Board of Directors

Michael Dobson

Chairman (66)

Appointed Chairman in April 2016, having been Chief Executive since November 2001. He first joined the Board as a non-executive Director in April 2001.

Experience: Prior to joining Schroders he was Chief Executive of Morgan Grenfell Group and a member of the Board of Managing Directors of Deutsche Bank AG.

External appointments: Member of the President's Committee of the Confederation of British Industry.

Committee membership: Chairman of the Nominations Committee.

Peter Harrison

Group Chief Executive (52)

Appointed Group Chief Executive in April 2016. He was an executive Director and Head of Investment from May 2014.

Experience: He began his career at Schroders and subsequently held roles at Newton Investment Management, JP Morgan Asset Management as Head of Global Equities and Multi-Asset and at Deutsche Asset Management as Global Chief Investment Officer. He was Chairman and Chief Executive of RWC Partners before re-joining Schroders as Global Head of Equities in March 2013.

External appointments: Chairman of the Investment Association, a Director of FCLT Global and a member of the Takeover Panel.

Richard Keers

Chief Financial Officer (55)

Appointed a Director and Chief Financial Officer in May 2013.

Experience: He is a chartered accountant and was a senior audit partner of PricewaterhouseCoopers LLP (PwC) until May 2013. He became a partner of PwC in 1997 and has 25 years' experience in the audits of global financial services groups. His experience includes time spent in PwC's New York, Sydney, Edinburgh and London offices.

External appointments: Non-executive member of Lloyd's Franchise Board and Chairman of its Audit Committee.

Ian King

Senior Independent Director (62)

Appointed Senior Independent Director in April 2018 having been a non-executive director since January 2017.

Experience: He was Chief Executive of BAE Systems plc from 2008 to 2017 having been originally appointed to the BAE board as Chief Operating Officer, UK and Rest of the World. Prior to this, he was Chief Executive of Alenia Marconi Systems. He also served as a non-executive Director and Senior Independent Director of Rotork plc until June 2014.

External appointments: Senior Adviser to the Board of Gleacher Shacklock LLP, Chairman of Senior plc and lead non-executive Director for the Department of Transport.

Committee membership: Member of the Nominations and Remuneration Committees.

Robin Buchanan

Independent non-executive Director (66)

Appointed in March 2010.

Experience: He was the Senior Partner of Bain & Company Inc. in the UK for 12 years and remains a Senior Adviser. Most recently he served as Chairman of PageGroup plc until December 2015. He was Dean and President of London Business School. He is a chartered accountant and holds an MBA from Harvard Business School. He will retire at the AGM in May 2019.

External appointments: Non-executive Director of LyondellBasell Industries N.V. He is Chairman of the Advisory Board of Access Industries and a Director of CICAP Limited.

Committee membership: Member of the Nominations, Audit and Risk, and Remuneration Committees.

Sir Damon Buffini

Independent non-executive Director (56)

Appointed in February 2018.

Experience: He has over 25 years' experience in private equity, joining Schroder Ventures in 1988. He was Managing Partner of Permira from 1997 to 2007 before becoming Chairman. He retired in 2015 and remains a Senior Adviser.

External appointments: Chair of the National Theatre, Independent Director of the European Golf Tour and was Chair of the Government's Patient Capital Review.

Committee membership: Member of the Nominations and Remuneration Committees.

Rhian Davies

Independent non-executive Director (54)

Appointed in July 2015.

Experience: She is a chartered accountant and was a partner at Electra Partners, an independent private equity fund manager, until June 2015, and then a Senior Adviser until March 2017. She previously worked in PwC's audit and insolvency practice before joining Electra in 1992.

Committee membership: Chairman of the Audit and Risk Committee. Member of the Nominations Committee.

Rakhi Goss-Custard

Independent non-executive Director (44)

Appointed in January 2017.

Experience: She is an experienced executive in digital retailing, having spent 11 years at Amazon. Prior to joining Amazon, she held roles at TomTom and in management consultancy in the US.

External appointments: Non-executive Director of Kingfisher plc, Rightmove plc, Intu Properties plc. She will step down from the Board of Intu Properties plc at its Annual General Meeting on 3 May 2019.

Committee membership: Member of the Nominations and Audit and Risk Committees.

Philip Mallinckrodt

Non-executive Director (56)

Appointed as an executive Director in January 2009 and a non-executive Director on 1 March 2017.

Experience: He started his career at Credit Suisse First Boston in 1985. He first joined Schroders in 1994, and then worked for Citigroup from 2000 to 2002. He rejoined Schroders in 2002 as Head of Corporate Development, was Group Head of Wealth Management from 2006 to 2016, and then Group Head of Private Assets and Wealth Management until 1 March 2017.

External appointments: Non-executive Director of The Economist and a member of the International Advisory Council of the Brookings Institution.

Committee membership: Member of the Nominations Committee.

Nichola Pease

Independent non-executive Director (57)

Appointed in September 2012.

Experience: She has over 30 years' experience in the asset management and stock broking industries. She was the Chief Executive and then Deputy Chairman of J O Hambro Capital Management Ltd from 1998 until 2008, following which she held a number of roles in the charity and public sectors.

External appointments: Co-founder and Chair of Investment 2020 and a Member of the Eton College Investment Committee.

Committee membership: Chairman of the Remuneration Committee. Member of the Nominations and Audit and Risk Committees.

Bruno Schroder (Died 20 February 2019)

Non-executive Director (86)

Appointed in January 1963. An appreciation of Bruno's life is contained on page 50.

Experience: He was the great-great-grandson of John Henry Schroder, co-founder of the Schroders businesses in 1804. He joined the Schroder Group in London where he worked in the Commercial Banking and Corporate Finance divisions of J. Henry Schroder Wagg & Co Ltd.

External appointments: He was a Director of a number of private limited companies.

Committee membership: He was a Member of the Nominations Committee.

Bruno Schroder 1933 - 2019

We were very saddened to learn that Bruno Schroder, aged 86, died on 20 February after a short illness. He leaves behind his wife Suzanne and daughter Leonie, along with three grandchildren, to whom we send our condolences.

Bruno had a big influence on Schroders. Following National Service in the army, Oxford University and Harvard Business School he joined the Company in 1960 as an executive. After three years he was appointed to the Board in a non-executive capacity. During his 56 years on the Board, Bruno saw some important strategic shifts including the sale of the commercial banking business in the US in 1985 and of the investment banking business in 2000, allowing the Company to focus exclusively on asset and wealth management that is Schroders' business today.

Bruno was passionate about Schroders, unwavering in his support and always emphasising the long term over short term considerations. This long-term thinking has been key to Schroders' success in putting clients first, in growing the business organically, in developing talent and in setting the culture. He believed that, in so doing, shareholders would also benefit from the value created. He loved to travel to our overseas offices, meeting clients and employees, supporting management and reinforcing our values. He felt a strong connection to previous generations of the family who had established and grown the business as well as to the current generation.

Bruno's long experience, sound judgement and sense of humour will be sorely missed but his legacy and his values live on.

Group Management Committee and Company Secretary

Peter Harrison

Group Chief Executive (52)

Responsible for the management of the overall business and strategic development of the Group.

Richard Keers

Chief Financial Officer (55)

Responsible for financial management, risk management, tax, capital and treasury, human resources, corporate services and a range of operational areas. He is also chair of the Group Risk, Group Capital and Global Operations Committees.

Stewart Carmichael

Chief Technology Officer (53)

He joined Schroders in March 2015 as Group Head of IT. Prior to joining Schroders, he was Chief Technology Officer for JP Morgan Corporate and Investment Bank in Asia. From 1993 to 2008 he held various senior leadership positions at Merrill Lynch.

He is responsible for technology across the Group's global operations.

Karl Dasher

CEO North America and Co-Head of Fixed Income (49)

He joined Schroders in 2008 as Global Head of Product and became Head of Fixed Income in October 2008. He previously worked at SEI Investments in various investment roles, including Chief Investment Officer.

He is responsible for the Group's operations in North America and is also Co-Head of Fixed Income within the Investment division.

Lieven Debruyne

CEO Asia Pacific (49)

He joined Schroders in London in 2000 as Head of Asian Investment Product before moving to Hong Kong in 2005. Prior to joining Schroders, he worked for Mees Pierson Capital Management as Chief Investment Officer and for Fortis Investments.

He is responsible for the Group's operations in the Asia Pacific region.

Peter Hall

Global Head of Wealth Management (55)

He joined Schroders in January 2019. Over the past 20 years, he has held leadership roles in Wealth Management at UBS, Barclays and Tilney.

He is responsible for the Wealth Management division.

Emma Holden

Global Head of Human Resources (44)

She joined Schroders in 2007 as Head of Communications and Investor Relations and was appointed Global Head of Human Resources in November 2014. Prior to joining Schroders, she held various roles at Corus Group. She qualified as a chartered accountant with PwC in 1998.

She works with senior management on the issues that affect our people and the development of talent throughout the business.

Louise Hosking

Chief of Staff (60)

She joined Schroders in 2008 and was appointed Chief of Staff in 2016. Prior to joining Schroders, she formed the Scott King Partnership, an independent business consultancy. She has over 35 years' experience in management and business consultancy.

She is responsible for supporting the Group Chief Executive and management team on growing the business in the context of culture and strategy.

Johanna Kyrklund

Global Head of Multi-Asset Investments (42)

She joined Schroders in 2007 as Head of UK Multi-Asset and became Global Head of Multi-Asset Investments in 2016. She previously worked at Insight Investment and Deutsche Asset Management in various fund management and asset allocation roles.

She is Head of Multi Asset within the Investment division.

Philippe Lespinard

Co-Head of Fixed Income (55)

He joined Schroders in 2010 as Chief Investment Officer for Fixed Income. He was previously a partner at Brevan Howard and Chief Investment Officer at BNP Paribas Asset Management.

He is Co-Head of Fixed Income within the Investment division.

Richard Mountford

Head of Planning, Adviser to the Group Chief Executive (60)

He joined Schroders in 1980 as a graduate and held a number of investment and management roles before becoming Global Head of Intermediary Sales in 2008, Head of Asia Pacific in 2012 and Global Head of Product in 2016.

He is responsible for planning Schroders' organic and inorganic growth initiatives.

Charles Prideaux

Global Head of Product and Solutions (52)

He joined Schroders in October 2017. Prior to joining Schroders, he held senior roles at BlackRock including Head of the EMEA Institutional Client Business and most recently as Head of the European Active Investment Platform.

He is responsible for our Global Product and Solutions business.

Nicky Richards

Global Head of Equities (52)

She began her investment career at Schroders as a graduate in 1987. She held a number of senior roles in the firm before joining Fidelity International and then MLC Investment Management in Australia. She re-joined Schroders in 2014 as Global Head of Equities. She was appointed non-executive Chairman of RWC Partners in March 2016.

She is responsible for the Equities investment business.

Carolyn Sims

Chief Financial Officer of Wealth Management (53)

She joined Schroders in 2013 having been Chief Financial Officer of Cazenove Capital Management since 2007. Prior to that, she was Finance Director at Lazard UK between 2004 and 2007.

She is responsible for finance and operations within the Wealth Management division.

John Troiano

Global Head of Distribution (60)

He began his career at Schroders as a graduate in 1981. After holding a number of senior roles, he was appointed Deputy Head of Distribution in September 2012 and was appointed Head of Distribution in 2016.

He is responsible for the Group's Distribution function globally.

Howard Trust

General Counsel (64)

He joined Schroders in 2003 from Barclays where he held various roles including Group General Counsel and Board Secretary.

He is responsible for the Group's Compliance, Legal and Governance function.

Graham Staples

Group Company Secretary (57)

He joined Schroders in 2004. Previously, he held senior company secretarial, compliance and business development roles at NatWest, Barclays, TSB and Computershare.

He is responsible for the Group's governance framework and advising the Board and GMC on all governance matters.

Committee changes

Nicky Richards will step down from the Committee and Rory Bateman will join the Committee as Head of Equities later in March 2019.

Andrew Ross stood down from the Committee on 31 December 2018. His biography is set out in the 2017 Annual Report and Accounts.

A strong governance framework to support the firm's long term strategic development

I am pleased to introduce our corporate governance report for 2018 in which we describe our governance arrangements, the operation of the Board and its Committees and how the Board discharged its responsibilities during the year.

Governance

2018 was a year of significant change with regard to corporate governance in the UK as the Financial Reporting Council issued their revised UK Governance Code. The Wates Report on governance in private companies, including major subsidiaries within listed companies, was published in December. The audit market and the role of auditors is currently under review, and the FRC itself was the subject of a review by Sir John Kingman, who recommended the establishment of a new regulator to replace the FRC with responsibility for governance in the UK. Further changes to governance in the UK are inevitable.

The Board has followed all these developments closely, receiving regular updates on how proposals might impact our own governance arrangements and what changes we might need to make. We have not had to change our approach to any significant degree, the emphasis being on articulating better what we do rather than introducing fundamental change, and we continue to believe that a strong corporate governance framework is vital to good decision making and the continued success of the Company.

We have a strong Board of experienced Directors with diverse backgrounds and skills and a majority of independent non-executive Directors. During 2018 the Board focused on succession planning for Robin Buchanan who will step down at the Annual General Meeting in May after nine years on the Board, and on succession to Bruno Schroder. We are pleased that Deborah Waterhouse and Leonie Schroder will join the Board on 11 March. The majority of non-executive independent Directors continues and 45 per cent of our Board will be comprised of women.

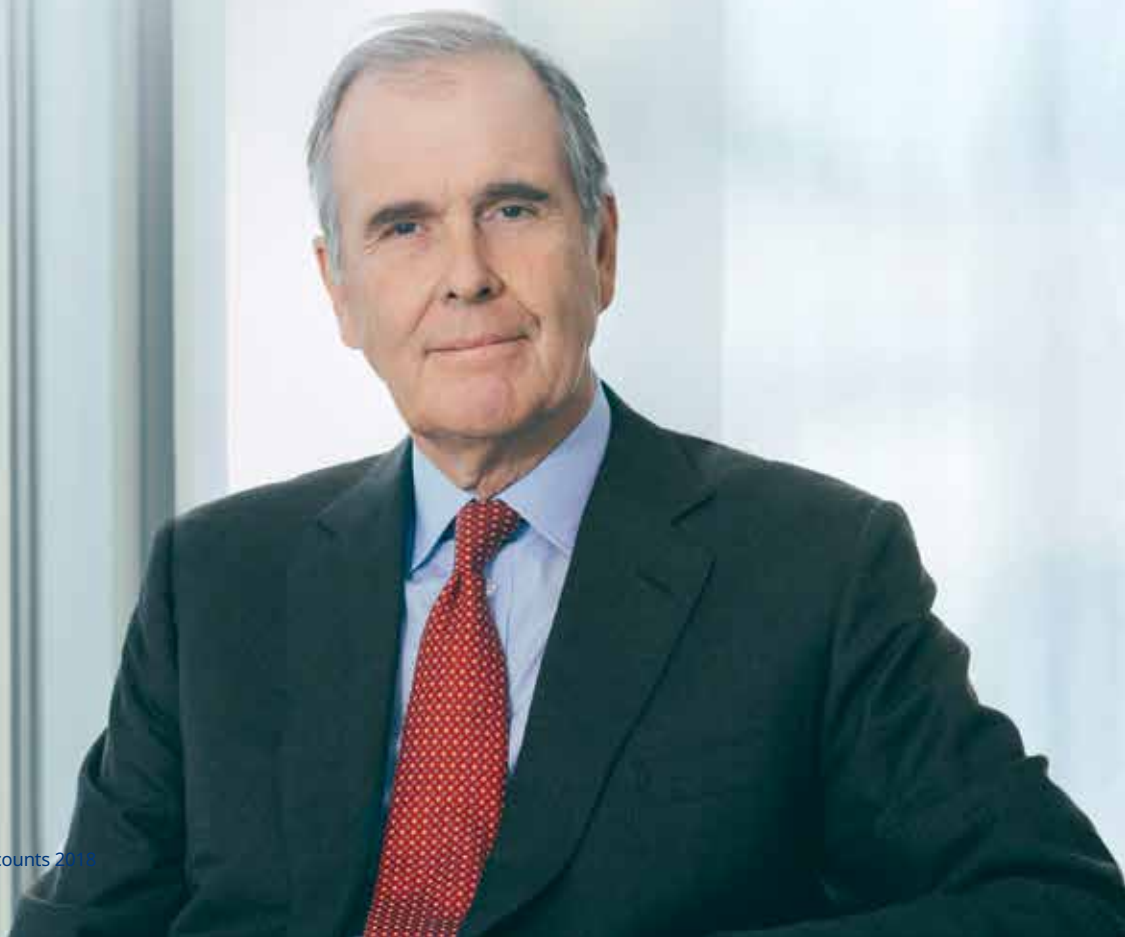
During 2018 the Board focused principally on strategic opportunities in our core business and in diversifying growth areas. In this context the Board was actively engaged in the implications for Schroders for the joint venture we announced with Lloyds Banking Group.

We also focussed on talent management and development and the firm's culture, both of which are key to success and, particularly as the Company has grown rapidly in recent years, the Board's engagement in these areas will continue to be at a high level.

I would like to thank all my colleagues on the Board for their contribution during the year.

Michael Dobson
Chairman

6 March 2019



Directors are expected to attend all meetings of the Board and Committees on which they serve. Details of Board and Committee attendance are included in the table below.

2018 Board and Committee meeting attendance	Board[1]	Audit and Risk Committee	Remuneration Committee[2]	Nominations Committee
Michael Dobson	6/6			7/7
Executive Directors				
Peter Harrison	6/6			
Richard Keers	6/6			
Non-executive Directors				
Ian King[3]	6/6		6/7	7/7
Lord Howard[4]	2/2	1/1	2/2	2/2
Robin Buchanan[5]	5/6	4/5	7/7	6/7
Sir Damon Buffini[6]	6/6		1/1	6/6
Rhian Davies	6/6	5/5		7/7
Rakhi Goss-Custard[7]	6/6			7/7
Philip Mallinckrodt[8]	5/6			7/7
Nichola Pease	6/6	5/5	7/7	7/7
Bruno Schroder[9]	4/6			6/7

1. There were five scheduled Board meetings held during the year and one additional Board meeting in April to discuss the acquisition of Algonquin.
2. There were four scheduled Remuneration Committee meetings held during the year and three additional meetings outlined on page 74.
3. Ian King was unable to attend one of the unscheduled Remuneration Committee meetings due to a prior commitment which could not be moved.
4. Lord Howard retired from the Board at the 2018 AGM.
5. Robin Buchanan was unable to attend the Audit and Risk Committee in September, the Nominations Committee and the Board meeting in November due to prior commitments.
6. Sir Damon Buffini was appointed to the Board and Nominations Committee on 1 February 2018 and as a member of the Remuneration Committee on 29 November 2018.
7. Rakhi Goss-Custard was appointed as a member of the Audit and Risk Committee on 29 November 2018. There were no meetings of the Committee in 2018 after her appointment.
8. Philip Mallinckrodt was unable to attend the Board meeting in July due to a family commitment.
9. Bruno Schroder was unable to attend two Board meetings and a Nominations Committee meeting due to illness.

Compliance with the 2016 UK Corporate Governance Code (Code)

Throughout 2018, the Company has applied the main principles and provisions of the Code with the exception of A.3.1 as Michael Dobson was not independent on appointment as Chairman in April 2016. The Chairman's appointment was fully explained in the 2015 Annual Report and Accounts. There has been an absolute majority of independent Directors on the Board throughout 2018.

Copies of the Code can be obtained from the FRC's website at frc.org.uk.

The Board and its committees

The Board has collective responsibility for the management, direction and performance of the Company. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. In discharging its responsibilities, the Board takes appropriate account of the interests of our wider stakeholders including clients, employees, external service providers, regulators and society as a whole. Certain decisions can only be taken by the Board, including deciding on the Group's overall strategy, significant new business activities and the strategy for management of the Group's investment capital. These are contained in the Schedule of Matters Reserved to the Board, which can be found on the Company's Investor Relations website, schroders.com/ir.

The Board has delegated specific responsibilities to Board committees, notably the Nominations Committee, Audit and Risk Committee, and the Remuneration Committee. The minutes of committee meetings are made available to all Directors. At each Board meeting, the Chairman of each committee provides the Board with an update of the work currently being carried out by the committee they chair. Membership of the Committees is detailed in each committee report. The committees' terms of reference can be found on the Company's Investor Relations website.

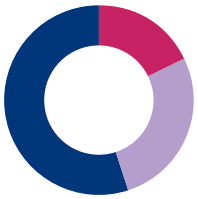
During the year, the Board established a Disclosure Committee, which meets as and when required to determine whether a market announcement is required in respect of any inside information. There was one meeting of the Disclosure Committee in 2018.

There is also a Chairman's Committee whose membership is comprised of the non-executive Directors. The Chairman's Committee is not a committee of the Board and serves as an informal forum for the discussion of such matters as the Chairman considers appropriate. In 2018, the Chairman's Committee considered Board evaluation, the performance of the Group Chief Executive, the investor perception report, acquisition opportunities and succession.

Following the 2017 external board evaluation, which is explained further on page 57, there have been four Board calls during the year. These calls are used as an additional avenue for communication that supplements the formal Board meeting programme.

