

Governance

Governance

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Leading a world class business



Dame Elizabeth Corley
Chair



Peter Harrison
Group Chief Executive



Richard Keers
Chief Financial Officer

Board Committees



Skills, experience and contribution

Elizabeth was appointed as an independent non-executive Director in September 2021 and became Chair at the conclusion of the 2022 Annual General Meeting.

Elizabeth is a non-executive Director of BAE Systems plc, Chair of the Impact Investing Institute and a Trustee of the British Museum. She was previously the CEO of Allianz Global Investors and a non-executive Director of Morgan Stanley Inc. and Pearson plc.

Elizabeth is a leading figure in financial services with over 45 years' experience. Elizabeth is active in representing the investment industry and developing standards. Elizabeth has significant expertise in impact investing and sustainability and brings a wealth of investor, governance and boardroom experience to the Board.

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

Peter began his career at Schroders and subsequently held roles at Newton Investment Management, J.P. 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.

Having spent his whole career in the asset management industry, Peter brings a long and successful track record in asset management and extensive industry and leadership experience to the Board.

Richard was appointed as an executive Director and Chief Financial Officer in May 2013.

Richard is a chartered accountant and was a senior audit partner at PricewaterhouseCoopers LLP (PwC) until 2013. He became a partner at PwC in 1997 and has 25 years' experience in the audits of global financial services groups. Richard's experience includes time spent in PwC's New York, Sydney, Edinburgh and London offices. Richard was a non-executive member of Lloyd's Franchise Board and Chairman of its Audit Committee from 2016 to 2019.

With over 25 years' experience in the audits of global financial services groups, and having spent time as a Senior Audit Partner at PwC, Richard brings his extensive accounting and financial management expertise to the Board.

Current external appointments

- Non-executive Director of BAE Systems plc
- Chair of the Impact Investing Institute
- Trustee of the British Museum
- Member of the London Stock Exchange's UK Capital Markets Industry Taskforce
- Member of the Investment Association Advisory Council
- Member of the Impact-Weighted Accounts Initiative Leadership Council
- Director of FCLT Global
- Member of the Advisory Board of Antler Global
- None

N Nominations Committee
AR Audit and Risk Committee

R Remuneration Committee
Chair



Ian King

Senior Independent Director



Sir Damon Buffini

Independent non-executive Director



Rhian Davies

Independent non-executive Director



Paul Edgecliffe-Johnson

Independent non-executive Director

N R

Ian was appointed to the Board as an independent non-executive Director in January 2017 and was appointed as Senior Independent Director in April 2018.

Ian 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. Ian also served as a non-executive Director and Senior Independent Director of Rotork plc until June 2014.

Having held a number of leadership positions in major multinational companies, and having capital markets experience both as an executive and non-executive director, Ian brings strong global leadership experience which is of great value to the Group as we continue to grow our business internationally.

- Senior Adviser to the Board of Gleacher Shacklock LLP
- Chairman of Senior plc
- Director of High Speed Two (HS2) Limited and lead non-executive Director for the Department of Transport

N R

Damon was appointed as an independent non-executive Director in February 2018. He was Chair of the Remuneration Committee from November 2019 until April 2022.

Damon was a founding partner of Permira where he was Managing Partner between 1997 and 2010 and remained a partner until 2015.

Damon has over 25 years' experience in private equity. He brings his broad and highly successful business experience to bear in relation to the Group's overall range of strategic opportunities, particularly in the area of private assets.

Damon will not be seeking re-election as a Director and will stand down at the conclusion of the 2023 AGM.

- Chair of the National Theatre
- Chair of Royal Anniversary Trust UK
- Deputy Chair of the BBC Board
- Chair of the BBC Commercial Board

N AR R

Rhian was appointed as an independent non-executive Director in July 2015 and was appointed as Chair of the Audit and Risk Committee in 2016.

Rhian 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. Rhian previously worked in PwC's audit and insolvency practice before joining Electra in 1992.

Rhian's background as a qualified accountant is a specific strength given her role as Chair of the Audit and Risk Committee. With extensive experience as a partner of a private equity fund manager, Rhian brings financial and industry knowledge to the Board, particularly in the area of private assets.

- None

N AR

Paul was appointed as an independent non-executive Director in July 2022.

Paul is Chief Financial Officer and Group Head of Strategy at InterContinental Hotels Group plc (IHG). Paul held a number of senior management positions at IHG from 2004 before being appointed to the Board in 2014. Paul previously worked at PwC where he was Senior Manager for Private Equity Tax Structuring and spent seven years working within Corporate Finance at HSBC Investment Bank.

Paul is a fellow of the Institute of Chartered Accountants and is a graduate of the Harvard Business School Advanced Management Programme. Paul brings his experience as a Chief Financial Officer of a FTSE 100 company and also has considerable experience of international markets which is of great benefit as we look to grow our business around the world.

