engagement activity on climate change, both bilaterally and with collective engagement such as joining the Powering Past Coal Alliance.

We engage with policymakers to ensure that we stay ahead of fast moving expectations and to share our experience of building effective investment solutions in this area.

Our product strategy is reviewed annually by our Product Strategy Committee, made up of senior stakeholders from across Investment, Product and Distribution and attended by our Group Chief Executive, so that we are evolving our proposition in line with changing expectations.

Risk management

Climate change is recognised within our overall risk management framework as a key risk facing the Group. It arises from both physical risks from extreme weather events linked to increasing global temperatures and transition risks as the global economy shifts to a low-carbon environment.

It is our central thesis that significant and disruptive changes are needed to limit rises to the 2°C commitment global leaders made in Paris. Failure to make those changes in time will lead to escalating physical damage, social instability and economic losses. The impact of climate change is therefore unavoidable, even if the timing and types of impact remain uncertain. Every part of the global economy, every industry and every company will be affected to some extent, not just the most obviously challenged. The complexity of this change means that it is a source of considerable risk for the markets in which we invest.

Approximately 80% of emissions are embodied in sectors that represent 20% of market capitalisation so these will feel the brunt of the transition impacts but the effects in others will also be important.

Decarbonising the global economy will create huge disruption, but there will also be significant investment opportunities. Investors can either focus on the sectors that will face the largest direct pressures, or they can look at the broader impacts and more nuanced indirect effects which may be less acute in many cases but are also typically less well understood by the market. We expect most of these to unfold over the medium and longer term. We have focused our activities on building tools that enable this to happen, even if we are less than certain when risks like transition will begin to occur.

For our investment activities, our fund managers are responsible for identifying and managing risks to their portfolios, including those relating to climate change. The Sustainable Investment team has an important role to play in providing research and the tools to enable this to happen. The team reports into the Global Head of Investment, who is a member of the GMC and works with the different investment teams to ensure that these tools are used as effectively as possible.

All of our analysis shows us that overall the risks are significant for markets. Climate change has therefore been a major strand of our engagement activity. In 2019, we had more than 230 climate change-related engagements with more than 200 companies, including collective engagement through the Climate Action 100, focusing on the worlds' largest emitters. Equally, we are aware that there are few sectors that are not impacted. We have also hosted events to share the findings of our research with the companies in which we invest. We hope that this will equip boards to make better capital allocation decisions and build resilience. In 2019, we focused on physical risk. We also complement our engagement activity with voting.

Metrics and targets

Regarding the management of investments, the integration of ESG factors into our investment process is a key initiative for the business. We have targeted 100% integration of all our managed assets by the end of 2020, separately verified by our Sustainable Investment team and by 31 December 2019 we had achieved this for the majority of our AUM.

Regarding our own corporate activities, as a signatory of the RE100 initiative we are committed to using only renewable electricity globally by 2025 and we have an interim target of 75% by 31 December 2020. By 31 December 2019 we had achieved a total of 68% of electricity from renewable sources.

In 2019, we introduced an objective of achieving year-on-year reductions in gross GHG emissions measured in tonnes of CO₂e per employee. In 2019, we achieved an 11% reduction in CO₂e emissions as they fell to 3.05 tonnes per employee (2018: 3.44 tonnes per employee).

As part of our ambition to meet the EP100 Net Zero Carbon Buildings pathway in the UK, we plan to own and occupy only assets that are net zero carbon in operation by 2030. As an interim target we have pledged to reduce our emissions by 10% per square foot by 2025, focusing on our London estate which currently accounts for approximately 45% of our global emissions.

We continue to participate in the CDP Climate Change Questionnaire. We use conversion factors provided by DEFRA to calculate our CO₂e 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 2019 has reduced by 2%, despite the increase in the size and scale of our business as we increased our AUM to £500.2 billion and grew our average headcount by 10%. For the last three years, we have used the internationally accepted GHG Protocol Corporate Standards for reporting.

Our workplace and 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 2018, we consolidated our London office portfolio and relocated to our new London Headquarters at 1 London Wall Place. In 2019 we were pleased to achieve an Excellent BREEAM rating for the fit-out of the building. The BREEAM rating is the world's leading sustainability assessment for buildings and the Excellent rating reflects our building being in the top 10% of UK new non-domestic buildings. The building has a number of sustainability initiatives including



grey-water toilets which re-use basin and sink water, and reducing carbon emissions by recycling heat from catering fridges into the hot water system. With our New York office having achieved Leadership in Energy and Environment Design (LEED) Gold certification, and our Singapore office certified BCA Green Mark Gold for sustainable design and construction, we now have over 60% of our employees working from buildings demonstrating excellence in sustainability.

We have continued to review our waste management processes across the Group and recognise our responsibility to reduce our waste and run efficient operations. Starting with our London offices, we have run employee awareness campaigns around our recycling programmes to help increase our recycling rates. We took part in the 'Plastic-free July' campaign, calling on colleagues to reduce their reliance on single-use plastics. In an internal survey, 60% of respondents said they were more confident on how to dispose of their waste and 100% said they would change their habits around single-use plastics after they attended a talk hosted by the founder of Plastic Oceans UK. We have seen high engagement across the Group about plastics and in our US office colleagues took the initiative to run their own plastics campaign to help continue to raise awareness about the damaging effects of plastic pollution. We seek to achieve recycling rates of 75% in our UK operations and plan to extend our targets to our worldwide operations.