Board composition at 31 December 2018

Board composition



Executive Directors	18%
Non-independent non-executive Directors	27%
Independent non-executive Directors	55%

Length of tenure

0-3 years	27%
3-6 years	27%
6-9 years	19%
9+ years	27%

The Board believes that it operates most effectively with an appropriate balance of executive Directors, independent non-executive Directors and Directors who have a connection with the Company's principal shareholder group. No individual or group of individuals is in a position to dominate the Board's decision-making.

The Nominations Committee report contains more detail on our approach to Board Composition. Biographies of each of the Directors are set out on pages 48 and 49.

Independence

The Board has an absolute majority of independent Directors. All the non-executive Directors are independent in terms of character and judgement.

Michael Dobson, as former Chief Executive, is not considered independent under the Code. Philip Mallinckrodt is not considered independent as he is a former executive Director, a member of the principal shareholder group and has served on the Board for more than nine years. The Nominations Committee believes that their judgement and experience continues to add value to the Board and the Group. The Board will therefore recommend their re-election at the 2019 AGM.

Bruno Schroder was not considered independent as he was a member of the principal shareholder group and had served on the Board for more than nine years at the time of his death on 20 February 2019.

Director appointments and time commitment

The rules providing for the appointment, election, re-election and the removal of Directors are contained in the Company's Articles of Association and remain unchanged from the previous year.

The Company has decided that all Directors should retire and stand for re-election annually, unless they are retiring from the Board. Details of the Directors' length of tenure are set out on page 55.

Non-executive Directors' letters of appointment stipulate that they are expected to commit sufficient time to discharge their duties. The Board has adopted a policy that allows executive Directors to take up one external non-executive directorship. Non-executive Directors are required to notify the Chairman before taking on any additional appointments. The Board is satisfied that all Directors continue to be effective and demonstrate commitment to their respective roles.

For details of executive Directors' service contracts, termination arrangements and non-executive Directors' letters of appointment, please refer to the summary of our Directors' Remmuneration policy at schroders.com/directors-remuneration-policy.

Governance framework

Board

The Board is responsible for the management, direction and performance of the Company.

Chairman

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. He is responsible for creating an environment for open, robust and effective debate. The Chairman is also responsible for ensuring effective communication with shareholders and other stakeholders.

Group Chief Executive

The Group Chief Executive is responsible for the executive management of the Company and its subsidiaries. He is responsible for proposing the strategy for the Group and for its execution. He is assisted by members of the GMC in the delivery of his and the Board's objectives for the business.

Senior Independent Director (SID)

The SID's role is to act as a sounding board for the Chairman, oversee the evaluation of the Chairman's performance and serve as an intermediary for the other Directors if necessary. He is also available as an additional point of contact for shareholders and other stakeholders should they wish to raise matters with him rather than the Chairman or Group Chief Executive.

Non-executive Directors

Non-executive Directors are expected to provide independent oversight and constructive challenge to the executive Directors on issues of strategy, performance and resources including key appointments and standards of conduct.

Nominations Committee

Responsible for reviewing and recommending changes to the composition of the Board and its Committees.

Chairman: Michael Dobson

See page 60 for the Committee Report.

Audit and Risk Committee

Responsible for overseeing financial reporting, risk management and internal controls and external audit.

Chairman: Rhian Davies

See page 62 for the Committee Report.

Remuneration Committee

Responsible for the remuneration strategy for the Group and the remuneration policy for Directors and overseeing remuneration firm-wide.

Chairman: Nichola Pease

See page 68 for the Committee Report.

Group Management Committee

The GMC comprises the senior management team and is the principal advisory committee to the Group Chief Executive.

Group Capital Committee

Assists the Chief Financial Officer in the deployment of operating, seed, co-investment and investment capital.

Group Risk Committee

Assists the Chief Financial Officer in discharging his responsibilities in respect of risk and controls.

Key areas of focus during the year

At each scheduled Board meeting the Board discusses reports from the Group Chief Executive on the performance of the business, the Chief Financial Officer on financial performance, the Company Secretary on governance developments, and, where relevant, a report from each of the Board Committees. In addition to these regular matters, specific areas of focus by the Board during 2018 included:

Meeting dates	Key areas considered
February	– Equities strategy – Potential acquisitions – Technology strategy – Annual Report and Accounts 2017 and dividend proposal
May	– Strategic update, including clients, solutions, competitors and risks, and the evolution of the core business – Investing for growth – China strategy – Brexit
July	– Corporate responsibility strategy – Front office technology platform – Strategic partnership with LBG – Half–year results and dividend proposal – ICAAP and ILAAP
September	– Strategic partnership with LBG – Group Recovery Plan and Resolution Pack – Fixed income strategy – Acquisition integration
November	– Europe strategy – People strategy – Wind down plan – Remuneration strategy – 2019 budget

Throughout the year, the Board continued to focus on the development of our overall strategy for the Group and the key individual drivers of growth over the next five years. As part of this, the Board had a two-day off-site strategy meeting in May. Particular focus was given to the competitive environment, our clients and their needs, the evolution of our core business, investing for growth opportunities, our capital strategy and an assessment of our strategic risks.

There was an unscheduled Board meeting in April 2018 to approve the acquisition of Algonquin Management Partners S.A.

Board induction and training

The Group Company Secretary supports the Chairman and Group Chief Executive in providing a personalised induction programme to all new Directors. This helps to familiarise them with their duties and the Group's culture and values, strategy, business model, businesses, operations, risks and governance arrangements.

Following Sir Damon Buffini's appointment in February 2018, a comprehensive induction programme was developed and is ongoing. The induction process involved:

- Meeting all members of the GMC to gain an insight into and an understanding of the opportunities and challenges facing their area of responsibility
- One-to-one meetings with other senior management across the Company, including from the first, second and third lines of defence, to understand the Group's internal control and risk management framework

Sir Damon Buffini and Rakhi Goss-Custard were provided with committee-specific briefings following their respective appointments to the Remuneration Committee and Audit and Risk Committee.

During the year, the induction process has been reviewed and updated and tailored to ensure it remains appropriate for the needs of newly appointed directors.

The Board believes that the ongoing development and briefing of Directors is an important aspect of the Board's agenda. Briefing sessions are arranged each year which, during 2018, included presentations on our Fixed Income business, our acquisition of Adveq in 2017, our investment in Benchmark Capital in 2016 and the findings from the investor perceptions study. Members of the Board Committees also receive regular updates on technical developments at scheduled Committee meetings.

2017 Board evaluation (external)

The Board supported an externally facilitated evaluation in 2017, one year earlier than required by the Code. Independent Board Evaluation were selected to facilitate the evaluation. They have no other connection with the Company.

The 2017 Board evaluation identified a number of recommendations to maintain and improve the Board's effectiveness:

Recommendations	Actions taken/progress
Having Board update calls between Board meetings	– During 2018 there were four Board calls: in January, April, October and December. These calls are used to supplement the formal Board meeting programme and provide an additional avenue for communication.
Reviewing recent acquisitions more systematically	– The review of acquisitions and their integration into the Group has been incorporated into the agenda for the Board and Board briefings, with update papers measuring both integration and continued alignment with strategic goals.
Standardising Board papers further	– The Company has worked with Board Intelligence to further refine Board paper standards and structures. This has led to a well-integrated board paper process that has improved the flow and quality of information to the Board and its Committees to facilitate better decision making.
Developing the induction process further to help new Directors, in particular those from outside the financial services sector	– A review of the induction process against market practice has been undertaken during the year, with additional briefing sessions made available to new Directors in specialist areas. The review has also considered how ongoing briefings and information can be made more readily available.
Having more informal time outside of Board meetings to strengthen Board relationships	– Board dinners are held the evening before most Board meetings. At the May offsite meeting the Board was joined by members of the GMC for parts of the formal strategy discussion and also for the informal networking and Board dinner.

2018 Board evaluation

The 2018 Board evaluation was undertaken internally. The Chairman and Company Secretary met with each Director to discuss a number of questions regarding the effectiveness of the Board, its principal committees and individual Directors. The overall conclusion was that the Board was effective and focussed on the right things. The executive team was felt to be executing the strategy well. The committees were seen as effective in discharging their responsibilities. Succession planning had been handled well. In addition to strategy, areas for focus included broadening and deepening the non-executives' knowledge of the industry and our business outside the formal Board meetings and providing further opportunities for non-executive Directors to meet with management following the successful offsite with the GMC in 2018.

As part of the evaluation process, Directors gave feedback on their colleagues and the Chairman wrote to each Director with a summary. Ian King led the evaluation of the Chairman's performance through a discussion with the whole Board. He then provided the Chairman with a summary of the feedback.

Priorities for 2019

In light of the recommendations of the 2018 evaluation and following the 2019 process, the Board agreed a set of high-level objectives for 2019 based on the core responsibility of delivering strong financial performance. These include:

- Our growth strategy for all parts of the business
- Talent development and succession plans
- Capital
- Major risks to our strategy
- Culture, employee engagement and compensation
- More opportunities to meet with senior management

Group Company Secretary

All Directors have access to the advice and services of the Group Company Secretary and can arrange through him to receive professional advice independently of the Company, at the Company's expense.

Shareholder engagement

The Group operates a complete investor relations programme. In 2018, the Group Chief Executive and Chief Financial Officer participated in investor roadshows in the UK and North America. They met with a number of our major shareholders in both share classes to discuss our recent results and strategy for driving future growth. Investor Relations also led roadshows in continental Europe and Schroders was represented at a number of industry conferences. The Group is also planning a second capital markets day for the investor community in the first half of 2019, following the first event in 2017.

To ensure that the Board developed and maintained an understanding of the views of our major shareholders, we commissioned an independent investor perception study in 2018. A third party provider conducted in-depth interviews with 18 of the Company's largest shareholders in the UK, North America and Asia Pacific. Their interviews covered shareholders' views on the Group's results, strategy, future prospects, competitive positioning and quality of senior management. Their findings were presented to the GMC and the Board.

The primary means of communicating with shareholders is through the Annual General Meeting, the Annual Report and Accounts, half-year results and related presentations. All of these are available on the Company's website and the Annual Report and Accounts is posted to all shareholders who elect to receive it. The Group's website also contains information on the business of the Company, Corporate Governance, all regulatory announcements, key dates in the financial calendar and other important shareholder information.

The AGM is an opportunity to meet with shareholders, hear their views and answer their questions about the Group and its business. All resolutions are voted on by way of a poll. This allows the Company to count all votes rather than just those of shareholders attending the meeting. All resolutions are voted on separately and the final voting results are published as soon as practicable after the meeting. Together with the rest of the Board, the Chairmen of the Audit and Risk, Remuneration and Nominations Committees will be present to answer questions. The 2019 AGM is to be held on Thursday 2 May 2019 at 11.30 a.m.

Directors' duties – compliance with s172 of the Companies Act 2006

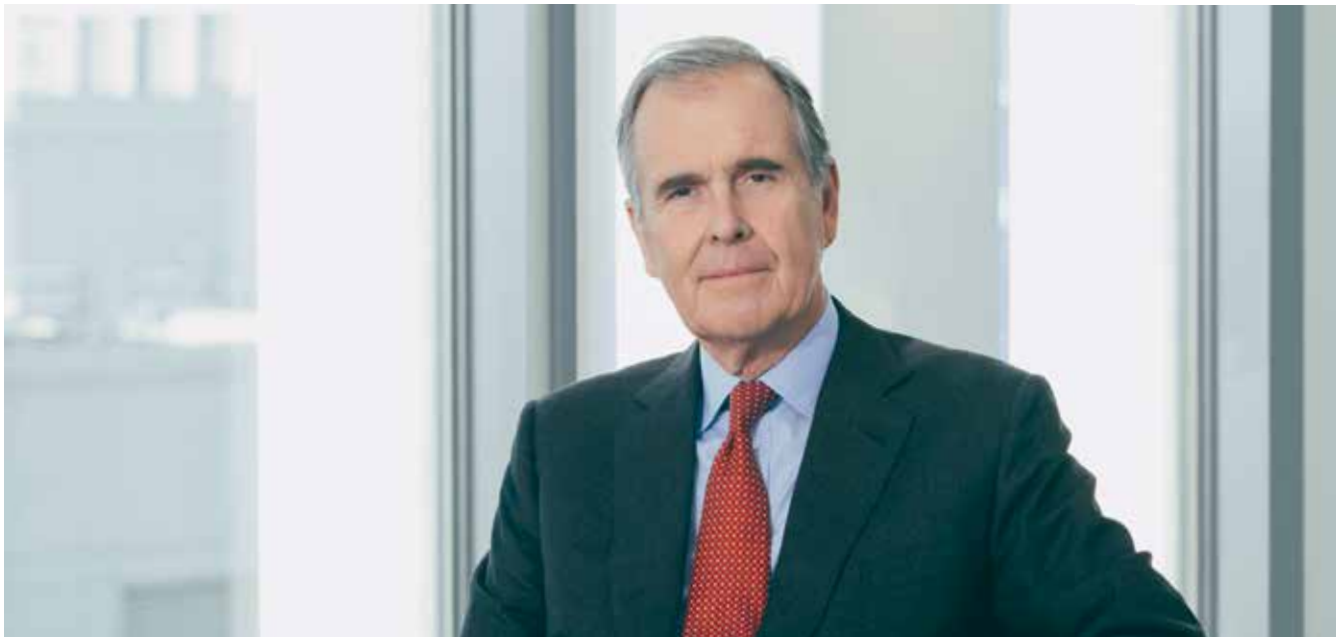
Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and in doing so have regard to the interests of stakeholders including clients, employees, suppliers, regulators and the wider society in which it operates.

On page 59, we have set out how we have engaged with our key stakeholders and how the Board has considered their interests during the year.

Stakeholder interests

Stakeholders	Why they are important	How we engage and consider their interests
Clients  See page 13	Clients are the central focus of our business. The Group's resilience and ongoing success is built upon an ability to understand clients' needs and respond to them. This allows us to anticipate how these needs will evolve and to construct products that meet their financial goals and build future prosperity.	– The client service teams build lasting relationships with current and potential clients to develop a clear view of client objectives and how these will evolve. – A strategic goal of the Group is to get closer to the ultimate investor in our products, which was a key consideration of the strategic partnership with LBG. We view the strategic partnership as highly beneficial for the Group's clients and investors in our products. – A key driver behind the Board's consideration of the acquisition of Algonquin, in April 2018, was the ability to integrate this into the existing private assets business and increase the product range available to clients.
Society  See page 35.	We recognise the responsibility we have to wider society and other key stakeholders. Schroders is a principle-led business and we believe that demanding high levels of corporate responsibility is the right thing to do.	– We aim for high standards of governance across the Group. As an asset manager, we frequently engage with companies on environmental, societal and corporate governance concerns. – The Board agreed the Group's approach to corporate responsibility, with a Corporate Responsibility Committee established with key stakeholders from our businesses. This Committee reports to the Board on the Group's Corporate Responsibility strategy and reporting. – We are proud to support the communities in which we operate and have a long history of contributing through donations and employee time. The Board receives an update on the Group's activities in corporate responsibility, which have four pillars; clients, people, community and the environment.
External Service Partners  See page 36.	We rely on the use of external service partners to supplement our own infrastructure benefiting from the expertise our partners provide. This enables access to lower costs for service delivery.	– We engage pro-actively with our external service partners and have a supplier code of conduct that sets out the high standards and behaviours we expect from them. The Code requires that the prohibition of forced labour and human trafficking, together with the ethical and responsible sourcing of goods or services, are incorporated into the sourcing governance and execution processes of our suppliers. – The Audit and Risk Committee reviews the Group's material outsource providers annually to ensure that the strategy for the use of outsourced suppliers remains consistent with our objective of using service partners to add value to supplement our own infrastructure. – The oversight of outsource service providers and the transition to the new front office technology platform has been a key area of focus for both the Audit and Risk Committee and the Board in 2018 and will continue to be in 2019.
People  See page 31.	Our people are central to the ongoing success of the business. We are proud of our reputation as an employer of choice. Our people strategy aims to develop an agile workforce as we continue to attract, retain, develop and motivate the right people for our current and future business needs.	– We engage through a variety of channels including management briefings, videos, an internal magazine and presentations by the Group Chief Executive to discuss progress made by the business, together with future objectives and challenges. We also conduct an annual employee opinion survey and have invested in our corporate communications to help employees understand and deliver our strategic objectives. – The Board considers the Group's employees to be an important stakeholder and the consideration of their interests forms part of many Board discussions. The Board discussed the results of the 2018 employee opinion survey and agreed an action plan to address the issues raised. – Ian King, the SID, is the designated non-executive director responsible for gathering workforce feedback, a key requirement of the 2018 Code. As part of this, Ian will attend global employee forum meetings to hear directly from employees on the issues that concern them.
Shareholders  See page 21	We rely on the support and engagement of our shareholders to deliver our strategic objectives and grow the business. Our shareholder base supports the long-term approach we take in the management of our business.	– The Board considered the full-year and half-year results. Both the Group Chief Executive and Chief Financial Officer presented them to investors. – The Board answered questions around strategy and our impact on society at the 2018 AGM. – Outside of results presentations, meetings are held with investors throughout the year, with engagement from both executive and non-executive directors. – We will hold a capital markets day in 2019 to give investors the opportunity to better understand our strategy and engage with senior management. – We commissioned an independent investor perception study. Through interviews with a number of major shareholders, we gathered their views on the Group's strategy, results and competitive position. The findings were presented to the Board.
Regulators  See page 38	As a global business, we build positive relationships with our regulators around the world. Regulators provide key oversight of how we run our business. Our clients' best interests are served by our working constructively with regulators.	– We regularly engage with regulators and policymakers to ensure that our business understands and contributes to evolving regulatory requirements. Senior management hold regular meetings to foster good working relationships. – The Audit and Risk Committee receives regular reports from these meetings that cover the Group's regulatory processes and procedures and its relationship with regulators around the world. The reports also outline the material changes in the regulatory environment in which the Group operates. In 2018, these included the Group's implementation of GDPR, MiFID II, PRIIPs and the possible impacts of Brexit.

Ensuring diversity in skills and experience



Committee membership (meeting attendance is on page 55)

Michael Dobson (Chairman)	Lord Howard (until April 2018)
Robin Buchanan	Ian King
Sir Damon Buffini	Philip Mallinckrodt
Rhian Davies	Nichola Pease
Rakhi Goss-Custard	Bruno Schroder

I am pleased to present the Nominations Committee report for 2018.

Responsibilities of the Nominations Committee

The Committee is responsible for keeping under review the composition of the Board and its Committees and for ensuring appropriate executive and non-executive Director succession plans are in place.

The Committee's terms of reference are available on the Company's Investor Relations website at schroders.com/ir.

Biographical details and experience of the Committee members are set out on pages 48 and 49.

Activities of the Nomination Committee

As we stated in our last annual report, our priorities in 2018 were Board composition and succession planning for non-executive Directors, including a successor to Robin Buchanan who will stand down at the 2019 AGM after nine years on the Board. Senior management succession was discussed by the full Board at the November meeting.

At our meeting in May, we discussed the required skills and experience for potential non-executive candidates. We were looking for sound business judgement, a clear ability to contribute to our strategic discussions and experience of leading an international business.

Following that meeting, we agreed the role profile and appointed MWM Consulting to conduct the search for potential candidates. MWM Consulting is a signatory to the Voluntary Code of Conduct on Gender Diversity and is independent of Schroders.

After discussing an initial long list of candidates, I interviewed five candidates, four of whom went forward to meet the Nominations Committee and the Group Chief Executive. On 6 March 2019, the Board approved the appointment of Deborah Waterhouse, who is Chief Executive of ViiV Healthcare. Deborah will join the Board on 11 March 2019 and we look forward to benefiting from her experience as CEO of a major international business.

In addition to Board succession, the Committee also considered the composition of the principal Board Committees, particularly in the context of Robin Buchanan's impending retirement. At our meeting in November 2018, the Committee recommended to the Board that Damon Buffini should join the Remuneration Committee and Rakhi Goss-Custard join the Audit and Risk Committee. The Board supported both these recommendations and the appointments were effective 29 November 2018.

Bruno Schroder died on 20 Feburary, aged 86 after a short illness. For more than 40 years the Board has included two Directors with a connection to the principal shareholder group. The Board has previously stated that it operates most effectively with an appropriate balance of executive Directors, independent non-executive Directors and Directors with a connection to the principal shareholder group.

Policy on board 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.

As at 31 December 2018, 27% of the Board comprised women. With the appointments of Deborah Waterhouse and Leonie Schroder, and the retirement of Robin Buchanan, 45% of the Board will comprise women.

We also endeavour to only use the service of executive search firms who have signed up to the Voluntary Code of Conduct on Gender Diversity.

Bruno Schroder was anticipating retiring from the Board at the AGM on 2 May 2019. Consequently, the Nominations Committee gave consideration in 2018 to the model for recognising in the Board composition the interests in the Company of the principal shareholder group, as well as to his succession. We considered alternative models and, on behalf of the Committee, the Senior Independent Director and I consulted with representatives of the trustees of the family trusts and other members of the principal shareholder group. The Committee concluded that the current model continues to be in the best interests of the Company and all its shareholders, whereby two family members serve on the Board as non-independent, non-executive Directors, alongside a majority of independent non-executive Directors and the two executive Directors. In February 2019, prior to Bruno Schroder's death, the Committee received from the trustees of the family trusts controlling 44.75% of the Company's ordinary shares a proposal that Leonie Schroder succeed Bruno Schroder on the Board. Nichola Pease and I interviewed Leonie Schroder and were satisfied that she would make a valuable contribution, act in the best interests of all shareholders and provide a useful communications channel with the principal shareholder group. After careful consideration, the Committee recommended the appointment of Leonie Schroder to the Board and this was supported by all Directors. Leonie will join the Board also on 11 March 2019.

As part of the process, the Board engaged with a number of major institutional shareholders. All those shareholders indicated their support for the proposal to appoint Leonie Schroder, given the overall mix of skills on the Board and the majority of independent non-executive Directors. Following the changes announced, the Board will continue to comprise 11 Directors, six of whom are independent non-executive Directors.

Directors standing for re-election

The Committee agreed that all Directors standing for re-election continue to make a valuable contribution to the Board's deliberations and recommends their re-election.

As Nichola Pease and Philip Mallinckrodt have served on the Board for more than six years and nine years respectively, the proposal for their re-election was given particular consideration. The Committee recommends their re-election. As required by the UK Listing Rules, the appointment of independent Directors must be approved by a simple majority of all shareholders and by a simple majority of the independent shareholders. Further details are set out in the 2019 Notice of AGM.

Diversity

Diversity goes beyond gender or ethnic background. We look for diversity of skills, experience and background, which is important for an effective Board and management team, and this will continue to be the primary criterion by which we select candidates for the Board.

The Board fully understands the importance of increasing gender diversity and has committed to have a minimum of 33% of Board positions held by women by 2020. Following the changes announced, 45% of the Board will comprise women. We endeavour only to use the services of executive search firms which have signed up to the Voluntary Code of Conduct on Gender Diversity. The full Board diversity policy is above and also on our website.

Evaluating the performance of the Committee

The internal evaluation process for 2018 is set out in detail on page 58. As part of that process I discussed with each Director how the Committee had performed over the year. The overall view was that the Committee had established a clear and effective process for succession for independent non-executive Directors and for Directors with a connection to the principal shareholder group.

Priorities for 2019

During 2019, we will continue to review Board composition and succession planning for senior management and non-executive Directors.

Michael Dobson
Chairman of the Nominations Committee

6 March 2019

Responding to new audit governance challenges and changes

Committee membership
(meeting attendance is on page 55
Rhian Davies (Chairman)
Robin Buchanan
Rakhi Goss-Custard (from November 2018)
Lord Howard (until April 2018)
Nichola Pease

I am pleased to present the Committee's report for the year ended 31 December 2018. The Committee plays a key role in overseeing the integrity of the Company's financial statements and robustness of the Group's systems of internal control and financial and risk management systems.

The Committee recognises its role in promoting the integrity of the Group's financial results and high-quality reporting. At the 2018 AGM, Ernst & Young (EY) were appointed as the Group's external auditor and we have welcomed the fresh insights, challenges and perspectives they have brought to the 2018 Annual Report and Accounts and to our discussions throughout the year. The smooth transition is a testament to the work undertaken by the Group and the professionalism of EY and the outgoing external auditor, PwC.

We welcome the Kingman review and the Competition and Markets Authority's efforts to improve audit quality and to reduce the risk of further reduction in the choice of auditor and we fully support the objective of increasing confidence in financial reporting through a focus on transparent reporting by companies, along with the assurance of a high-quality audit.

The Committee plays an important role in reviewing culture and conduct risk in the Group, which seeks to promote a client-centric culture. We have continued to oversee the development of our conduct programme designed to identify emerging trends and heightened risk issues. Conduct and culture risk is informed by a number of metrics, including conduct risk reports, employee opinion surveys and oversight by the second line of defence functions. Although there is no overall standard industry approach, we believe that the Group's arrangements are well-positioned against regulatory expectations.

During the year, the Committee continued to focus on its responsibility for oversight of the Group's control environment and system of internal controls and the Group's management of risk and compliance related activities. As part of this work, the Committee considered the Group's ICAAP, ILAAP, wind down plan, risk appetite and various operational stress scenarios to support the Board's conclusions on the viability statement set out on page 42.

I would like to welcome Rakhi Goss-Custard as a member of the Committee. Rakhi replaces Robin Buchanan, who will retire from the Board at the 2019 AGM. On behalf of the Committee, I would like to thank Robin for his invaluable contribution over the past nine years.

I am grateful to all members of the Committee for their support in 2018 and I look forward to continuing our work in 2019.

Rhian Davies
Chairman of the Audit and Risk Committee

6 March 2019

Responsibilities of the Committee

The principal role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting, financial controls and audit, risk and internal controls.

All members of the Committee are independent non-executive Directors. Biographical details and the experience of Committee members are set out on pages 48 and 49. The Board has determined that, by virtue of their previous experience gained in other organisations, members collectively have the competence relevant to the sector in which the Group operates. In addition, the Board considers that Rhian Davies, a chartered accountant, has the recent and relevant financial experience required to chair the Committee.

The Chairman, Group Chief Executive, Chief Financial Officer and Bruno Schroder were invited to attend meetings by the Chairman of the Committee. Other regular attendees who advised the Committee were the Group Financial Controller, the heads of Compliance, Risk and Internal Audit and the General Counsel. Other members of senior management were also invited to attend as appropriate. The Chairman of the Wealth Management Audit and Risk Committee (WMARC), who is an independent non-executive Director of Schroder & Co. Limited, attended one meeting and provided a report to each meeting on matters related to the Wealth Management business.

Representatives from EY, including Julian Young, the new lead audit partner for the 2018 financial year, attended all of the Committee's scheduled meetings. During 2018, two private meetings were held with the external auditor without management present. Private meetings were also held with the Chief Financial Officer and the heads of the Compliance, Risk and Internal Audit functions. These meetings provided an opportunity for any matters to be raised confidentially.

The Committee's primary activities are the oversight of:

Financial reporting, financial controls and audit	Risk and internal controls
– The content and integrity of financial and Pillar 3 reporting – The appropriateness of accounting estimates and judgements – The effectiveness of the financial control framework – The effectiveness of the external auditor – The independence of the external auditor – Recommending to the Board the appointment of the external auditor	– The Group's risk and control framework, including the Group's whistleblowing procedures and the Head of Financial Crime Risk's reports – The Group's ICAAP, ILAAP, wind down plan, risk appetite and the recovery plan and resolution pack – The Group's regulatory compliance processes and procedures and its relationships with regulators and compliance monitoring – The Group's Internal Audit function – Emerging and thematic risks that may have a material impact on the Group's operations in the future

Key areas of focus during the year

The table below summarises the key issues that the Committee considered at each of its meetings during 2018. At every meeting, the Committee receives updates from Internal Audit, Compliance, Legal and External Audit covering ongoing projects, key issues that have arisen since the prior meeting and reviews a dashboard of metrics in place for key risks.

Meeting	Financial reporting, financial controls and audit	Risk and internal controls
February	– Annual Report and Accounts, including financial estimates and judgements – Viability statement – Pillar 3 disclosures	– Report from WMARC – Key risks and risk management – Internal audit control framework review – Financial crime review
May	– External audit plan, including significant audit risks (being improper recognition of revenue and cost of sales)	– ICAAP and ILAAP – Business continuity – Oversight of outsource providers – Privileged access review
July	– Half-year results, including financial estimates and judgements	– Key risks – Risk and control assessments
September	– Tax strategy – Client on-boarding processes	– Conduct and culture risk oversight – Group recovery plan and resolution pack – Financial Crime and AML review
November	– Financial controls – Accounting policies and judgements including future accounting developments – Policies for safeguarding the independence of the external auditor	– Information security and technology risk – Cyber security – Wind down plan – Key risks – Legal risk – Insurance review – 2019 Internal Audit and Compliance monitoring plans

Financial reporting, financial controls and external audit

The Committee's responsibilities include reviewing the half-year and annual results and the Annual Report and Accounts before recommending them to the Board for approval. The Committee's responsibilities also include oversight of the effectiveness of the external audit, the independence of the external auditor and recommending to the Board the appointment of the external auditor.

At the AGM in April 2018, shareholders approved the appointment of EY, to replace PwC as external auditor. Since the conclusion of the audit tender process in 2016, the Committee has overseen the transition of the external audit. The audit tender process, the transition process and the Committee's work during 2018, with respect to the auditor, was primarily focused on ensuring that the Committee selected a firm that would provide robust challenge over the production of the Group's financial statements and that the audit would be effective and of high-quality from the first year. Providing oversight of the external auditor also supports the Committee's responsibilities with respect to the content and integrity of financial reporting, the appropriateness of accounting estimates and judgements, and the effectiveness of the financial control framework.

Significant accounting estimates and judgements

The preparation of the financial statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out in the presentation of the financial statements on page 150. Each of these areas are considered by the Committee based on reports prepared by Finance. EY consider each estimate and judgement and present their conclusions to the Committee. The significant estimates and judgements considered in respect of the 2018 financial statements and the agreed action by the Committee are summarised below.

Significant estimates and judgements	Action and conclusion
Acquisition of subsidiaries and associates in 2018	
The Group acquired a number of subsidiaries and associates during 2018. Significant judgements were made to estimate the fair value of the acquired intangible assets and the deferred consideration in relation to the acquisition of Algonquin. The judgements were mainly in respect of the estimation of forecast returns from the business and the applicable discount rate, which were used to determine both the contingent consideration component of the purchase price and the acquired intangible asset. The other acquisitions did not require any significant estimate or judgement in the context of the Group's results.	The Committee considered a report from Finance that set out the principal valuation assumptions and fair values in respect of Algonquin. The Committee considered the assumptions and the sensitivity of the fair values to changes in the assumptions. EY also provided the Committee with a report summarising the findings from their audit of the acquisition accounting for Algonquin. The Committee discussed the findings with EY who confirmed they had not identified any significant matters to draw to the Committee's attention. Once the Committee was satisfied with the proposals, they concluded that the fair value estimates were appropriate.
Please refer to Note 28 in respect of estimates and judgements made in respect of acquisitions made in 2018.	
Carried interest	
The Group recognises carried interest from its private assets businesses. The revenue stream is dependent on the future value of certain investments that may not crystallise until an uncertain date in the future. The Group is contractually committed to make payments to various parties, including as part of deferred consideration, based on a relevant proportion of carried interest received. For financial reporting purposes, the Group is required to estimate the value of carried interest receivable, determined based on the requirements of IFRS 15 Revenue from Contracts with Customers; and the fair value of amounts payable that relate to carried interest, determined based on the requirement of IFRS 9 Financial Instruments. The valuation bases for the significant balances in 2018 were materially consistent with those applied in the prior year and comprised the fair value of the relevant assets on which carried interest may be earned, growth rates, the expected realisation dates and the discount rates. Following the implementation of IFRS 15 Revenue from Contracts with Customers, the amounts recorded as receivable were constrained through applying adjustments as explained in note 2.	The Committee received a report from Finance, which reviewed the valuation bases for estimating the amounts receivable and payable in respect of carried interest. The Committee considered the judgement applied in determining the principal assumptions and the sensitivity of the relevant balances to those assumptions. The Committee discussed the accounting for carried interest with EY and considered the findings from their audit work. Once the Committee was satisfied with the judgements applied, the estimated carrying values of each component were approved. Due to the increase in value of carried interest balances at the year end, the Committee considered the additional disclosures presented in 2018 and concluded that they were appropriate.
Please refer to note 2 for the estimates and judgements made in respect of carried interest receivable and amounts payable in respect of carried interest. An explanation of carried interest is set out on page 26.	
Pension Schemes	
The Group's principal DB pension scheme is in respect of certain UK employees and former employees (the 'Scheme'). The Scheme was closed to future accrual in 2011 and, as at 31 December 2018, had a significant surplus. The pension obligation, which was valued as £795.6 million at the year end, is estimated based on a number of assumptions, the most significant relating to mortality rates. The other assumptions used to determine the DB pension surplus are significantly less judgemental and the valuation of plan assets is mainly based on securities with readily available market values.	The finance report to the Committee included the key financial assumptions, which had been applied by the independent qualified actuaries, Aon Hewitt Limited, to determine the Scheme surplus. EY's report sets out their conclusions on the pension surplus. The Committee considered the proposed assumptions, and specifically those relating to mortality rates, and was satisfied that the estimates were appropriate.
Please refer to Note 24 for more information on the estimates and judgements made in respect of the Scheme.	
Presentation of profits	
The consolidated income statement separately presents exceptional items. This presentation is permitted by accounting rules for specific items of income or expense that are considered material. The presentation involves judgement by the Group to identify the items that warrant specific disclosure in accordance with accounting standards.	The Committee considered, and was satisfied with, the continued presentation of exceptional items within a separate column in the consolidated income statement. This presentation is considered appropriate as it provides a transparent view of certain items and the underlying performance of the business. In forming their conclusions, the Committee considered the findings of EY. For 2018, exceptional items principally comprised the cost reduction programme, amortisation of acquired intangible assets and costs associated with acquisitions and disposals.
Please refer to note 1b for more information on exceptional items.	

Financial reporting and financial controls

The Committee reviews whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements, including those summarised on page 150. The Committee is also required to report to shareholders on the process it followed in its review of significant estimates and judgemental issues that it had considered during the year. These areas are set out on page 64. During 2018, the Committee considered the Group's final proposals on the adoption of two new accounting standards for 2018, and received an update on further accounting developments that would be adopted in the future. These are summarised in the basis of preparation of the financial statements on pages 149 and 150.

Financial reporting relies on there being an appropriate financial control environment. The Committee receives reports on the existing control environment as well as plans to enhance controls in the future, along with progress made against previous planned changes. The reports provide a comprehensive summary of the controls that exist across the Finance function globally and support the Group's risk and control assessments. For more details, see page 41. For 2018, the reports mainly focused on proposed enhancements to the Group's reporting capabilities and cost management processes, as well as providing an update on control enhancements within the revenue and commissions processes. The financial control environment is also subject to audit procedures by both the Group's internal and external auditors.

The Committee also considers other controls that might have an impact on financial reporting. During 2018, the Committee received a report from EY that presented a company and industry review of cyber security. In addition, the Committee reviews the Group's tax strategy annually, which is discussed with the external auditors. For more details see pages 38 and 39.

The Committee considers the Group's financial projections and the application of stress scenarios so that the Board can make the viability statement, as set out on page 42, and to support the going concern basis of preparation of the financial statements.

A key focus of the Committee is its work in assisting the Board in ensuring that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and assessing whether it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee considered the key messages communicated in the 2018 Annual Report and Accounts, as well as the information provided to the Committee and the Board as a whole during the year and their discussions on these. The Committee, having completed its review, recommended to the Board that, when taken as a whole, the 2018 Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Oversight of the external auditor

The Committee places great importance on the quality, effectiveness and independence of the external audit process. The external auditor attends all the Committee's scheduled meetings and EY have attended the Committee since November 2017, prior to their appointment, at the request of the Committee. The Committee holds private meetings with the external auditor without management present. In selecting EY as the external auditor and in performing their other responsibilities with regards to the external auditor, the Committee applies the principles of the Code and guidance provided by various bodies, including the FRC.

The Committee can confirm that the Company has complied with the provisions of the Competition and Markets Authority Order 2014 relating to the UK audit market for large companies throughout the year under review and as at the date of this report.

Assessment of audit quality and effectiveness

Following the completion of PwC's audit for the 2017 Annual Report and Accounts, the Group Financial Controller undertook a review of their performance on behalf of the Committee. This assessment was performed in addition to the normal assessment processes that were conducted by the Committee prior to the publication of the 2017 Annual Report and Accounts. The Chairman of the Committee provided feedback to a senior PwC partner, independent of the engagement team, that areas of improvement identified following the review in respect of the 2016 audit had been addressed and that no deterioration in the quality of the audit was noted, with PwC being independent and bringing objectivity and scepticism to the 2017 audit. This process concluded the Group's external audit relationship with PwC and the formal assessment of PwC's performance for the 2017 year-end.

EY were selected as external auditor based on criteria that were primarily focused on audit quality and effectiveness. Notwithstanding the Committee's decision to recommend EY's appointment, during the audit tender process the Committee identified some areas of focus for EY and these were discussed with the lead engagement partner and the Committee's assessment of EY's performance was undertaken with particular focus on these identified areas.

During the transition phase, prior to EY's appointment in 2018, the Committee received regular reports from the Group Financial Controller on the transition activity to ensure that this was well planned and executed.

Following EY's appointment in April 2018, the Committee has continued to assess their performance, including consideration of the audit plan, which contained the key areas of audit risk, progress against the plan, responsiveness to changes in our business and their conclusions on estimates, judgements and other areas of focus that were identified during the performance of their work.

The Committee has also assessed the regulatory findings on inspections conducted in respect of EY audits since the audit tender process was concluded and areas of development were discussed with Julian Young, the senior statutory auditor.

The Committee has received initial feedback from key stakeholders on the conduct of EY's audit. This initial feedback provided the Committee with assurance that there were no areas of significant concern regarding the audit. The process by which the more detailed assessment of EY's performance on the 2018 audit will be conducted was considered and approved by the Committee in March 2019. This process will be carried out later in the year by way of a questionnaire completed by key stakeholders, prepared in accordance with the FRC's guidance on assessing audit quality. The findings from this questionnaire, including any areas for improvement, will be considered by the Committee and communicated to EY prior to commencing the 2019 audit process. The Committee will then monitor EY's progress against these findings as part of their ongoing focus on auditor effectiveness and audit quality.

Independence and non-audit services

EY's independence was considered during the 2016 audit tender process, where certain services and independence constraints were identified that required resolution before EY were appointed. In May 2017, EY wrote to the Committee to confirm that all independence constraints had been cleared. EY have continued to confirm their independence during the 2018 half-year results and prior to issuing their opinion on the Annual Report and Accounts.

One key factor in ensuring auditor independence is the Committee's consideration of the provision of certain non-audit services by EY. The Committee maintains a policy on the engagement of the auditor for the provision of non-audit services to safeguard their independence and objectivity. This policy is reviewed annually and takes account of

relevant regulatory restrictions and guidance in the jurisdictions in which the Group operates, including those in the UK. The policy prohibits the provision of certain non-permitted non-audit services and contains rules regarding the approving of permitted non-audit services that are permitted by regulation.

The Group's outgoing auditor, PwC, was required to comply with the policy until June 2018, when PwC resigned from all subsidiaries that are public interest entities, as defined by the EU. EY has been subject to the policy since November 2016, subject to the completion of any existing services that had begun prior to the audit tender process.

Details of the total fees paid to EY are set out in note 4 to the accounts. The policy on non-audit services restricts the appointment of EY to services that are closely related to the audit. Other services, where they are not prohibited, may also be considered but these will not normally be approved by the Committee. Certain services are provided to the Group that are closely related to the audit but are not required by regulation. The Committee considers that these services are most appropriately performed by the Group's external auditor as they support the statutory audit as well as providing the external audit with relevant insights on aspects of the business, although they are not necessarily directly related to the financial statements.

Non-audit fees, excluding audit-related assurance services required under regulation, equated to 14% of audit fees. The equivalent calculation for 2017, but in respect of services provided by PwC, was 51%.

For 2018, the non-audit services not required by regulation mainly comprised assurance services in respect of controls reports, issued under International Standard on Assurance Engagements 3402 or similar principles, that are normally conducted by a Group's external auditor but are not required by regulation and Global Investment Performance Standards verification. These services are assurance in nature and do not present a risk to independence.

Auditor oversight conclusion

Prior to recommending the 2018 Annual Report and Accounts for approval, the Committee assessed the effectiveness of the audit, whether there was sufficient evidence of audit quality and considered EY's independence. In forming their conclusion, the Committee considered the evidence provided directly to the Committee, as well as feedback compiled by the Group Financial Controller.

On the basis of the review, the Committee is satisfied with the work of EY and that they are objective and independent. Accordingly the Committee has recommended to the Board that a resolution be put to the 2019 AGM for the reappointment of EY as external auditor, and the Board has accepted this recommendation.

Risk and internal controls

The Board has overall responsibility for the Company's system of internal controls, the ongoing monitoring of risk and internal control systems and for reporting on any significant failings or weaknesses.

The system of control is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives and can only provide reasonable assurance against material misstatement or loss. The Board has delegated to the Committee responsibility for reviewing the effectiveness and monitoring of the risk and internal controls framework.

On behalf of the Board, the Committee carried out the annual assessment of the effectiveness of internal controls during 2018, including those related to the financial reporting process. The Committee also considered the adequacy of the Group's risk management arrangements in the context of the Group's business and strategy. In carrying out its assessment, the Committee considered reports from the Group Financial Controller and the heads of Compliance, Risk, Internal Audit and from EY. This enabled an evaluation of the effectiveness of the Group's internal control framework.

Risk

Risk reports set out changes in the level or nature of the risks faced by the Group, developments in risk management and operational events, including significant errors and omissions. Separate reports allowed the Committee to consider a range of factors when determining the key risks and uncertainties faced by the Group. These included assessments of risk tolerance and stress testing of the Group's capital position, as well as the production of the Group's ICAAP, ILAAP, the wind down plan and the Group's Recovery Plan and Resolution Pack.

The Committee also considers emerging and thematic risks that may have a material impact on the Group. During the year, the Committee reviewed the Group's arrangements in the areas of business continuity, information security and culture and conduct risk.