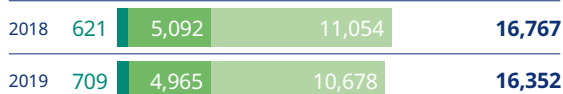
Commitment to net zero carbon emissions

In support of the long-term goal of the Paris Agreement to keep global average temperature to below 2°C above pre-industrial levels, we recognise our responsibility to play our part in reducing global emissions and that a balance between emissions and removals should be achieved by 2050.

In addition to our programme to reduce our gross emissions, from 1 January 2020 we have been investing in sufficient carbon offsetting activities to ensure that our own operations will be net zero for carbon emissions. We commit to reporting on our offsetting investments, alongside our gross emissions, on an annual basis.

Total CO₂e emissions (tonnes)

16,352



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

CO₂e emissions per employee (tonnes)

3.05



1. The 2018 figures have been adjusted to align with 2019 emissions calculations.

Our Sustainable Investment team

Schroders has a long-serving and well-resourced Sustainable Investment team. It is comprised of ESG specialists who are responsible for analysis, engagement, voting and facilitating ESG integration into investment processes across teams and asset classes. We also employ dedicated product and client resources. For more details, visit schroders.com/sustainableinvestment.

The below table gives information on some of the sustainable investment tools that we have built, the impacts that we have identified and the steps we have taken to mitigate them. As well as quantifying the overall impacts on markets, we also find that the performance gap between companies that we identify as winners and losers via these tools is significant:

Tool	Features	High level findings	Uses	More information
Climate Progress Dashboard	Updated quarterly, it tracks indicators across policy, technology, finance and incumbent industry against International Energy Agency (IEA) scenarios to assess what degree of temperature rises we can expect given current trajectories.	Temperatures are set to rise by 3.8°C by the end of the century if no progress is made from where we are today.	The dashboard indicates areas of particular weaknesses and industries that might be subject to more disruptive policy action if the status quo remains. For example, carbon capture and storage still has significant progress to make before it offers a viable solution.	schroders.com/climate-dashboard
Carbon Value at Risk	This measures the extent to which company profits and investor returns could be at risk from higher carbon prices as we transition to a lower carbon economy. Our model examines carbon emissions from companies' direct and indirect operations, and elasticity of demand for their products.	Almost half of listed global companies would face a rise or fall of more than 20% in earnings if carbon prices rose to \$100 a tonne.	By estimating supply chain emissions and identifying which companies will suffer the largest potential earnings drop we have been able to do more in-depth analysis than is possible through conventional carbon footprinting. The tool is also useful for identifying winners and losers within sectors.	schroders.com/climate-dashboard/var
Physical Risk	This estimates what it would cost companies as a percentage of their total value to protect their assets against more extreme climate-related weather events based on the location of their assets until 2030.	While the impact on global values is small at around 1%, these costs are certain to be incurred. We find that asset-heavy industries such as mining in locations around the Pacific are particularly impacted.	As well as showing company and portfolio-level physical risk, this has been a useful engagement tool, so we can contact those companies most exposed to better understand how they are tackling the challenge.	schroders.com/climate-dashboard/physical
SustainEx	This tool quantifies the hidden environmental and social costs that companies create, both positive and negative, that are evidenced by academic research.	If all of the impacts our research identified were crystallised as financial costs, the \$4.1 trillion of profits generated by listed companies would fall by 55%.	This tool is available to our investment teams through a number of channels including our portfolio management platform. It enables them to have a holistic understanding of the net impact that their portfolio and individual companies have on society and the environment.	schroders.com/sustainex

Non-Financial Reporting Directive

The table below sets out where stakeholders can find more information that relates to non-financial matters, as required under the new Non-Financial Reporting Directive.

Reporting requirements	Policies and standards which govern our approach ¹	Due diligence, outcomes and additional information	Page number
Environmental matters	Environmental, social and governance policy Statement of compliance with UN Principles for Responsible Investment	Our approach to corporate responsibility	36
		ESG engagements	34
		Climate change and the environment	40
Employees	Guiding principles and values Directors' remuneration policy Policy on Board diversity Group health and safety policy Group malus and clawback policy Internal HR policies including equal opportunities policy, flexible working policy, parents and family leave policy, mental health and wellbeing policy, trans-inclusion policy	Retention of key talent	30
		Creating a place where people want to work	31-33
		Gender diversity	32
		Employee opinion survey highlights	30
		Employee length of service	30
		Policy on Board diversity	64
		Remuneration report	72-108
Human rights	Slavery and human trafficking statement Supplier Code of Conduct Personal data policy Environmental, social and governance policy United Nations Guiding Principles on Business and Human Rights	Our approach to corporate responsibility	36
		Human rights	36
		Our suppliers	37
		Our clients	37
		Human rights	36
Social matters	Volunteering policy Supplier code of conduct Environmental, social and governance policy Statement of compliance with the UK Stewardship Code Statement of compliance with UN Principles for Responsible Investment	Our approach to corporate responsibility	36
		Our communities	38
		Charitable giving	38
		Our clients	37
		The environment	41
		Our approach to tax	37
Anti-bribery and anti-corruption	Anti-bribery and corruption and inducements policies (including gifts and entertainment) Anti-money laundering and counter-terrorist financing policy Group tax strategy and tax evasion policy Whistleblowing policy	Key risks and mitigations	44-50
		Process risk	49
		Creating a place people want to work	31

1. Certain policies, standards and guidelines are not published externally.

Additional information	
Key risks and mitigations	44-50
Description of key risks	47-49
Business model	10-11
Non-financial indicators	18-19