Further information can be found in the key risks and mitigations section of the Strategic report set out on pages 40 to 47.

Set out on this and the following page are summaries of the Committee's activity in four areas where members of the first line of defence attended and presented to the Committee in relation to emerging and thematic risks.

Information and Cyber Security

Clients continue to seek reassurance that the Group has effective Information and Cyber Security arrangements in light of the increase in high profile cyber attacks in recent years. The Committee received an update on privileged access management, which had been identified as an area for improvement in the external review of Schroders Information Security controls undertaken by PA Consulting in 2017. The privileged access project has progressed well. In addition, changes in user access accounts are being improved to extend controls beyond the ISAE 3402 and financial audit systems.

The external landscape continues to evolve with additional volume of and increasingly sophisticated attacks. In light of the pace of developments in this area, the Committee will continue to review and assess the Group's capabilities.

Transition to new technology platforms

The move to 1 London Wall Place provided the opportunity to upgrade some of our technology systems. The Committee considered the transition to new technology platforms as a key priority for 2018 and received a number of updates throughout the year. During the year, the business introduced S3, a virtual desktop technology, for all London staff and transitioned to a new front office investment platform. These systems enabled the business to make improvements to its internal processes and business continuity arrangements.

The Committee had a number of reports on the transition to the new front office investment platform, which was implemented in 2018.

The Committee also received an update on the utilisation of technology in the key Group-wide client take-on project aimed at improving all aspects of client on-boarding across all client types, channels and asset classes. The project has already mitigated some take-on risks through the implementation of standard processes and adoption of validated data in the engagement process, the key aim being a reduction in manual processes. The Committee will continue to focus on progress made in this area during 2019.

Oversight of outsourced services

The Group relies on external service partners to supplement our own infrastructure but retains responsibility for these services. The Committee conducts regular reviews of the Group's material outsource providers in accordance with the Group's outsourcing policy. During 2018, the Group continued to develop these governance processes extending oversight to a broader range of suppliers. The Committee also reviewed the status of ongoing improvement programmes and other actions that are focused on addressing service quality issues identified in previous years. The Committee is also overseeing the transition of the Group's largest outsource provider of transfer agency and administration services for our UK funds and Life Company. This migration is scheduled to commence in 2019. The Committee will continue to provide oversight of the Group's outsourcing arrangements, particularly new partners who were engaged in 2018 and throughout 2019.

New regulatory requirements

The Committee received reports from the new Group Head of Financial Crime Risk in recognition of the Group's increased risk profile in respect of financial crime, particularly in the Wealth Management and private assets and alternatives businesses and activities in higher risk countries in Asia and South America. Financial crime remains a high priority for all of the Group's regulators, with compliance driven by the implementation of the 4th and 5th EU Money Laundering Directives, the UK Criminal Finances Act and the US sanctions regime. All relevant staff are required to undertake training and attest to compliance with the Group's financial crime policies.

GDPR came into force on 25 May 2018. During 2018, the Committee received updates on its implementation and impact on the Group including the amendments to our processes and policies to address its requirements. In January 2018, MiFID II came into force. The Committee continues to monitor the implementation and embedding of its requirements.

Compliance

Compliance reports describe the status of our relationships and dealings with our principal regulators and material changes in the regulatory environment in which the Group operates. The reports also outline key compliance issues, and the planning and execution of the compliance monitoring programme. Monitoring is carried out globally to assess the Group's compliance with local regulatory standards and requirements.

The Committee considered the extension of the Senior Managers and Certification Regime, which will include asset managers and other investment firms from 9 December 2019 and the potential impacts of possible Brexit scenarios. The Committee also received reports on the application of GDPR and MiFID to ensure the Group's arrangements remained under close review following their implementation and on conduct and culture.

Internal Audit

The Committee has authority to appoint or remove the Group Head of Internal Audit, who reports directly to the Chairman of the Committee. The Chairman of the Committee is accountable for setting the objectives of the Group Head of Internal Audit, appraising his performance against those objectives and for recommending his remuneration to the Remuneration Committee, with advice from the Group Chief Executive.

The Committee also has responsibility for approving the Internal Audit budget and being satisfied that the Internal Audit function has appropriate resources and continues to be effective and a valued assurance function within the Group. The Committee satisfies itself as to the quality, experience and expertise of the function through regular interaction with the Group Head of Internal Audit, both when the Committee meets and also through other regular meetings outside the formal meeting schedule.

Internal Audit reports to the Committee set out progress against a rolling plan of audits approved by the Committee on an annual basis. These reports include any significant findings from audits performed and their subsequent remediation and recommendations to improve the control environment. During the year the Committee agreed to proposed amendments to the internal audit plan to meet the evolving gross risks faced by the business. In 2018, additional audit work was carried out in relation to technology in Benchmark Capital, product governance, GDPR and dealing commission.

Both the annual compliance monitoring and Internal Audit plans are developed on a risk-weighted basis to provide proportionate reassurance over the Group's controls for the key risks set out on pages 40 to 47.

Evaluating the performance of the Committee

The annual evaluation of the Committee's effectiveness was undertaken as part of the overall Board evaluation process. The findings relating to the Committee were discussed with the Committee Chairman. Overall, the Committee is considered to be performing well, is rigorous and effective in discharging its responsibilities and providing the Board with assurance.

Priorities for 2019

As well as considering the standing items of business, the Committee will also focus on the following areas during 2019:

- Cyber and information security
- Conduct and culture risk
- Financial crime
- Transition to new technology platforms and robotics
- New regulatory requirements including the expansion of the Senior Managers and Certification Regime
- Oversight of outsourced services and planned changes
- Acquisition and integration risks

Committee's assessment of internal control and risk management arrangements

In light of its work, the Committee was content with the effectiveness of the Group's processes governing financial and regulatory reporting and controls, its culture, ethical standards and its relationships with regulators. The Committee was also satisfied with the appropriateness and adequacy of the Group's risk management arrangements and supporting risk management systems including; the risk monitoring processes, internal controls framework and the three lines of defence model.

By order of the Board

Rhian Davies
Chairman of the Audit and Risk Committee

6 March 2019

Paying for performance in a simple and transparent way

Structure of the remuneration report

Committee membership (meeting attendance is on page 55)

Nichola Pease (Chairman)	Robin Buchanan
Sir Damon Buffini (from November 2018)	Ian King
Lord Howard (until April 2018)	

I am delighted to present our first remuneration report since I took over as Remuneration Committee Chairman in April 2018, having served on the Committee since 2014. I would like to thank Lord Howard for his contribution during his nine years as a member and almost six years as Committee Chairman, and welcome Sir Damon Buffini as a member of the Committee.

Remuneration approach for the executive Directors

Shareholders approved our Directors' remuneration policy at our AGM in 2017, to apply until our AGM in 2020. During 2018, the Committee and the Board carried out a detailed review of our remuneration approach for the executive Directors. We concluded that it continues to be right for Schroders and is a key driver of the Group's success over the long term. I wrote to our largest shareholders earlier this year to update them on our thinking following this review.

Long-term thinking governs our remuneration approach. We pay for performance in a simple and transparent way, clearly aligned to client and shareholder interests. Our remuneration strategy reflects the global marketplace in which we operate, helping us to attract, motivate, reward and retain the talented individuals we need to maintain the Group's success.

We continue to believe in a discretionary approach to assessing performance and determining annual bonus awards, as opposed to formulaic incentives. We believe that formulaic pay can often drive the wrong behaviours and the wrong long-term outcomes for clients, shareholders and other stakeholders. We look to reward appropriately all employees who perform well and adhere to the firm's values – excellence, innovation, teamwork, passion and integrity – and who demonstrate the behaviours we expect in a client-centric culture. Our discretionary approach also ensures we can reflect performance on management of risks and adherence to compliance controls in pay outcomes (see page 89).

We have comprehensively reviewed the peer groups that we use when considering pay outcomes for the executive Directors. No peer group is perfect; all companies are different so there are few if any that face exactly the same opportunities and challenges that we do. However, in setting annual bonus outcomes we focus primarily on paying for performance rather than positioning against market rates, with the peer groups used as a sense check for remuneration decisions rather than as a driver. As such, we concluded that both our asset management and FTSE-100 financial services peer groups provide useful context for our decision-making, as well as the wider FTSE-100 (see page 80).

The 2018 UK Corporate Governance Code includes new provisions on executive pay, against which we are well positioned. Our executive Directors' retirement benefits are provided on the same basis as those of other UK employees. The executive Directors' shareholding requirements extend for two years post-employment. The LTIP performance period plus post-vesting holding period totals five years and we have the discretion to reduce the extent to which awards vest if the Committee judges that the unadjusted outcome from the performance conditions does not reflect underlying performance.

During 2018, we introduced post-employment restrictions into our deferred compensation plan rules, which apply when the Committee uses its discretion to permit a departing employee to retain unvested awards. As a result, the unvested deferred remuneration that the leaver is entitled to retain is forfeitable at any time up until the vesting date if they join a competitor or poach Schroders' clients or employees.

Potential regulatory changes

Though much remains uncertain, draft legislation in Europe has the potential to result in new regulatory requirements on the structure of remuneration at Schroders, in particular the latest iteration of the Capital Requirements Directive and the new Investment Firms Directive. We believe that our remuneration approach is right for Schroders and our stakeholders but we continue to monitor developments closely. If regulatory changes were to mean a new remuneration policy is required for the executive Directors we will consult with shareholders.

Independent advisers

In July 2018, we appointed PwC as independent advisers to the Committee. We selected PwC because they are amongst the market leaders in this area, with a good understanding of the firm through their existing HR consulting engagement with Schroders (see page 75). The Committee assesses the performance of its advisers annually, including the quality of advice provided, to ensure that it is independent of any support provided to management.

2018 performance and pay outcomes

2018 saw significant progress for Schroders across a number of strategically important areas. However, these strategic developments took place against a backdrop of an increasingly difficult market environment. Throughout this, management have continued to invest in the future growth of our business. As a result, profit before tax and exceptional items was £761.2 million (2017: £800.3 million). The Board has recommended a 1 pence increase in the total dividend per share for the year.

We recognise the significant challenges that our industry faces and in light of this wish to remain prudent on pay levels. We recommended to the Board a total compensation ratio maintained at 43%, below our target range of 45% to 49%, to position the firm for more challenging market conditions and the headwinds facing the industry in the future. As a result, the annual bonus pool is down 7% on last year.

We continue to manage the executive Directors' remuneration in line with our Directors' remuneration policy, as outlined last year. Our approach to determining the annual bonus awards for the executive Directors is consistent with that for the rest of our employees. We have taken into account the progress we have made against our strategic goals. We look to reward a balanced approach to growing the business profitably and sustainably, encouraging the longevity of client relationships, while retaining and developing our talented people who are key to organisational stability and long-term success. More information on the annual bonus awards for the executive Directors is outlined on pages 81 to 83.

For 2018, we have awarded Peter Harrison, our Group Chief Executive, an annual bonus of £6.175 million, down 5% on 2017. Our financial results fell short of budget in a number of areas, although aspects of this were market-wide rather than Schroders-specific issues. Despite ongoing pressure on fee margins, net income increased 3%. Management continued to invest in the future growth of the business during 2018. Strategic progress during the year was excellent and saw significant advances as we grew our Wealth Management and private assets businesses.

We have awarded Richard Keers, our Chief Financial Officer, an annual bonus of £2.6 million, down 5% on 2017. Again, this reflects our weaker financial performance, as we continued to invest for future growth. Richard had a strong 2018. He was responsible for two key projects, the implementation of our new front office technology platform and the completion of and move into our new London headquarters, both of which were successfully completed. He also managed a smooth and efficient change of our statutory auditor.

The LTIP performance conditions remain highly demanding and in March 2019 we expect LTIP awards granted in 2015 to lapse without vesting. The earnings per share (EPS) and net new business (NNB) targets will not be met, despite EPS growth of 21% and NNB of £14.2 billion over this period (see page 84).

In February 2019, at the same time as setting the executive Directors' bonuses, the Committee reviewed the distribution of salary increases and bonuses for the full workforce. The Group Chief Executive and Chief Financial Officer have seen decreases in total variable pay of 5% and 15% respectively, compared with a median bonus decrease of 3% and a mean decrease of 5% for employees who worked in the Group for all of 2017 and 2018. The Group Chief Executive's pay is 37 times the employee mean (2017: 35 times) and 63 times the employee median (2017: 64 times), as shown on page 81. The UK Government is introducing statutory disclosure of the ratio of CEO pay compared with UK-based employees from next year. For a number of years, we have voluntarily disclosed the CEO pay ratio compared with our employees globally and compared with the average GMC member. This year, in light of the incoming UK rules, we have included CEO pay ratios compared with our UK employees in the remuneration report. The figures I have quoted here are in comparison with our global employee-base as we feel this provides a more robust and inclusive measure of pay outcomes for our wider workforce.

Diversity and gender pay gap

We are committed to creating an inclusive working environment and ensuring employee diversity. Talented people are celebrated and valued at Schroders, whatever their gender, age, race, sexual orientation, disability, religion, beliefs or other characteristics. We pride ourselves on always being open to different ways of thinking.

This year, we have continued working to increase the representation of women in senior management roles, having been one of the first signatories of the Women in Finance Charter in the UK. We are targeting 33% women within senior management by the end of 2019, having achieved our initial target of 30% women within senior management during the first quarter of 2017. At the end of 2018, female representation in senior management was 32% and we remain committed to achieving our target over the remainder of this year. We have published more information on diversity and gender pay in a separate report on our website at schroders.com/inclusion.

Our analysis of comparable roles continues to show that we reward men and women fairly for similar work. Our gender pay gap reflects the lower representation of women at senior levels within the organisation. Our work to promote senior management diversity is reflected in improvements in our gender pay gap (page 78). Since our first disclosure, in respect of 2016 pay outcomes, the gap for mean salaries and cash allowances has narrowed from 31% to 29%, while the gap for the median narrowed from 33% to 30%. The gap for the mean bonus has narrowed from 66% to 60%. The gap for the median bonus has narrowed from 59% to 56%. This is slightly wider than in 2017, when it was 53%, reflecting a higher number of female new joiners at junior levels in 2018 as part of our strategy to improve the diversity of the firm in the longer term.

Diversity extends beyond gender. During the year-end compensation review, we consider bonus outcomes through both a gender and an ethnicity lens to ensure that recommendations are appropriate and help identify any unconscious bias. We will be encouraging our people to complete their diversity profiles, to allow us to begin reporting on other measures of diversity. There remains more to do and we are actively identifying additional steps to address this.

Nichola Pease
Chairman of the Remuneration Committee

Remuneration at a glance

1. Our remuneration principles

The overall remuneration policy is designed to promote the long-term success of the Group. The Committee has developed the remuneration policy with the following principles in mind:

Aligned with clients

A significant proportion of higher-earning employees' and material risk takers' variable remuneration is granted as fund awards, which are notional investments in funds managed by the Group, thereby aligning the interests of employees and clients. This includes the executive Directors, other members of the GMC and other key employees such as senior fund managers.

Aligned with shareholders

A significant proportion of variable remuneration is granted in the form of deferred awards over Schroders shares, thereby aligning the interests of employees and shareholders. Executive Directors and other members of the GMC are required, over time, to acquire and retain a significant holding of Schroders shares or rights to shares. On stepping down, the executive Directors are required to maintain a level of shareholding for two years.

Aligned with financial performance

The total spend on remuneration is managed as a percentage of net income, the total compensation ratio. This ratio is determined by the Committee and recommended to the Board. This approach aligns remuneration with financial performance.

The bottom section of this table outlines how each of our key performance indicators is factored into determining the variable elements of the executive Directors' remuneration.

Competitive

Employees receive a competitive remuneration package, which is reviewed annually and benchmarked by reference to the external market. This allows us to attract and retain highly talented people, who know that good performance will be rewarded.

Designed to encourage retention

Deferred variable remuneration does not give rise to any immediate entitlement. Awards normally require the participant to be employed continuously by the Group until at least the third anniversary of grant in order to vest in full.

Linking remuneration with our strategy and financial performance

Each of our key performance indicators (see pages 16 and 17) is factored into determining the variable elements of the executive Directors' remuneration, as set out below:

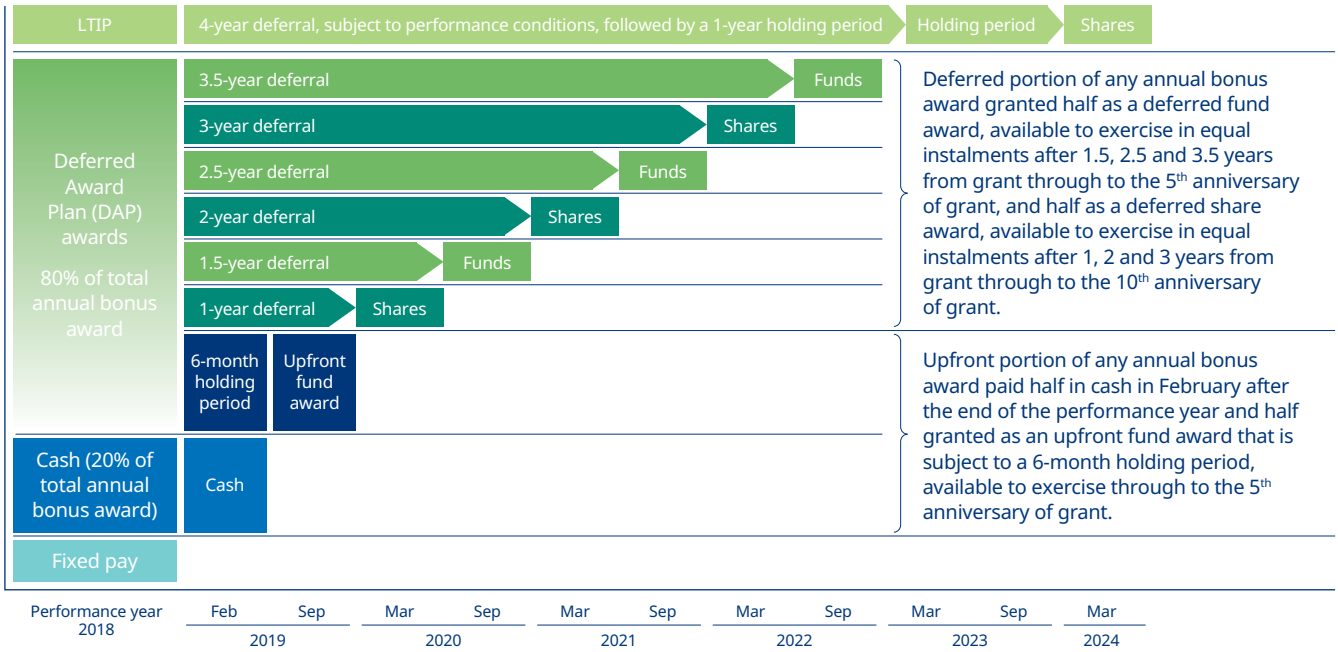
Our key performance indicators	Client investment performance	NNB	Retention of key talent	AUMA	Net operating revenue	Ratio of total costs to net income	Basic EPS	Dividend per share
LTIP vesting (based on NNB and EPS)	A key driver of AUM, which in turn drives net operating revenue and EPS.	Included as an LTIP metric. Also a key driver of AUM.	Not directly reflected in LTIP vesting but critical to delivery of business results.	Changes to AUMA drive net income and EPS.	A key element of profit and EPS.	A key indicator of profitability, which drives EPS.	Included as an LTIP metric.	EPS feeds through to the dividend per share.
Annual bonus awards	The Committee considers all of our key performance indicators in assessing the performance of the business and of each of the executive Directors, when they are determining annual bonus awards for the executive Directors (see page 82).							

2. Our remuneration policy for the executive Directors

Executive Directors' remuneration policy illustrations

The Directors' remuneration policy was approved by shareholders at our 2017 AGM, on 27 April 2017, and is summarised on our website at schroders.com/directors-remuneration-policy. The diagram below illustrates the structure of the executive Directors' remuneration, including the timing of when they receive each component of their total remuneration, across the following:

- Fixed components of pay, for salary, benefits and allowances based on when they are paid or enjoyed, and for retirement benefits based on when contributions are made or cash in lieu is paid
- The different components of any annual bonus award, showing for each portion when it will be paid or available to exercise
- The LTIP performance and holding periods, based on the LTIP awards to be granted following the financial year-end



The table below outlines other key aspects of our remuneration policy for the executive Directors.

Component	Policy overview
Malus and clawback policy	Malus terms allow deferred remuneration awards to be reduced or lapsed, at the Committee's discretion, until they have been paid or settled. Clawback terms allow amounts that have been paid or settled to be recovered for a period of up to 12 months from the date of payment or release, at the Committee's discretion. Under the Group's malus and clawback policy, these terms can be used to risk-adjust deferred remuneration awards in a range of circumstances. In addition, the executive Directors' contracts extend clawback terms to the upfront cash portion of any annual bonus awards, in the event of individual misconduct.
Personal shareholding policy	To align their interests with those of shareholders, the executive Directors are required to acquire and retain a holding of Schroders shares or rights to shares equivalent to 300% of base salary, or 500% of base salary for the Group Chief Executive. On stepping down as an executive Director, half that level of shareholding must be maintained for two years.
Equity Compensation Plan (ECP)	The ECP is one of the Group's main deferral arrangements for annual bonus awards, alongside the DAP. Deferred bonuses for employees who are not UCITS / AIF MRTs, including the executive Directors' deferred bonuses prior to performance-year 2018, are delivered as a combination of ECP fund awards and ECP share awards. Malus and clawback terms apply. Since 2018, the executive Directors' deferred bonuses have been granted under the DAP but they still hold ECP awards relating to previous deferred bonuses (see pages 87 and 88).
Equity Incentive Plan (EIP)	The EIP is an additional deferred remuneration plan, used to reward exceptional performance and potential. EIP awards do not give rise to any immediate entitlement and normally require the participant to be employed continuously by the Group until the fifth anniversary of grant. If a participant resigns before the fifth anniversary of grant, awards are normally forfeited in full. Malus and clawback terms apply. Executive Directors are not eligible to be granted new EIP awards but Peter Harrison holds an EIP share award granted in 2013, prior to his appointment to the Board (see page 88).

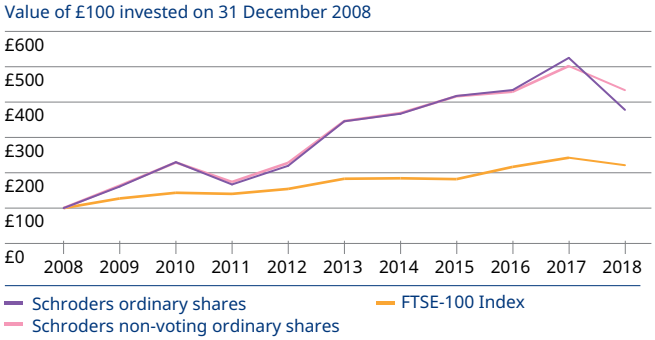
For more information on the policy see schroders.com/directors-remuneration-policy and on the implementation of the policy during 2019 see page 90.

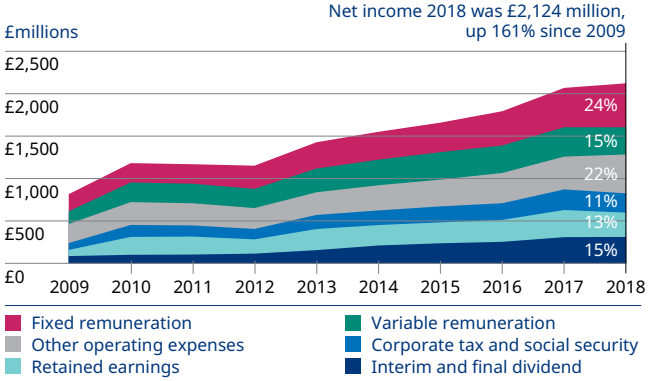
3. How we performed in 2018

The charts below provide an overview of Schroders' performance. Pages 14 and 15 provide information on our strategy for 2018 and beyond, and pages 16 and 17 give more information on our key performance indicators. Pages 82 to 84 outline the basis for determining annual bonus awards for the executive Directors and the expected vesting of LTIP awards granted in March 2015.

Performance of Schroders shares against the FTSE-100 Index and the relative spend on pay

The left-hand chart below compares the performance of Schroders shares with that of the FTSE-100 over 10 years to 31 December 2018. Over this period, the index has returned 121%, compared with a 278% return on Schroders ordinary shares and a 334% return on Schroders non-voting ordinary shares. The right-hand chart shows how net income has been utilised over the same period, as we have continued to invest for future growth, comparing remuneration costs before exceptional items and shareholder distributions to taxes arising and earnings retained. Distributions to shareholders in respect of 2018 formed a similar proportion of the total as they did for 2017.

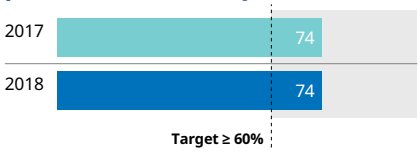




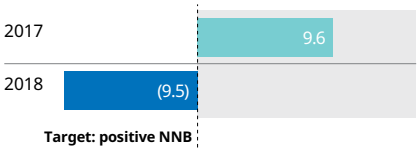
Other key factors in assessing the performance of the Group (see pages 82 to 83)

The following key performance indicators were among those that formed part of the Committee's determination of the executive Directors' pay. In reviewing performance, the Committee has looked to separate Schroders-specific performance from general market factors and recognised that the Board agreed and is supportive of the strategy of investing in a targeted way to enhance our future growth opportunities (see page 6), which increased our costs in 2018.

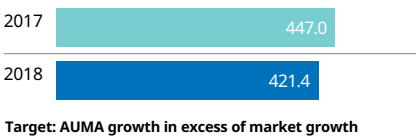
Client investment performance over 3 years (%)



Net new business (£bn)

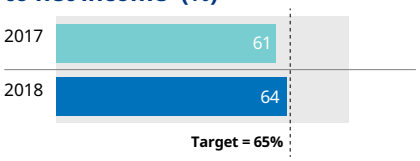


AUMA (£bn)



Retention of key talent (%)

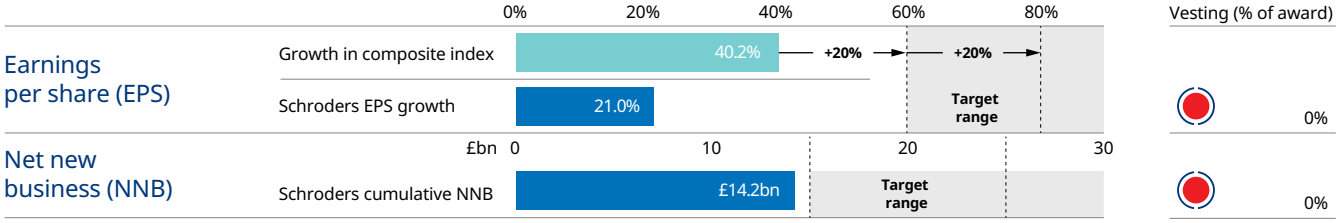
Ratio of total costs to net income* (%)



Basic earnings per share* (p)

Determining the vesting of LTIP awards granted in March 2015 (see page 84)

LTIP awards granted in March 2015 are expected to lapse without vesting on 7 March 2019, based on two metrics as set out below.



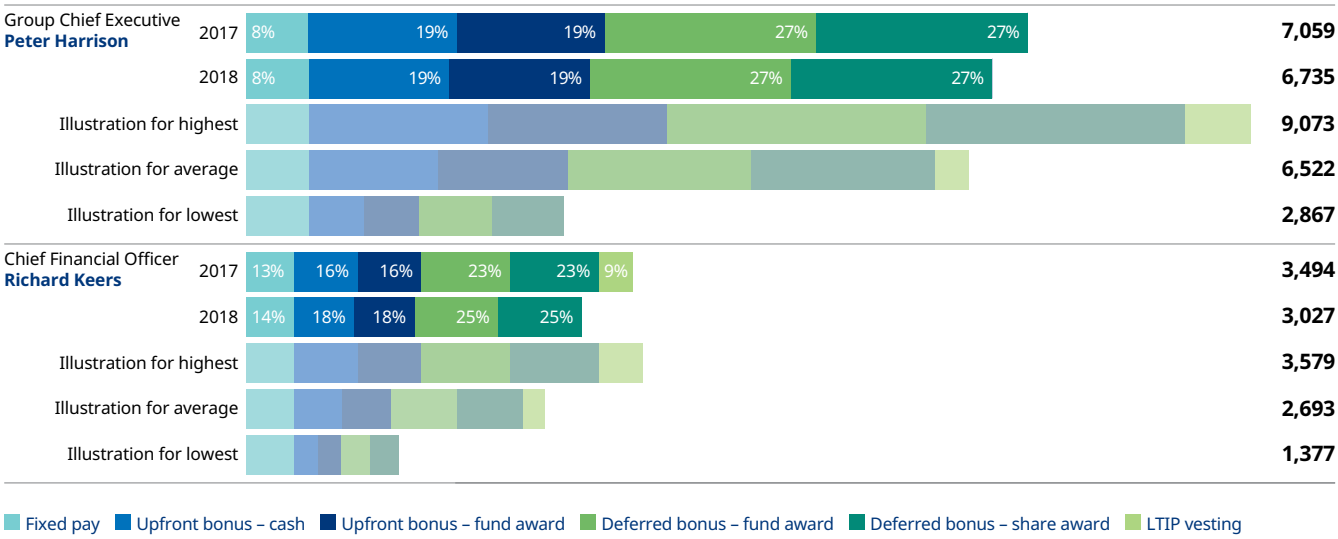
Total expected to vest in relation to 2015 to 2018 performance **0%**

* Before exceptional items. Criteria met Partially met Not met

4. Our executive Directors' remuneration and shareholdings

The chart below compares the single total remuneration figures for 2017 and 2018 for each executive Director role. This is shown alongside an illustration of the potential value of each component of remuneration for each executive Director role, showing the split of fixed components of remuneration, annual bonus awards and LTIP awards in accordance with the Directors' remuneration policy, based on the highest, average and lowest remuneration over the 10 years ended 31 December 2018.

Executive Director Single total remuneration figure (£'000)



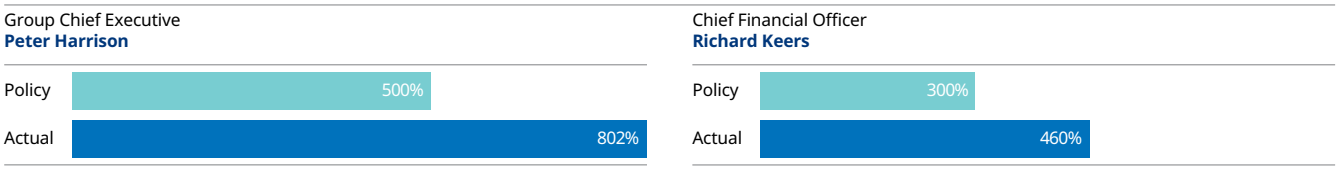
For 2017 and 2018, the charts reflect the values shown in the single total remuneration figure table on page 79. For the illustrations of the highest, average and lowest remuneration values:

- Fixed pay consists of the anticipated annualised amounts of base salary, benefits, allowances and retirement benefits from 1 March 2019. This is in line with the value shown for 2018 in the single total remuneration figure on page 79.
- The total value of annual bonus awards is based on the sum of bonus and fixed pay each year over the 10 years ended 31 December 2018. The highest, average and lowest of those annual total values is used for the scenarios. The fixed pay value outlined above is deducted from each, to provide an illustration of potential bonus value. The annual bonus award value is then split into upfront cash, an upfront fund award and deferral into fund and share awards as outlined in the policy.
- The value shown for LTIP is based on the grant-date face value of the award to be granted in March 2019, assuming 100% vesting for the illustration for a highest scenario, 50% vesting for the illustration for average and 0% vesting for the illustration for lowest.

The total remuneration values used in these scenarios for the Group Chief Executive reflect the remuneration awarded to Peter Harrison for performance in 2016 to 2018, and to his predecessor Michael Dobson for performance in 2009 to 2015. For the Chief Financial Officer they reflect the remuneration awarded to Richard Keers for performance in 2013 to 2018, and to his predecessor Kevin Parry for performance in 2009 to 2012.

The chart below compares each executive Director's shareholdings with that required under the personal shareholding policy.

Value of shareholding vs. shareholding policy (% of salary)



For more information on the single total remuneration figures see pages 79 to 84 and on the personal shareholding policy see page 87.

Remuneration governance

Responsibilities of the Committee

The responsibilities of the Committee include:

- Reviewing the Group's remuneration strategy and recommending the Directors' remuneration policy to the Board
- Determining the remuneration of executive Directors within the policy approved by shareholders
- Determining the remuneration of the Group Company Secretary; reviewing the remuneration of the Heads of Compliance, Risk, Internal Audit and the General Counsel; monitoring the level and structure of remuneration for other senior employees and material risk takers; and overseeing remuneration more broadly across the Group
- Recommending to the Board the annual spend on fixed and variable remuneration
- Reviewing the design and operation of share-based remuneration and other deferred remuneration plans
- Overseeing any major change in the employee benefits structure throughout the Group
- Reviewing the remuneration disclosures required and ensuring compliance with those requirements
- Receiving and considering feedback from shareholders and representative shareholder bodies

The Committee's terms of reference are available on our website at schroders.com/ir.

All members of the Committee are independent non-executive Directors. Biographical details and the experience of Committee members are set out on pages 48 and 49.

At the invitation of the Committee Chairman, the Group Chairman attended seven meetings, the Group Chief Executive and Chief Financial Officer attended six meetings and Bruno Schroder attended four. No Director or employee participates in decisions determining his or her own remuneration.

The Group Head of Risk, the General Counsel, the Global Head of Compliance and the Group Head of Internal Audit also advised the Committee on matters that could influence remuneration decisions and attended meetings if required. The Chief Executive Officer, Asia Pacific attended one meeting to advise the Committee on remuneration arrangements within his remit. The Committee appointed PwC as independent remuneration advisers in July 2018 and PwC attended three meetings in that capacity, in addition to attending one meeting prior to that appointment to advise the Committee on market practice and conditions for directors' remuneration and compliance with remuneration regulations. The Global Head of Human Resources and the Head of Compensation and Benefits attended meetings to provide advice and support the Committee.

Key areas of focus during the year

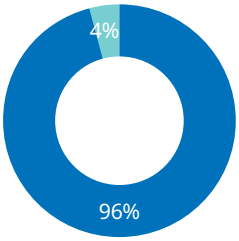
The table below summarises the key issues that the Committee considered at each of its meetings during 2018. Remuneration packages for new hires, severance arrangements for roles subject to the Committee's oversight and regulatory developments were reviewed at each meeting as required. In addition, the Board as a whole reviewed the remuneration strategy in November 2018 (see page 57).

Meeting date	Key issues considered
January	– Compensation review 2017 – Remuneration disclosures – Forecast vesting of 2014 LTIP grants – Performance conditions for 2018 LTIP grants – Malus and clawback policy – Internal audit of remuneration compliance
February	– Compensation review 2017 – Carried interest-sharing arrangements in particular business areas
May	– Shareholder and voting agency feedback on remuneration – Review of advisers to the Committee – Review of the Committee's terms of reference – Alignment of remuneration to client and shareholder interests – Annual performance objectives of the Group Chief Executive – Post-employment restrictive covenants – Remuneration and carried interest arrangements in particular business areas
June	– Remuneration arrangements in particular business areas
July	– Executive Directors' remuneration review
October	– Executive Directors' remuneration review – Compensation review 2018 – Principles and delegation for carried interest-sharing arrangements – Approval of EIP grants – Remuneration arrangements in particular business areas – Gender pay gap – Group risk adjustment framework for remuneration – Material risk taker framework and population – Internal audit of remuneration compliance
December	– Compensation review 2018 – Sustainability of earnings – Risk, legal, compliance and internal audit matters – Remuneration disclosures – Forecast vesting of 2015 LTIP grants – Carried interest-sharing and co-investment eligibility in particular business areas – Remuneration benchmarking – Total compensation ratio target for 2019

Shareholder voting on remuneration

At the 2018 AGM, shareholders approved the remuneration report that was published in the 2017 Annual Report and Accounts. Shareholders approved the Directors' remuneration policy at the 2017 AGM and that policy applies for three years from the date of approval. The results of these votes are shown below.

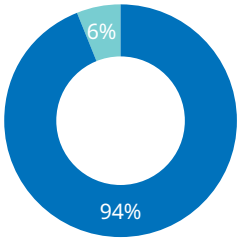
To approve the remuneration report at the 2018 AGM



	2018 AGM voting
Votes for	183,227,563
Votes against	7,971,986
(Votes withheld)	32,292

To approve the relevant remuneration report	Votes for	Votes against
2014 AGM	94%	6%
2015 AGM	97%	3%
2016 AGM	96%	4%
2017 AGM	95%	5%
2018 AGM	**96%**	**4%**

To approve the Directors' remuneration policy at the 2017 AGM



	2017 AGM voting
Votes for	181,963,125
Votes against	12,623,229
(Votes withheld)	461,454

To approve the relevant Directors' remuneration policy	Votes for	Votes against
2014 AGM	92%	8%
2017 AGM	**94%**	**6%**

External advisers

The Committee appointed or received advice from the advisers shown in the table below. Advisers were selected on the recommendation of the Global Head of Human Resources and the Head of Compensation and Benefits.

	Appointed by	Services provided to the Committee	Other services provided to the Group	Fees paid for advice to the Committee during 2018 on executive Director pay (£'000)
PwC	The Committee	Independent advisers to the Committee	HR consulting services and advice to management on remuneration design, regulatory implications, tax, social security, governance, operational and technical issues	130
McLagan (Aon) Limited (McLagan)	The Committee	Information on market conditions and competitive rates of pay	Information on market conditions and competitive rates of pay	2

From July 2018, the Committee engaged PwC to provide independent advice as they are among the market leaders in this area, with a good understanding of the firm through their existing HR consulting engagement with Schroders. A fixed fee structure has operated since appointment to cover standard services, with any exceptional items charged on a time/cost basis. PwC also provide professional services in the ordinary course of business, including tax, consulting, regulatory compliance and other advice to the Group. PwC ceased to be the Group's external auditor following the 2018 AGM in April 2018.

The Committee is satisfied that the advice received from McLagan was independent and objective, as it was factual and not judgemental. McLagan is part of Aon plc, which also provides advice and services to the Company in relation to pension benefit valuations and pension actuarial advice. McLagan's fees were charged on the basis of a fixed fee for the preparation of reports setting out the information requested.

The Committee assesses the performance of its advisers, the associated fees and the quality of advice provided annually, to ensure that it is independent of any support provided to management.

Evaluating the performance of the Committee

The annual evaluation of the Committee's effectiveness was undertaken as part of the overall Board evaluation process. The findings relating to the Committee were discussed with the Committee Chairman. The overall view was that the Committee had operated effectively and had discharged its duties diligently. The transition of the Chair from Lord Howard to Nichola Pease had been managed smoothly.

Annual report on remuneration

Pages 76 to 90 constitute the annual report on remuneration. Shareholders will have an advisory vote on this section, together with the Committee Chairman's statement on pages 68 and 69, and the information on remuneration governance on pages 74 and 75, at the AGM. Where required, this information has been audited by EY.

This section sets out remuneration outcomes for 2018, across Schroders as a whole and specifically for the executive and non-executive Directors, and compares them to remuneration outcomes for 2017. The Directors' remuneration was managed in line with the policy approved by shareholders at the 2017 AGM, as outlined in our 2017 Annual Report and Accounts.

This section also sets out the context for the Directors' remuneration, including the main performance metrics that the Committee considered when setting the overall annual bonus pool and information on how annual bonus awards were allocated across the Group. It details the key performance criteria considered when determining executive Directors' annual bonus awards. Returns to shareholders over the past 10 years are compared with the total remuneration of the Group Chief Executive over the same period. Directors' rights under fund and share awards and the share interests of Directors and their connected persons are also detailed.

Aligning pay and performance across Schroders

Group performance

Net operating revenue excluding exceptional items increased 3% in 2018, despite ongoing pressure on fee margins. The Group's profit before tax and exceptional items was £761.2 million, down 5%, and basic EPS before exceptional items of 215.8 pence, down 5%, though 2017 included unusually high performance fees and a non-recurring regulatory-driven accounting benefit. The Board is recommending a final dividend of 79 pence, bringing the total dividend for the year to 114 pence, an increase of 1 pence.

Net outflows were £9.5 billion (2017: net inflows of £9.6 billion). AUMA ended the year at £421.4 billion (2017: £447.0 billion) and 74% (2017: 74%) of our internally-managed Asset Management AUM outperformed its stated comparator in the three years to 31 December 2018.

Further information on the Group's operating and financial performance can be found in the strategic report, beginning on page 1. The table on pages 14 and 15 outlines the Group's strategy. Pages 16 and 17 show our performance against our key performance indicators over the five years to 31 December 2018.

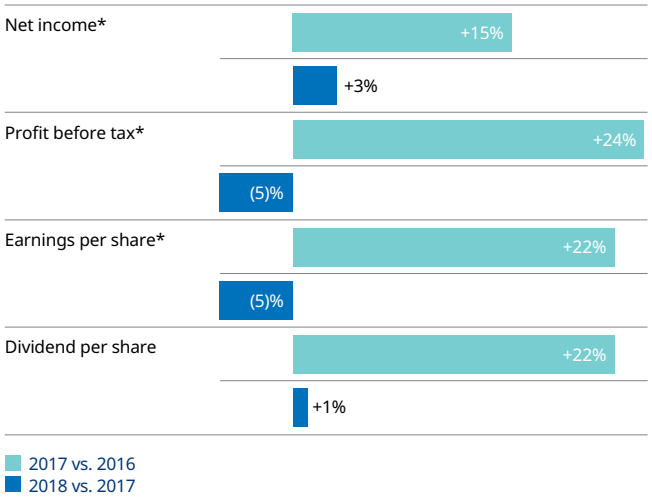
Aligning remuneration costs with financial performance

The total spend on remuneration is derived from the total compensation ratio, measuring total remuneration expense against net income. This aligns the interests of employees with the Group's financial performance.

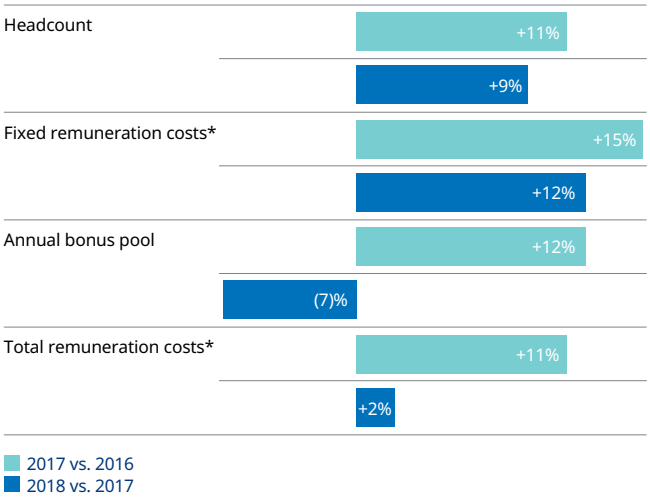
The Committee received a report on the underlying strength and sustainability of the business and reports on compliance, legal, risk and internal audit matters from the heads of those areas. These were considered as part of the 2018 compensation review.

The Committee determined the annual bonus pool for the year ended 31 December 2018 based on a total compensation ratio of 43% (2017: 43%). The total compensation ratio is below our target range of 45% to 49%, as the Committee and the Board as a whole remain mindful of the challenges the asset management industry faces. From 2017 to 2018, headcount is up 9% and fixed remuneration costs are up 12%. The annual bonus pool was down 7%, or down 12% based on the mean bonus per bonus-eligible employee, assuming constant currency rates in each case (as shown in the table on page 77).

Key performance metrics



Key remuneration metrics

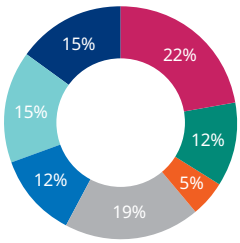


* Before exceptional items.

Relative spend on pay

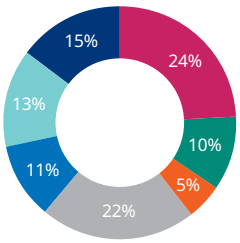
The charts below illustrate the relative spend on pay for 2018 compared with 2017. The values are taken from the financial statements and show how remuneration costs before exceptional items compare with shareholder distributions, taxes arising and earnings retained, to illustrate how net income is utilised. Distributions to shareholders in respect of 2018 formed a similar proportion of the total to that for 2017.

2017



		vs. 2016
Fixed remuneration	£464.4m	+15%
Variable remuneration – upfront	£239.9m	+2%
Variable remuneration – deferred	£105.7m	+17%
Other operating expenses	£387.3m	+9%
Corporate tax and social security	£242.9m	+24%
Retained earnings	£319.8m	+24%
Interim dividend paid and final dividend recommended	£308.9m	+22%

2018



		vs. 2017
Fixed remuneration	£518.5m	+12%
Variable remuneration – upfront	£218.6m	(9)%
Variable remuneration – deferred	£102.0m	(3)%
Other operating expenses	£459.5m	+19%
Corporate tax and social security	£227.4m	(6)%
Retained earnings	£286.1m	(11)%
Interim dividend paid and final dividend recommended	£311.8m	+1%

The annual bonus pool and annual bonus award allocations across the Group

The Group Chief Executive allocates the overall pool between the divisions or functions headed by GMC members, taking into consideration the objectives, both financial and non-financial, that were set at the beginning of the year. Variable remuneration awards for individual employees, other than those determined by the Committee or the Group Chief Executive, are recommended to the Group Chief Executive by members of the GMC, taking account of individual performance against objectives, the performance of the relevant business area and the levels of reward for comparable roles in the market.

The Committee determines the remuneration for the executive Directors and Group Company Secretary, monitors and reviews remuneration for other GMC members, control function heads and other MRTs, and also provides oversight of the compensation review outcomes for employees more broadly. For 2018, the Committee was satisfied that the year-end process was rigorous and that the allocation of the pool and the individual bonus awards took account of both financial and non-financial performance, including conduct and behaviours as described on page 89.

The table below compares the annual bonus pools for 2018 and 2017, divided into amounts paid in cash, upfront fund awards and amounts deferred into fund awards and share awards. The 2017 figures are also shown after adjustment to the foreign exchange rates used during the 2018 compensation review, to provide a better comparison of what was awarded to employees each year.

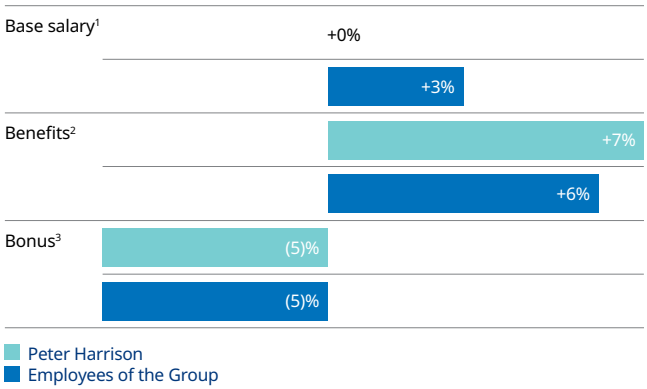
	2018	Adjusted 2017[1]	2017
Total compensation ratio	**43%**	**n/a**	**43%**
	£m	£m	£m
Annual bonus awards:			
– paid in cash	195.9	204.5	208.7
– granted in upfront fund awards	28.1	30.9	31.2
– deferred into fund awards	51.0	58.3	59.1
– deferred into share awards	55.5	60.6	61.4
Bonus pool	**330.5**	**354.3**	**360.4**
Proportion of bonus pool that is deferred	32%	34%	33%
Number of bonus-eligible employees	4,169	3,914	3,914
Mean annual bonus award per bonus-eligible employee	£79,270	£90,526	£92,070
Median annual bonus award per bonus-eligible employee	£18,500	£20,000	£20,000
Group Chief Executive's bonus as a % of the bonus pool	1.9%	1.8%	1.8%
Aggregate bonuses to executive Directors as a % of the bonus pool	2.7%	2.6%	2.6%

1. Adjusted to the same foreign exchange rates as those used for the 2018 figures.

Comparison of the percentage change in base salary, benefits and annual bonus award

The chart below compares, for each of base salary, benefits and annual bonus award, the percentage change from 2017 to 2018 for the Group Chief Executive with the average year-on-year percentage change across employees of the Group taken as a whole (except where noted).

Comparison of the percentage change in value from 2017 to 2018



1. For base salary, employees of the Group are those who were in employment for the full year to 31 December 2018 and represents the average salary increase during 2018.
2. For benefits, employees of the Group are those who were in employment in the UK for the full year to 31 December 2018 and represents the average change in benefits value during 2018.
3. For bonus, employees of the Group are bonus-eligible employees who were in employment for all of 2018 and 2017.

The Group Chief Executive received no base salary increase in 2018. Salary increases across the Group during 2018 were targeted at employees whose roles had increased in scope materially during the year and those whose fixed pay significantly lagged behind market rates. Particular attention was also given to those on lower salaries, for whom fixed pay forms a greater proportion of total remuneration.

Peter Harrison's annual bonus award for 2018 was 5% lower than for 2017, reflecting significant strategic progress against a backdrop of an increasingly difficult market environment. The mean annual bonus award decrease for bonus-eligible employees who worked in the Group for all of 2018 and 2017 was 5%, as shown above, and the median was 3%. Individual annual bonus awards for 2018 compared with 2017 varied from an increase in excess of 100% to a reduction to zero bonus, reflecting our pay for performance philosophy.

Female representation and gender pay

Schroders was one of the first signatories of the Women in Finance Charter in the UK, as part of our commitment to promote diversity of thought and ensure Schroders is an inclusive place to work. Our commitment is broader than gender and more information on our approach to diversity can be found on page 32.

We originally committed to increase the representation of women in senior management from 25% at the end of 2015 to 30% by the end of 2019. As a result of the progress we made during 2017, we increased this target to 33% female representation in senior management by the end of 2019. At the end of 2018, our female representation in senior management was 32%. We have increased female representation on the GMC from 7% to 31% since the end of 2016 and continue to focus on the pipeline of female talent immediately below the GMC, where female representation is currently 26%.

The data below illustrates the representation issue by looking at the proportion of employees by gender according to quartile pay bands, based on hourly fixed pay, reflecting base salary and cash allowances.

The proportion of female vs. male employees according to quartile pay bands

Top quartile of employees based on hourly fixed pay	22% females, 78% males
2nd quartile	39% females, 61% males
3rd quartile	48% females, 52% males
Bottom quartile	59% females, 41% males
Total workforce	**42% females, 58% males**

Our analysis of pay levels for comparable roles shows that male and female employees are paid fairly for similar work. However, the lower representation of women at senior levels within the Group, which is an issue across the financial services sector, is reflected in the gender pay gap shown below. This looks across the total workforce and sets out the gender pay gap for both hourly fixed pay, as described above, and total variable pay, consisting of the annual bonus awarded in respect of 2018 plus any other deferred remuneration awards during the year.

		Schroders globally
Hourly fixed pay	The amount by which the male median exceeds the female median, as a % of the male median	30% (2017: 31%)
	The amount by which the male mean exceeds the female mean, as a % of the male mean	29% (2017: 30%)
Total variable pay	The amount by which the male median exceeds the female median, as a % of the male median	56% (2017[1]: 53%)
	The amount by which the male mean exceeds the female mean, as a % of the male mean	60% (2017[1]: 62%)
	The proportion of female and male employees who received variable pay	93% of females, 94% of males (2017: 93% / 95%)

1. 2017 comparatives restated to include deferred bonuses.

Most of these gender pay gaps have narrowed year-on-year, as we have increased female representation at more senior levels. The median bonus gap is narrower than when we first published our gender pay gap in 2016 but slightly wider than 2017, reflecting a relatively high number of female new joiners at junior levels. More information on diversity and inclusion at Schroders, including our UK disclosures, can be found on our website at schroders.com/inclusion.

Single total remuneration figure for each executive Director (audited)

The total remuneration of each of the executive Directors for the years ended 31 December 2018 and 31 December 2017 is set out below.

	Peter Harrison		Richard Keers		Total	
£'000	**2018**	2017	**2018**	2017	**2018**	2017
Base salary	500	500	375	375	875	875
Benefits and allowances	15	14	7	9	22	23
Retirement benefits	45	45	45	45	90	90
Total fixed pay	**560**	**559**	**427**	**429**	**987**	**988**
Annual bonus award	6,175	6,500	2,600	2,750	8,775	9,250
LTIP vested	–	–	–	315	–	315
Total variable pay	**6,175**	**6,500**	**2,600**	**3,065**	**8,775**	**9,565**
Total remuneration	**6,735**	**7,059**	**3,027**	**3,494**	**9,762**	**10,553**

Methodology for determining the single total remuneration figure:

Base salary	Represents the value of salary earned and paid during the financial year.
Benefits and allowances	Includes one or more of: private healthcare, life assurance, permanent total disability insurance, Share Incentive Plan matching shares, car parking and private use of a company car and driver.
Retirement benefits – see page 84	Represents the aggregate of contributions to defined contribution (DC) pension arrangements and cash in lieu of pension for Peter Harrison, and cash in lieu of pension for Richard Keers. The table on page 84 shows how the retirement benefits figures above are comprised for each Director.
Annual bonus award – see pages 81 to 83	Represents the total value of the annual bonus award for performance during the relevant financial year. Page 81 breaks down the bonus into cash paid through the payroll and the upfront fund awards, deferred fund awards and deferred share awards that will be granted in March 2019. Pages 82 and 83 set out the basis on which annual bonus awards for 2018 were determined.
LTIP vested – see page 84	Represents the estimated value that is expected to vest on 7 March 2019 from LTIP awards granted on 9 March 2015. More information on the performance achieved, how vesting will be determined and the value shown is provided on page 84. The comparative value shown for 2017 represents the actual value that vested on 1 March 2018 from LTIP awards granted on 10 March 2014. The 2017 LTIP vested values disclosed last year were estimates, as the Annual Report and Accounts was finalised prior to the vesting date.

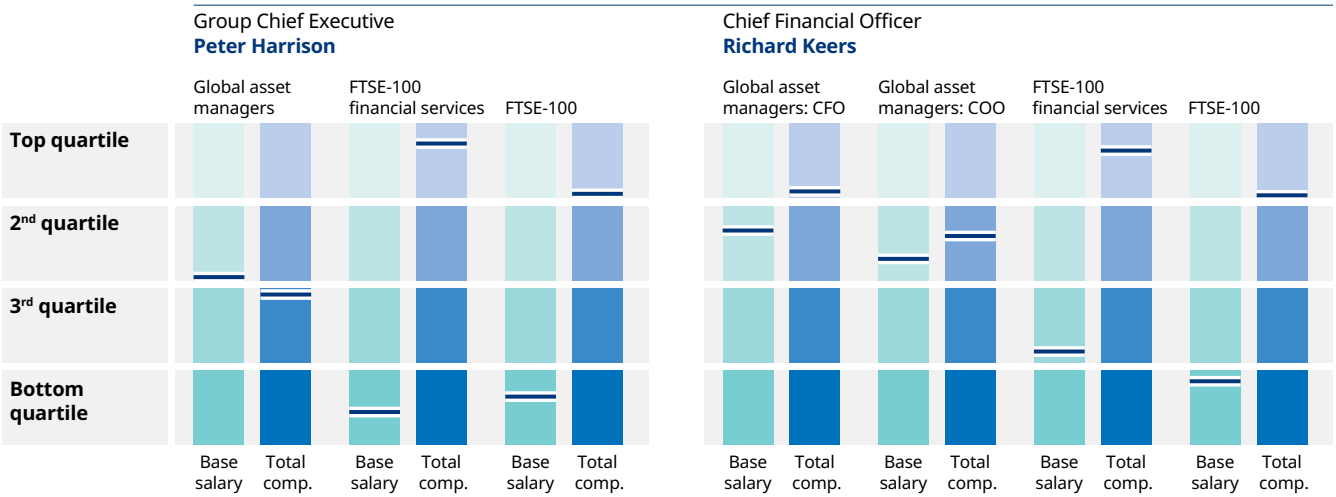
Competitive positioning

We compete for talent in a global marketplace. Most of our key competitors are headquartered outside the UK, particularly in the US, and many are not publicly listed and are therefore subject to lower standards of transparency. It is against this backdrop that the Committee determines both our pay structures and levels of pay, to ensure that we are able to attract, motivate, reward and retain the best talent.

Remuneration levels for employees, including the executive Directors, are reviewed annually and benchmarked by reference to the external market to ensure they remain appropriately competitive. The chart below illustrates the competitive positioning of pay for each executive Director, while the table on the right provides additional commentary on the remuneration benchmarking approach in each case. Total compensation (abbreviated in the chart to total comp.) reflects base salary at the year end, annual bonus award for 2018 and the grant-date face value of any LTIP award granted during the year (see page 86), assuming 50% vesting. The market data used in benchmarking these roles was provided independently by external advisers and reflects competitor pay for 2017, which is the most up-to-date data available, whereas the competitive position shown for Schroders in each case reflects remuneration awarded for 2018.

In considering competitiveness, the Committee focuses on levels of pay for comparable roles at other large international asset management firms, though the benchmark peer group is adjusted for some roles to provide a more appropriate comparison. This benchmarking is used to establish a frame of reference for what competitors are paying for comparable roles, rather than as the start point or a primary factor when remuneration decisions are made. As outlined on pages 82 and 83, annual bonus awards are based on the Committee's assessment of the overall performance of the business and of each executive Director. The policy is to aim to pay executive Directors base salaries that are competitive with other large international asset management firms. As a result, it is likely that salaries will be relatively low when compared with other FTSE-100 financial services firms and the FTSE-100 more broadly, as can be seen below.

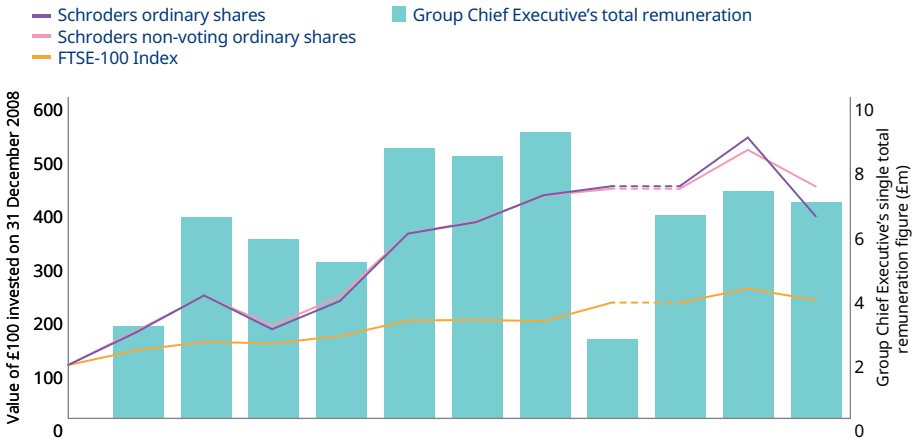
Role	Commentary
Group Chief Executive	Approximately half of the global asset manager comparator roles are from non-listed businesses, including firms owned by a bank or insurance group and privately-owned businesses, whereas Schroders is an independent publicly-listed company. Schroders differs from most of the global asset managers in including Wealth Management within the Group Chief Executive's remit, alongside Asset Management. As a result, the Schroders Group Chief Executive role sits among the more complex of the roles making up this competitive benchmark.
Chief Financial Officer	The Schroders Chief Financial Officer has wider responsibilities than the market norm, covering direct responsibility for a range of operational areas and firm-wide operational oversight and coordination, as well as financial management, risk management, capital and treasury, human resources and corporate communications. A comparison is also shown against the rates of pay for the Chief Operating Officer (COO) role at other global asset management firms, as an additional reference point to reflect these wider responsibilities.



Positioning of remuneration at Schroders relative to the market benchmarks

Performance of Schroders shares against the FTSE-100 Index and the Group Chief Executive's total remuneration

The graph on the right compares the total shareholder return of Schroders shares with that of the FTSE-100, of which Schroders is a long-standing constituent. Over the past 10 years, the index has returned 121%, compared with a 278% return for Schroders ordinary shares and 334% for Schroders non-voting ordinary shares. This graph also shows the Group Chief Executive's single total remuneration figure over the 10 years ended 31 December 2018, for comparison. The table below sets this out in figures, as well as showing how variable pay plans have paid out each year. It also shows the ratio of those single total remuneration figures to the mean and median total remuneration awarded to employees globally, to other members of the GMC and to employees in the UK.



Financial year		2009	2010	2011	2012	2013	2014	2015	2016[3]	2016[4]	2017	2018
								Michael Dobson		Peter Harrison		
Single total remuneration figure (£'000)		2,867	6,267	5,570	4,870	8,414	8,155	8,905	2,451	6,311	7,059	6,735
Annual bonus award (actual award as a % of 10-year highest bonus)[1]		30%	73%	65%	56%	81%	87%	100%	25%	70%	82%	78%
LTIP (vesting as a % of maximum)[2]		n/a	n/a	n/a	n/a	100%	50%	50%	50%	50%	n/a	0%
Ratio of single total remuneration figure to employees as a whole	to employee mean	23 x	37 x	32 x	30 x	45 x	44 x	47 x	13 x	33 x	35 x	37 x
	to employee median	44 x	85 x	67 x	60 x	99 x	92 x	93 x	23 x	60 x	64 x	63 x
Ratio of single total remuneration figure to GMC members	to GMC mean	2.0 x	2.5 x	2.3 x	2.8 x	3.5 x	2.9 x	3.3 x	1.3 x	3.3 x	3.3 x	3.3 x
	to GMC median	2.4 x	2.8 x	2.5 x	2.8 x	3.8 x	3.1 x	3.4 x	1.3 x	3.4 x	3.1 x	3.5 x
Ratio of single total remuneration figure to UK employees' full-time equivalent total remuneration	to upper quartile											37 x
	to median											65 x
	to lower quartile											101 x

1. No maximum annual bonus opportunity was in place so each annual bonus award is shown as a percentage of the highest bonus award over the past 10 years.
2. The years from 2009 to 2012 are shown as 'n/a' as the LTIP was introduced in May 2010 and the first award vested on 5 March 2014 based on the four-year performance period ended on 31 December 2013. 2017 shows as 'n/a' as Peter Harrison did not receive an LTIP award in 2014 and so had no LTIP due to vest based on performance to the end of 2017.
3. The 2016 remuneration for Michael Dobson reflects the actual remuneration that he received for the portion of 2016 that he served as Chief Executive.
4. Peter Harrison was appointed Group Chief Executive on 3 April 2016. The 2016 remuneration value above reflects his full-year single total remuneration figure.

Variable pay – annual bonus award (audited)

The table below sets out details of how the annual bonus award for each executive Director for performance during 2018 was delivered. These values are reflected in the single total remuneration figure for each executive Director on page 79.

		DAP award					
2018 (£'000)	Upfront cash bonus award	Upfront fund award	Deferred fund award	Deferred share award	Total DAP award	Total annual bonus award	Percentage deferred[1]
Peter Harrison	1,273	1,272	1,815	1,815	4,902	6,175	59%
Richard Keers	545	545	755	755	2,055	2,600	58%

1. In calculating the value of each executive Director's annual bonus award that is deferred, 25% of the grant-date face value of the LTIP award granted in 2018 (see page 86) is included in the calculation of the deferred element. This results in slightly less than 60% deferral.

Upfront fund awards cannot be exercised for six months from grant but are not normally at risk of forfeiture if the holder resigns and leaves the Group. Deferred fund awards normally require the holder to remain in employment for the 3.5 years following grant to vest in full and are available to exercise in three equal instalments after 1.5, 2.5 and 3.5 years from grant. Deferred share awards normally require the holder to remain in employment for the three years following grant to vest in full and are available to exercise in three equal instalments after 1, 2 and 3 years from grant.

Basis for determining annual bonus awards

In determining the annual bonus award for the executive Directors, the Committee made an assessment of the overall performance of the business using our key performance indicators, which are aligned to the Group's strategy, as outlined on pages 14 and 15. An assessment of each individual's performance was also made, including business performance within each individual's responsibilities, and the extent to which they have met annual objectives.

Financial factors such as profitability, cost control and investment performance represent the majority of measures the Committee considers to ensure that remuneration outcomes are aligned to the value created for shareholders. Both short-term and long-term performance are taken into account. Strategic progress is also a key element of the Committee's consideration. Non-financial factors such as risk management, conduct and employee engagement are also considered, although normally have less prominence in determining the annual bonus award.

Based on its assessment of performance, the Committee applied its judgement to determine annual bonus awards, without attaching a weighting to each performance factor or setting a value payable for achievement of each target. The Group Chief Executive's recommendation was taken into account for the Chief Financial Officer.

Group-wide factors considered when determining the executive Directors' annual bonus awards include:

Criteria	Target	Performance in 2018	Extent to which target has been met	
Financial factors				
Trend in profit for the year[1] and appropriate cost control	Ratio of total cost to net income 65%. Total compensation ratio 45% to 49% depending on market conditions.	64% (2017: 61%). 43% (2017: 43%).	Financial performance in 2018 has been weaker, in line with budget, as we continued to invest for future growth. The cost base has been managed well during a period of more challenging market conditions and our key ratios are below our target.	
Client investment performance[1]	At least 60% outperformance over three years.	74% (2017: 74%).	Investment performance over three years remains strong.	
NNB[1]	Achieve budgeted new business flows.	£(9.5)bn (2017: £9.6bn).	NNB was significantly behind budget, in part reflecting more challenging market conditions but also a large outflow from a single Institutional client towards the end of the year in Asia Pacific. Wealth Management saw net inflows.	
AUMA[1]	Grow over time in excess of market growth.	£421.4bn (2017: £447.0bn).	AUMA decreased by 6% as global markets declined and investor sentiment worsened.	
Net operating revenue[1]	Grow over time as AUMA increases.	£2.1bn (2017: £2.0bn).	Net operating revenue increased 3% during 2018 as average AUMA increased.	
Basic EPS[1]	Grow consistently, recognising the potential impact of market volatility on results in the short term.	215.8p (2017: 226.9p).	In 2018, basic EPS before exceptional items was 215.8 pence.	
Dividend per share[1]	Increase dividends progressively in line with the trend in profitability. Maintain a payout ratio of approximately 50%.	The recommended final dividend of 79 pence per share would bring the total dividend for the year to 114 pence per share, representing a payout ratio of 53%.	There continues to be sufficient capital to maintain our current dividend level for at least 3 years before taking account of any future profits (see page 29).	
Share price performance	Total shareholder returns in excess of that of the FTSE-100 Index.	Over one, three and five years, the return on ordinary shares was -28%, -9% and 9%, and on non-voting ordinary shares was -14%, 4% and 25% respectively, versus FTSE-100 returns of -9%, 22% and 21% respectively.	Schroders continues to create value for shareholders over the long term (see page 81).	
Strategic factors				
Strategic progress	Progress in identified areas of growth: Asia Pacific, North America, Fixed Income, Multi-asset, new products and solutions, Wealth Management, Technology and Private Assets and Alternatives.	2018 saw significant progress across a number of strategically important areas: – We announced a wide-ranging partnership with Lloyds Banking Group and a joint venture with Maybank Asset Management. – Our momentum in North America continued, with £3.0bn of NNB. – We launched 70 new products, focused on strategically important growth areas such as sustainability, private assets and solutions. – We added to our Private Assets and Alternatives business with the acquisition of Algonquin, and acquired an associate stake in A10. – Recent acquisitions, including Benchmark Capital and Adveq, continued to perform strongly.		

Group-wide factors continued:

Criteria	Target	Performance in 2018	Extent to which target has been met
Non-financial factors			
Talent retention[1] and succession planning	Retention of at least 90% of key talent. Identify and implement succession plans for key employees.	94% retention (2017: 94%).	Retention of key talent remains above target. Succession plans for key employees were reviewed by the Board in November 2018. A new Head of Talent has been recruited to help strengthen and support our internal talent pipeline.
Diversity and inclusion	33% female representation within senior management by the end of 2019.	32% (2017: 29%).	Our original target was 30% but we later increased this to 33%. At the end of 2018, this ratio was 32%. Improving diversity further remains important.
Risk management and good conduct	Key issues considered by Audit and Risk Committee.	No significant issues identified during the year.	Major business change including the transition to new technology platforms has been successfully implemented and the associated risks managed. See also the Audit and Risk Committee Report (page 66) and information on conduct, compliance and risk management in remuneration (page 89).

1. Included in the key performance indicators on pages 16 and 17.

Individual performance criteria considered when determining the executive Directors' annual bonus awards include:

Executive Director	Criteria	Performance in 2018 and extent to which the Committee judged each performance criterion has been met
Peter Harrison	Overall performance of the Group	Group performance is outlined on the previous page. We have made excellent progress on delivering our strategic goals but results are lower than budgeted in some areas, driven by the market volatility outlined on pages 10 and 11. We believe Schroders suffered to a similar degree as many other active managers. Wealth Management continued to see net inflows during 2018. Cost control in this difficult environment has remained strong, with targeted investment in the business to deliver future growth. Investment performance for clients remains ahead of our target.
	Strategic progress in identified areas of growth	2018 saw significant progress, as outlined above. In particular, Peter was integral to envisioning and delivering the partnership with Lloyds Banking Group, which was a highlight of the year in that it offers a transformational opportunity to expand our Wealth Management offering. During 2018, we also recruited a new Global Head of Private Assets who will join Schroders later in 2019.
	Retain and develop key talent and ensure succession plans are in place for all key roles	Talent retention has been good and a number of people have been identified or appointed to key leadership positions. A new Global Head of Wealth Management was recruited in the year and an internal successor selected to succeed the Global Head of Equities in 2019. There remains further work to be done on planning senior management succession.
	Drive sustainability at both the firm and industry level, ensuring our stakeholders understand the important role we deliver to society	Peter is Chairman of the Investment Association Board, a member of HM Treasury's Asset Management Taskforce and sits on the advisory boards of the Diversity Project, CFA and CityUK. He has confirmed his position as an industry leader to take forward the debate in these areas. His contribution to inclusion, particularly for gender and LGBT+ groups, has been externally recognised.
Richard Keers	Deliver the Global Operations Committee strategy	2018 has been an important year for the firm's operating platform, including the transition to a new investment technology platform and our new London headquarters.
	Oversee a strong risk and control function	The Group Risk and Capital Committees continued to operate well under Richard's leadership. No significant issues were reported in a year of significant operational change for the Group, with further improvements to internal risk-assessment processes. See the Audit and Risk Committee report from page 62.
	Accurate, appropriate, clear and timely reporting and oversight of the Group's financial position	Richard has helped ensure a smooth transition to a new external auditor for the firm. He received positive feedback from the Audit and Risk Committee, external auditors, analysts, shareholders and other industry bodies.

Criteria met Partially met Not met

The metrics and targets outlined above and on the previous page represent the most material criteria by which the Group's performance and the performance of the executive Directors were assessed. The Committee members and the Board as a whole also review performance across a broad range of other metrics as part of their normal course of business throughout the year and during the year-end process. Performance against many of these metrics is disclosed in the half-year and annual results announcements and in the Annual Report and Accounts.

Variable pay – determining vesting of prior LTIP awards (audited)

The LTIP awards granted on 9 March 2015, covering the 2015 to 2018 performance period, are expected to lapse without vesting on 7 March 2019. The criteria for determining the extent of vesting are set out below. The composite index against which EPS performance was measured for these awards was set at the time they were granted, as 60% equities, measured by the Morgan Stanley Capital International (MSCI) All Country Index, and 40% fixed income, measured by the Barclays Capital Global Aggregate Index. Despite the strong performance of Schroders since these awards were granted, the very demanding targets will not be met.

Performance measure	Maximum % of award	Performance achieved	Vesting % of award
EPS If the growth of adjusted EPS in the fourth year compared with the year prior to grant exceeds the defined composite index by: – less than 20% — no vesting – equal to 20% — 12.5% vests – between 20-40% — straight-line basis – 40% or greater — 50% vests	50	The four-year growth in the MSCI All Countries Index was 48.0% and in the Barclays Capital Global Aggregate Index was 28.4%. Weighting them 60% and 40% respectively, growth of the composite index was 40.2%. Four-year growth in adjusted EPS was 21.0%, which is less than the composite index and is insufficient to trigger any vesting of this part of the award.	0
NNB cumulative over the four-year performance period: – less than £15 billion — no vesting – equal to £15 billion — 12.5% vests – between £15-25 billion — straight-line basis – £25 billion or greater — 50% vests	50	The four-year cumulative NNB from 2015 to 2018 was £14.2 billion, which is insufficient to trigger any vesting of this part of the award.	0
Total expected to vest in relation to 2015 to 2018 performance			0

The Audit and Risk Committee independently review key estimates made by management that impact the financial statements to ensure these are reasonable. This is reflected in the LTIP vesting calculations.

Value at vesting of prior LTIP awards (audited)

The following table shows, for each Director, the estimated value vesting from LTIP awards granted on 9 March 2015, based on the average closing mid-market share price over the three months ended 31 December 2018 and the expected vesting percentage shown above. For each executive Director, the total value expected to vest is reflected in the single total remuneration figures on page 79.

Individual	Date of grant	Grant-date face value of LTIP award £'000	Expected date of vesting	Estimated total value of LTIP award shares £'000	Proportion expected to vest in relation to 2015-2018 performance	Number of shares expected to vest	Estimated value vesting £'000
Peter Harrison	9 March 2015	800	7 March 2019	665	0%	0	0
Richard Keers	9 March 2015	400	7 March 2019	333	0%	0	0
Michael Dobson	9 March 2015	800	7 March 2019	665	0%	0	0
Philip Mallinckrodt	9 March 2015	400	7 March 2019	367	0%	0	0

The awards for Michael Dobson and Philip Mallinckrodt had been reduced pro-rata for the proportion of the performance period that each of them remained an employee of the Group.

Fixed pay – retirement benefits (audited)

The following table shows details of retirement benefits provided to executive Directors for the years ended 31 December 2018 and 31 December 2017. For the executive Directors, the sum of employer contributions and cash in lieu each year is reflected in the single total remuneration figures on page 79. Employer contributions represent contributions paid into DC pension arrangements during the year and exclude any contributions made by the Directors. There has been no DB pension accrual since 30 April 2011. Accrued DB pensions are subject to actuarial reduction on early retirement so there is no enhanced benefit entitlement in these circumstances.

£'000	**2018 employer contributions**	**2018 cash in lieu of pension[1]**	**2018 retirement benefits total**	2017 employer contributions	2017 cash in lieu of pension[1]	2017 retirement benefits total	Accrued DB pension at 31 December 2018	Normal retirement age[2]
Peter Harrison	10	35	45	10	35	45	–	60
Richard Keers	–	45	45	–	45	45	–	60

1. Peter Harrison received a combination of employer contributions to the Group's DC pension arrangement and cash in lieu of pension contributions, and Richard Keers received cash in lieu of pension contributions.
2. Normal retirement age is the earliest age at which a Director can elect to draw their pension under the rules of the Schroders Retirement Benefits Scheme without the need to seek the consent of the Company or the pension scheme trustee.

Fees from external appointments

The executive Directors are permitted to retain for their own benefit fees they receive from any external non-executive directorships, provided the directorships do not relate to any interest held by the Group. Richard Keers served as a non-executive member of the Franchise Board of Lloyds throughout 2018, for which he received fees of £77,500, including in respect of his membership and chairmanship of the Franchise Board's Audit Committee during the year. These fees do not relate to the Group and so are not included in the single total remuneration figures on page 79. Peter Harrison does not receive any fees in respect of his external non-executive roles.

Non-executive Directors' remuneration (audited)

The total remuneration of each of the non-executive Directors for the years ended 31 December 2018 and 31 December 2017 is set out below, based on the structure of non-executive Directors' fees set out below the table.

	2018						2017					
£'000	Basic fee	Committee chairman	Committee member	SID	Taxable benefits	Total	Basic fee	Committee chairman	Committee member	SID	Taxable benefits	Total
Michael Dobson	625	–	–	–	10	635	625	–	–	–	8	633
Robin Buchanan	80	–	40	–	–	120	75	–	40	–	–	115
Sir Damon Buffini	73	–	2	–	–	75	–	–	–	–	–	–
Rhian Davies	80	25	20	–	–	125	75	25	20	–	–	120
Rakhi Goss-Custard	80	–	2	–	1	83	75	–	–	–	–	75
Ian King	80	–	20	14	–	114	75	–	9	–	–	84
Philip Mallinckrodt	80	–	–	–	–	80	63	–	–	–	1	64
Nichola Pease	80	14	40	–	–	134	75	–	40	–	–	115
Bruno Schroder	108	–	–	–	3	111	103	–	–	–	3	106
Lord Howard	28	6	13	6	–	53	75	20	40	15	–	150

Sir Damon Buffini was appointed to the Board with effect from 1 February 2018 and both Ian King and Rakhi Goss-Custard were appointed to the Board with effect from 1 January 2017. On 1 March 2017, Philip Mallinckrodt relinquished his executive responsibilities and continued on the Board of the Company as a non-executive Director. In each case, on appointment as non-executive Directors their fees were set at the same level as for other non-executive Directors.

Lord Howard was SID and Remuneration Committee Chairman until he stood down from the Board on 26 April 2018. Ian King succeeded him as SID and Nichola Pease succeeded him as Remuneration Committee Chairman. The fees shown in each case reflect the portion of 2018 that they each served in these roles.

The benefits for Michael Dobson were private healthcare and medical benefits for him and his family, life assurance and occasional private use of a company car and driver. Benefits for Bruno Schroder were private healthcare and medical benefits. Benefits for Rakhi Goss-Custard were travel and accommodation expenses. Benefits for Philip Mallinckrodt were private healthcare for part of 2017 under the transitional arrangements after he relinquished his executive responsibilities.

Michael Dobson and Philip Mallinckrodt each received an LTIP award on 9 March 2015, when they were in executive roles on the Board. These LTIP awards are expected to lapse without vesting on 7 March 2019 as the performance conditions have not been met (see page 84).

The structure of non-executive Directors' fees is shown below.

	£
Chairman	625,000
Board member[1]	80,000
Senior Independent Director	20,000
Audit and Risk Committee Chairman[2]	25,000
Audit and Risk Committee member	20,000
Nominations Committee Chairman	nil
Nominations Committee member	nil
Remuneration Committee Chairman[2]	20,000
Remuneration Committee member	20,000

1. Bruno Schroder also received an additional annual fee of £28,000 for services to the Group.
2. In addition to the Committee membership fee.

DAP and LTIP awards granted during 2018 (audited)

The following awards under the DAP were granted to Directors on 5 March 2018 in respect of deferred bonuses for performance during 2017. No further performance conditions need to be met for awards to vest but DAP awards normally require the participant to remain in employment with the Group until 3.5 years after the date of grant in order to vest in full. DAP fund awards are conditional rights to receive a cash sum based on the value of a notional investment in a range of Schroders funds. DAP share awards were granted as nil-cost options. These awards were included in the 2017 single total remuneration figures disclosed last year and form part of the prior year value shown in this year's single total remuneration figures on page 79. They are also shown in the tables of Directors' rights under fund and share awards on pages 87 and 88.

		Face value at grant (£'000)						
Individual	Basis of award granted	Upfront fund awards	Deferred fund awards	Deferred share awards	Total DAP Award	Share price at grant	Number of shares	Performance conditions
Peter Harrison	Deferral of bonus awarded for performance in 2017	1,337	1,913	1,913	5,163	£33.47	57,140	Awarded for performance in 2017. No further performance conditions apply.
Richard Keers		575	800	800	2,175	£33.47	23,902	

The following awards under the LTIP were granted to Directors on 5 March 2018 as nil-cost options. These awards do not appear in the single total remuneration figure on page 79 as they are subject to performance conditions and will not vest until 2022. They are shown in the table of Directors' rights under share awards on page 88.

Individual	Basis of award granted as % of salary	Vesting maximum as % of face value	% of face value that would vest at threshold[1]	Face value at grant (£'000)	Share price at grant	Number of shares	End of performance period
Peter Harrison	120	100	25	600	£33.47	17,926	31 December 2021
Richard Keers	107	100	25	400	£33.47	11,951	31 December 2021

1. Performance under both the EPS and NNB performance measures at the threshold level to achieve non-zero vesting.

All DAP share awards and LTIP awards were granted over ordinary shares. The share price used to determine the number of shares under each DAP share award and LTIP award is the mid-market closing share price on the last trading day prior to the date of grant, and this is the price used to calculate the face value shown. The vesting of the LTIP awards is subject to the performance conditions set out on page 84. The composite index against which EPS performance will be measured for these awards is as follows:

Index	Weighting %
Morgan Stanley Capital International All Countries Asia Pacific	15.0
Morgan Stanley Capital International Emerging Markets	7.5
Morgan Stanley Capital International All Countries World	15.0
Morgan Stanley Capital International Europe	7.5
FTSE All Share	5.0
Barclays Capital Global Aggregate	50.0

Personal shareholding policy (audited)

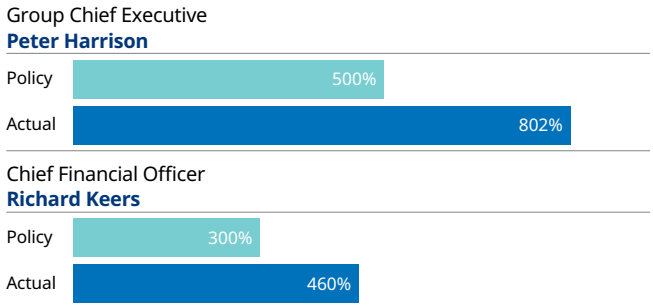
To align the interests of senior management with those of shareholders, the executive Directors and the other members of the GMC are required, over time, to acquire and retain a holding of Schroders shares or rights to shares equivalent to 300% of base salary or, in the case of the Group Chief Executive, 500% of base salary. Each executive Director and GMC member undertakes not to sell any Schroders shares until their share ownership target has been reached. The executive Directors' service contracts provide that, on stepping down as an executive Director, half the level of shareholding required while an executive Director must be maintained for two years, or the actual level of shareholding on stepping down if lower.

For these purposes, rights to shares include the estimated after-tax value of unvested DAP, ECP or EIP share awards (shown as 'unvested DAP, ECP or EIP awards' on page 88) and DAP share awards in respect of performance in 2018 (see page 81). They do not include LTIP awards granted in 2015, as these are expected to lapse without vesting on 7 March 2019, or other unvested rights to shares from LTIP awards, as these are subject to performance conditions.

Each executive Director had achieved the current shareholding targets as at 5 March 2019, based upon the mid-market closing share price on that date. At this share price, a 10% share price movement equates to a change in the value of these shareholdings of £401,000 for the Group Chief Executive and £172,000 for the Chief Financial Officer.

The charts below compare the value of each executive Director's shareholdings for these purposes as at 5 March 2019 with the shareholding required under the personal shareholding policy, as a percentage of salary.

Value of shareholding vs. shareholding policy (% of salary)



Directors' rights under fund and share awards, and Directors' share interests

This section outlines Directors' rights at 31 December 2018 from fund and share awards granted under the Group's deferred remuneration plans. It goes on to set out the total interests in shares of the Directors and their connected persons at 31 December 2018.

Directors' rights under fund awards (audited)

Directors had the following rights under fund awards, based on the award values at grant:

		Unvested DAP or ECP awards £'000	Vested DAP or ECP awards £'000	Total £'000
Peter Harrison	At 31 December 2017	3,275	–	3,275
	Granted	1,913	1,337	3,250
	Vested	(950)	950	–
	Exercised	–	(2,287)	(2,287)
	At 31 December 2018	**4,238**	**–**	**4,238**
Richard Keers	At 31 December 2017	1,700	–	1,700
	Granted	800	575	1,375
	Vested	(531)	531	–
	Exercised	–	(1,106)	(1,106)
	At 31 December 2018	**1,969**	**–**	**1,969**
Michael Dobson	At 31 December 2017	3,600	–	3,600
	Vested	(1,675)	1,675	–
	At 31 December 2018	**1,925**	**1,675**	**3,600**
Philip Mallinckrodt	At 31 December 2017	1,325	537	1,862
	Vested	(450)	450	–
	Exercised	–	(987)	(987)
	At 31 December 2018	**875**	**–**	**875**

Directors' rights under share awards (audited)

Directors had the following rights to shares under the Group's deferred remuneration plans, in the form of nil-cost options.

		Unvested LTIP awards[1]	Unvested DAP, ECP or EIP awards[2]	Vested DAP, ECP, EIP or LTIP awards	Total
Peter Harrison (Ordinary shares)	At 31 December 2017	60,168	141,697	32,566	234,431
	Granted	17,926	57,140	–	75,066
	Dividend-equivalent accrual	–	5,836	1,166	7,002
	Vested	–	(57,624)	57,624	–
	Exercised	–	–	(32,566)	(32,566)
	At 31 December 2018	**78,094**	**147,049**	**58,790**	**283,933**
Richard Keers (Ordinary shares)	At 31 December 2017	55,738	61,798	15,232	132,768
	Granted	11,951	23,902	–	35,853
	Dividend-equivalent accrual	–	2,364	652	3,016
	Vested	(9,293)	(18,515)	27,808	–
	Lapsed where LTIP conditions were not met	(9,294)	–	–	(9,294)
	Exercised	–	–	(24,525)	(24,525)
	At 31 December 2018	**49,102**	**69,549**	**19,167**	**137,818**
Michael Dobson (Ordinary shares)	At 31 December 2017	24,661	136,585	242,324	403,570
	Dividend-equivalent accrual	–	2,755	10,592	13,347
	Vested	(8,364)	(58,383)	66,747	–
	Lapsed where LTIP conditions were not met	(8,364)	–	–	(8,364)
	Exercised	–	–	(8,364)	(8,364)
	At 31 December 2018	**7,933**	**80,957**	**311,299**	**400,189**
Philip Mallinckrodt (Non-voting ordinary shares)	At 31 December 2017	32,578	64,791	221,948	319,317
	Dividend-equivalent accrual	–	2,094	1,005	3,099
	Vested	(9,683)	(21,011)	30,694	–
	Lapsed where LTIP conditions were not met	(9,683)	–	–	(9,683)
	Exercised	–	–	(221,948)	(221,948)
	At 31 December 2018	**13,212**	**45,874**	**31,699**	**90,785**

1. These awards will only vest to the extent that the relevant performance conditions are met. Includes LTIP awards granted on 9 March 2015, which were unvested as at 31 December 2018. These awards are expected to lapse on 7 March 2019 (see page 84).
2. No performance conditions apply for these awards. Although executive Directors are not eligible to receive EIP awards, Peter Harrison received an EIP award in December 2013, prior to his appointment as an executive Director in May 2014.

During 2018, the aggregate gain on nil-cost options for Peter Harrison was £1,123,000, for Richard Keers was £841,000, for Michael Dobson was £284,000 and for Philip Mallinckrodt was £5,253,000. These related to awards settled in shares, which were granted between 2008 and 2014.

Directors' share interests (audited)

The Directors and their connected persons had the following interests in shares in the Company.

	Number of shares at 31 December 2018	
	Ordinary shares	Non-voting ordinary shares
Executive Directors		
Peter Harrison	579	–
Richard Keers	570	–
Non-executive Directors		
Michael Dobson	144,612	193,416
Robin Buchanan	–	9,839
Sir Damon Buffini	–	5,000
Rhian Davies	–	1,000
Rakhi Goss-Custard	669	–
Ian King	–	2,641
Philip Mallinckrodt[1]	80,985,757	6,346,615
Nichola Pease	93	951
Bruno Schroder[2]	13,881,416	1,482,417

1. The interests of Philip Mallinckrodt set out above include his personal holdings and the beneficial interests held by him and his connected persons in their capacity as members of a class of potential beneficiaries under certain settlements made by members of the Schroder family.
2. The interests of Bruno Schroder set out above refer to the position prior to his death on 20 February 2019. They include his personal holdings and beneficial interests that were held by him and his connected persons in their capacity as members of a class of potential beneficiaries under certain settlements made by members of the Schroder family.

Between 31 December 2018 and 5 March 2019, the only movements in the Directors' share interests were the acquisition under the SIP of 19 ordinary shares by Peter Harrison, 20 ordinary shares by Richard Keers and 14 ordinary shares by a connected person of Nichola Pease who is an employee of Schroders.

Payments to former Directors (audited)

Massimo Tosato stepped down from the Board and ceased to be an employee of Schroders at the end of 2016. As disclosed in the 2016 remuneration report, the Committee exercised its discretion at that time to allow him to retain his unvested LTIP awards. The LTIP awards remained subject to performance conditions and in addition those awards have been reduced pro-rata for the proportion of the performance period that he remained an employee of the Group. The LTIP award granted to Massimo Tosato in March 2015 is expected to lapse without vesting on 7 March 2019. He was also granted an LTIP award in 2016, which is due to vest in 2020, subject to performance conditions.

Conduct, compliance and risk management in remuneration

Schroders' core values are excellence, innovation, teamwork, passion and integrity. We expand on these in our guiding principles to more clearly articulate the behaviours that we expect from our employees. Pages 32 and 33 provide more information on these and other key elements of our people strategy.

Performance management and remuneration are important tools to reinforce expected standards of behaviour. During the annual performance appraisal, line managers assess each employee's behaviours, to identify those whose behaviour exemplifies our values as well as any employees whose behaviour falls short of the standards that we expect. To drive positive change and reinforce those behavioural expectations, we also operate a global employee recognition scheme, which provides an opportunity to recognise those who champion our values.

The Group's control functions independently review potential conduct or cultural issues to identify any instances where performance or behaviours have fallen short of our expectations. Any issues identified in this way are fed into the performance appraisal and compensation review processes. This provides a further opportunity to reflect attitudes to risk and compliance and behaviours in line with our values in the determination or allocation of the bonus pool and in individual employee performance ratings and remuneration outcomes.

We identify employees whose professional activities can have a particular risk impact on the Group, or on certain regulated subsidiaries. Our approach to identifying these MRTs takes account of the different regulatory requirements and guidance that apply across the Group. Our MRTs are subject to enhanced scrutiny and oversight, including enhanced control function oversight of their activities and direct oversight of their remuneration by the Committee. Some MRTs, specifically those identified under the UCITS Directive or AIFMD, are subject to higher levels of bonus deferral and a higher proportion of remuneration in fund awards, creating greater alignment with clients and shareholders.

To ensure the Committee is adequately informed of risks facing the Group and the management of those risks, the Chairman of the Committee serves on the Audit and Risk Committee. The Committee also receives reports from the heads of Compliance, Legal, Risk and Internal Audit as part of its consideration of remuneration proposals.

The Committee reviewed the Group's regulatory disclosures in the context of the applicable FCA and PRA requirements. The remuneration disclosures required under the Capital Requirements Directive are incorporated into the Group's Pillar 3 disclosures and are available at schroders.com/ir. Other regulatory remuneration disclosures can be found at schroders.com/remuneration-disclosures.

Priorities for 2019

As well as considering the standing items of business, the Committee will also focus on the following areas during 2019:

- Regulatory developments and the potential impact on the structure of remuneration at Schroders
- Carried interest-sharing arrangements

Implementation of remuneration policy for 2019

Basis for determining executive Directors' annual bonus awards for performance in 2019

Executive Directors' annual bonus awards for performance in 2019 will be based on broadly the same performance factors as were considered for 2018 (see pages 82 and 83). The process to determine awards will be unchanged. Targets are commercially sensitive and so both the targets and performance against those targets will be disclosed retrospectively in the 2019 annual report on remuneration. The Committee is able to consider corporate performance on ESG issues when setting remuneration of the executive Directors and is satisfied that the Directors' remuneration policy and its implementation do not raise ESG risks by inadvertently motivating the wrong behaviours in the executive Directors.

The expectation is that the DAP will be used for deferred bonus awards to the executive Directors in respect of performance in 2019 and future years.

LTIP awards to be granted in 2019

In accordance with the Directors' remuneration policy, the Committee intends to grant LTIP awards over shares with the following values to the executive Directors in March 2019:

Director	LTIP face value at grant
Peter Harrison	£600,000
Richard Keers	£400,000

The vesting of these awards will be based on EPS and NNB performance conditions and targets as outlined on page 84. The Committee has reviewed the make-up of Schroders AUM at 31 December 2018 to determine the indices and weightings that will make up the composite index against which EPS performance will be measured, as a proxy for the market movement of Schroders AUM. For awards to be granted in March 2019, the following weighted basket of indices will be used:

Index	Weighting %
Morgan Stanley Capital International All Countries Asia Pacific	17.5
Morgan Stanley Capital International Emerging Markets	7.5
Morgan Stanley Capital International All Countries World	15.0
Morgan Stanley Capital International Europe	5.0
FTSE All Share	5.0
Barclays Capital Global Aggregate	50.0

By Order of the Board.

Nichola Pease
Chairman of the Remuneration Committee

6 March 2019

The information contained in the sections of this Annual Report and Accounts identified below forms part of this Directors' report:

- Strategic report
- Board of Directors
- Corporate governance report, including the Nominations Committee report and the Audit and Risk Committee report
- The Statement of Directors' responsibilities.

Share capital

Schroders has developed under stable ownership for more than 200 years and has been a public company whose ordinary shares have been listed on the London Stock Exchange since 1959. The Company's share capital is comprised of ordinary shares of £1 each and non-voting ordinary shares of £1 each. The ordinary shares have a premium listing on the London Stock Exchange and the non-voting ordinary shares have a standard listing on the London Stock Exchange.

226,022,400 ordinary shares (80% of the total issued share capital) were in issue throughout the year. The Company has no authority to issue or buy back any ordinary shares. Each ordinary share carries the right to attend and vote at general meetings of the Company. 56,505,600 non-voting ordinary shares (20% of the total issued share capital) were in issue throughout the year. No shares were held in treasury.

The non-voting ordinary shares were created in 1986 to facilitate the operation of an employee share plan without diluting the voting rights of ordinary shareholders. The non-voting ordinary shares carry the same rights as ordinary shares except that they do not provide the right to attend and vote at general meetings of the Company and that, on a capitalisation issue, they carry the right to receive non-voting ordinary shares rather than ordinary shares.

When the non-voting ordinary shares were created, the ratio of ordinary shares to non-voting ordinary shares was 4:1. The Company has at times issued non-voting ordinary shares, principally in connection with the Group's employee share plans or as consideration for an acquisition. The Company has not intended and does not intend to increase the issued non-voting ordinary share capital over the medium term and therefore has, at times, bought back non-voting ordinary shares to maintain the 4:1 ratio.

At the 2018 AGM, shareholders renewed the Directors' authority to issue 5,000,000 non-voting ordinary shares in order to provide the Directors with the flexibility to issue non-voting ordinary shares or to grant rights to subscribe for, or convert securities into, non-voting ordinary shares. Shareholders also gave approval for the Company to buy back up to 14,100,000 non-voting ordinary shares, which will expire at the 2019 AGM. Renewal of these authorities will be sought at the 2019 AGM which will be held at 11.30 a.m. on 2 May 2019. At the 2019 AGM, the Directors will ask for shareholder authority for the dis-application of pre-emption rights in relation to the issue of up to 5,000,000 non-voting ordinary shares, to provide flexibility.

Under the terms of the Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust, ordinary and non-voting ordinary shares are held on trust on behalf of employee share plan participants. The trustees of these trusts may exercise the voting rights in any way they think fit. In doing so, they may consider the financial and non-financial interests of the beneficiaries and their dependents. As at 5 March 2019, being the latest practicable date before the publication of this Annual Report and Accounts, the Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust together held 8,842,901 ordinary shares and 97,369 non-voting ordinary shares.

Under the terms of the Share Incentive Plan, as at 5 March 2019, 710,436 ordinary shares were held in trust on behalf of plan participants. At the participants' direction, the trustees can exercise the voting rights over ordinary shares in respect of participant share entitlements.

There are no restrictions on the transfer of the Company's shares save for:

- Restrictions imposed by laws and regulations;
- Restrictions on the transfer of shares imposed under the Company's Articles of Association or under Part 22 of the UK Companies Act 2006, in either case after a failure to supply information required to be disclosed following service of a request under section 793 of the UK Companies Act 2006; and
- Restrictions on the transfer of shares held under certain employee share plans while they remain subject to the plan.

The Company is not aware of any agreement between shareholders that may restrict the transfer of securities or voting rights.

Substantial shareholdings

As at 31 December 2018, the Company had received notifications, in accordance with rule 5.1.2R of the Disclosure Guidance and Transparency Rules, of interests in 3% or more of the voting rights attaching to the Company's issued share capital, as set out in the table below. There had been no changes to these notifications or additional notifications as at the date of this report.

Member	Class of shares	No. of voting rights held	% of voting rights held
Vincitas Limited[1]	Ordinary	60,724,609	26.87
Veritas Limited[1]	Ordinary	36,795,041	16.28
Flavida Limited[2]	Ordinary	60,951,886	26.97
Fervida Limited[2]	Ordinary	39,724,396	17.58
Harris Associates L.P.[3]	Ordinary	11,443,978	5.06
Lindsell Train Limited[3]	Ordinary	11,312,070	5.01

1. Vincitas Limited and Veritas Limited are trustee companies which act as trustees of certain settlements made by members of the Schroder family. Vincitas Limited and Veritas Limited are party to the Relationship Agreement.
2. Flavida Limited and Fervida Limited are protector companies which act as protectors of certain settlements made by members of the Schroder Family. Flavida Limited and Fervida Limited are parties to the Relationship Agreement. Their interests in shares are principally in respect of shares in which Vincitas Limited and Veritas Limited are also interested.
3. Harris Associates L.P. and Lindsell Train Limited are not party to the Relationship Agreement.

Relationship Agreement

Following changes made to the UK Listing Rules in May 2014, companies with a shareholder or shareholders who could, when acting in concert, exercise 30% or more of the voting rights of a company at a general meeting, are required to enter into a binding agreement with that shareholder or shareholders. This is intended to ensure that the parties to the agreement comply with certain independence provisions as set out in the Listing Rules. Accordingly, on 14 November 2014, the Company entered into such an agreement (the 'Relationship Agreement') with a number of shareholders who own or control the ordinary shares (and associated voting rights) referred to on page 91.

The Schroder family interests are in shares owned directly or indirectly by trustee companies which act as trustees of various trusts settled by family individuals, in shares owned by family individuals, and in shares owned by a family charity. The trustee holdings include the interests (43.15%) held by Vincitas Limited and Veritas Limited, as disclosed in the table on page 91, and further interests (1.6%) held by two other trustee companies which are not required to be disclosed under the Disclosure Guidance and Transparency Rules.

If aggregated, the total interests covered by the Relationship Agreement including shares held by the trustee companies, individuals and the family charity amount to 108,323,711 of the Company's ordinary shares (47.93%).

In accordance with Listing Rule 9.8.4(14), the Board confirms that for the year ended 31 December 2018:

- the Company has complied with the independence provisions included in the Relationship Agreement; and
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by the other parties to the Relationship Agreement and their associates.

Dividends

The Directors are recommending a final dividend of 79 pence per share which, if approved by shareholders at the AGM, will be paid on 9 May 2019 to shareholders on the register of members at close of business on 29 March 2019. Details on the Company's dividend policy are set out on page 29. Dividends payable in respect of the year, subject to this approval, along with prior year payments, are set out below.

Ordinary shares and non-voting ordinary shares	2018		2017	
	pence	£m	pence	£m
Interim	35.0	95.7	34.0	92.9
Final	79.0*	216.1	79.0	216.0
Total	114.0*	311.8	113.0	308.9

* Subject to approval by shareholders at the 2019 AGM.

The Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust have waived their rights to dividends paid on both the ordinary and non-voting ordinary shares in respect of 2018 and future periods. See notes 7 and 21 to the financial statements.

Corporate Responsibility

Details of the Company's employment practices, including diversity and employee involvement can be found in the Strategic report from page 31.

We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. See page 38 for more details on our total CO_2e emissions data.

Indemnities and Insurance

At the 2007 AGM, shareholders authorised the Company to provide indemnities to, and to fund defence costs for, Directors in certain circumstances. All Directors, at the time shareholder approval was received, were granted specific deeds of indemnity and any Director appointed subsequently has been granted such an indemnity. This means that, on their appointment, new Directors are granted an indemnity as defined in the Companies Act 2006 in respect of any third-party liabilities that they may incur as a result of their service on the Board. All Directors' indemnities were in place during the year and remain in force.

Directors' and Officers' Liability Insurance is maintained by the Company for all Directors.

As part of the integration of Cazenove Capital, the Cazenove Capital Management Limited Pension Scheme was merged with the Schroders Retirement Benefits Scheme, with effect from 31 December 2014. Pursuant to that merger, a qualifying pension scheme indemnity (as defined in section 235 of the Companies Act 2006) provided by Schroders plc for the benefit of the Directors of Cazenove Capital Management Pension Trustee Limited, a subsidiary of the Company, was put in place at that time and remains in force.

This indemnity covers, to the extent permitted by law, certain losses or liabilities incurred by the Directors of Cazenove Capital Management Pension Trustee Limited in connection with that company's activities as trustee of the Cazenove Capital Management Limited Pension Scheme.

Directors' conflicts of interest

The Company has procedures in place to identify, authorise and manage conflicts of interest, including of Directors of the Company, and they have operated effectively during the year. In circumstances where a potential conflict arises, the Board (excluding the Director concerned) will consider the situation and either authorise the arrangement in accordance with the Companies Act 2006 and the Company's Articles of Association, or take other appropriate action.

All potential conflicts authorised by the Board are recorded in a conflicts register, which is maintained by the Company Secretary and reviewed by the Board on an annual basis. Directors have a continuing duty to update the Board with any changes to their conflicts of interest.

Change of control

The Company does not consider that it has any significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid that are required to be disclosed pursuant to paragraph 13(2) (j) of Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) other than as disclosed below:

Under the Group's Revolving Credit Facility Agreement, if a change of control of the Company occurs, the lenders are not obliged to provide further funding under the facility. The Company and lenders have up to 30 days to agree the continued use of the facility. If there is no agreement, repayment of the facility and accrued interest may be requested by the lenders with not less than 10 days' notice.

Under a Framework Agreement with Lloyds Banking Group plc (LBG) in relation to the strategic partnership announced on 23 October 2018, a change of control of the Company to: (1) either a major competitor of LBG or (2) an entity or person on, or controlled by an entity or person on, a recognised sanctions list or located in a specified jurisdiction, LBG may terminate the Framework Agreement. Such termination provisions provide for LBG and the Company to return to the status quo prior to establishing the strategic partnership

in relation to shareholdings in subsidiary entities, with any transactions conducted at a specified valuation.

Directors' and employees' employment contracts do not normally provide for compensation for loss of office or employment as a result of a change of control. However, the provisions of the Company's employee share schemes may cause awards granted to employees under such schemes to vest on a change of control.

Political donations

No political donations or contributions were made or expenditure incurred by the Company or its subsidiaries during the year (2017: nil) and there is no intention to make or incur any in the current year.

UK Listing Authority Listing Rules (LR) – compliance with LR 9.8.4C

The majority of the disclosures required under LR 9.8.4 are not applicable to Schroders. The table below sets out the location of the disclosures for those requirements that are applicable:

Applicable sub-paragraph within LR 9.8.4	Disclosure provided
(12) Details of any arrangements under which a shareholder has waived or agreed to waive any dividends.	See page 92
(13) Where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	See pages 92, 109, and 134
(14) A statement made by the Board that the Company has entered into an agreement under LR 9.2.2A, that the Company has, and, as far as it is aware, the other parties to the agreement have, complied with the provisions in the agreement.	See page 92

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. In addition, the financial statements include information on the Group's approach to managing its capital and financial risk; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risk.

The Group has considerable financial resources, a broad range of products and a geographically diversified business. As a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook.

Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the Annual Report and Accounts.

In addition, the Directors have assessed the Company's viability over a period of five years. The results of this assessment are set out on page 42.

By Order of the Board.

Graham Staples
Company Secretary

6 March 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Consolidated financial statements in accordance with applicable law and regulations.

The Companies Act 2006, being the applicable law in the UK, requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Group and the Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make estimates and judgements that are reasonable and prudent.
- State that the financial statements comply with IFRS as adopted by the EU, subject to any material departure disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are also required by the Disclosure and Transparency Rules of the FCA to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company and the Group.

The Directors are responsible for keeping proper books of accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement

Each of the Directors, whose name and functions are listed in the Board of Directors section of this Annual Report and Accounts, confirms that, to the best of each person's knowledge and belief:

The consolidated financial statements, prepared in accordance with IFRS as adopted by the EU and in accordance with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the Group.

The Directors' report contained in this Annual Report and Accounts which comprises the sections described on page 91, includes a fair review of the development and performance of the business and the position of the Company and the Group and a description of the principal risks and uncertainties that they face.

So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

The Director has taken all the steps that ought to have been taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In addition, each of the Directors considers that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the audited financial information on the website at schroders.com.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Forward-looking statements

This Annual Report and Accounts and the Schroders website may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Company and the Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'believes', 'expects', 'confident', 'aims', 'will have', 'will be', 'will ensure', 'estimates' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this Annual Report and Accounts. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this Annual Report and Accounts should be construed as a forecast, estimate or projection of future financial performance.