- Chief Financial Officer and Group Head of Strategy at IHG until 19 March 2023
- Paul will become Chief Financial Officer at Flutter Entertainment plc on 20 March 2023

Board of Directors and Company Secretary

continued



Claire Fitzalan Howard
Non-executive Director



Rakhi Goss-Custard
Independent non-executive Director



Leonie Schroder
Non-executive Director



Deborah Waterhouse
Independent non-executive Director

N	N AR	N	N AR R
<p>Claire was appointed as a non-executive Director in April 2020.</p> <p>Claire is a non-executive Director of Caledonia Investments plc, Director and Trustee of the Schroder Charity Trust and a Trustee of a number of charitable foundations. She was previously a non-executive Director of Gauntlet Insurance Services.</p> <p>Claire brings experience of family-owned businesses in financial services and from her non-executive roles. Claire is a descendant of John Henry Schroder, co-founder of the Schroders business in 1804. Claire's appointment reflects the commitment to Schroders of the Principal Shareholder Group which has been an important part of Schroders' success over the long term.</p>	<p>Rakhi was appointed as an independent non-executive Director in January 2017.</p> <p>Rakhi is an experienced executive in digital retailing having spent 12 years at Amazon where she was Director of UK Media. Prior to joining Amazon, she held roles at TomTom and in management consultancy in the US. She was previously a non-executive Director of Intu plc.</p> <p>Rakhi's experience in the digital world through her work at Amazon and, more recently through her experience as a non-executive director on other boards, is highly valuable to the Group as digital has an increasingly important impact on the asset management industry.</p>	<p>Leonie was appointed as a non-executive Director in March 2019.</p> <p>Leonie is currently a Director and Trustee of the Schroder Charity Trust and has held a number of roles in the charity sector.</p> <p>Leonie is a descendant of John Henry Schroder, co-founder of the Schroders business in 1804. Leonie's appointment reflects the commitment to Schroders of the Principal Shareholder Group which has been an important part of Schroders' success over the long term.</p>	<p>Deborah was appointed as an independent non-executive Director in March 2019.</p> <p>Deborah is the CEO of Viiv Healthcare. Viiv Healthcare is a leading global company, majority owned by GlaxoSmithKline (GSK) and focused on advancing science into HIV treatment, prevention and care. Deborah is also a member of the GSK Corporate Executive Team.</p> <p>Deborah brings her experience as Chief Executive of a major international business operating in many of the markets in which we are active, which is of great benefit as we continue to grow our business internationally.</p>
<ul style="list-style-type: none"> • Director and Trustee of the Schroder Charity Trust • Trustee of a number of charitable foundations • Non-executive Director of Caledonia Investments plc 	<ul style="list-style-type: none"> • Non-executive Director of Trainline plc • Non-executive Director of Kingfisher plc • Non-executive Director of Nisbets plc (unlisted) • Non-executive Director of Rightmove plc (until 5 May 2023) 	<ul style="list-style-type: none"> • Director and Trustee of the Schroder Charity Trust • Director of a number of private limited companies 	<ul style="list-style-type: none"> • CEO of Viiv Healthcare • Member of the GSK Corporate Executive Team

**Matthew Westerman**

Independent non-executive Director



Matthew was appointed as an independent non-executive Director in March 2020 and was appointed as Chair of the Remuneration Committee in April 2022.

Matthew started his career in 1986 at Credit Suisse First Boston. He subsequently worked at Rothschild & Co where he became Managing Director and Joint Chief Executive of ABN AMRO Rothschild. He joined Goldman Sachs in 2000 and became a partner in 2002. During his tenure he led substantial businesses within the Investment Banking Division. He left Goldman Sachs in 2016 to become Co-Head of Global Banking at HSBC.

Matthew brings significant experience of global financial markets after a distinguished career in investment banking.

- Director of MW&L Capital Partners
- Chairman of the Board of Trustees of the Imperial War Museum
- Foundation Fellow of Balliol College, Oxford
- Trustee of the UK Holocaust Memorial Foundation

**Graham Staples**

Group Company Secretary

Graham was appointed Group Company Secretary in 2004. He previously held senior company secretarial, compliance and business development roles at NatWest, Barclays, TSB and Computershare.

Graham is responsible for the Group's governance framework and is the principal adviser on all governance matters. He is also Chair of Schroder Investment Management (Europe) S.A., the Group's main operating company in the EU.

Graham brings great experience in corporate governance and company law.

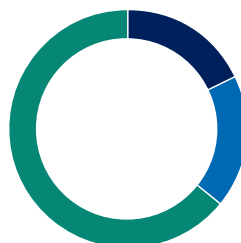
- Member of the advisory Board of Leeds University Business School
- Director and Trustee of Sherborne Girls School Charitable Foundation

N Nominations Committee
AR Audit and Risk Committee

R Remuneration Committee
Chair

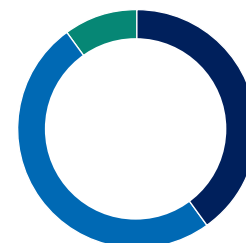
Composition of the Board at 31 December 2022

Board composition



- Executive Directors 18%
- Non-independent non-executive Directors 18%
- Independent non-executive Directors 64%

Non-executive Directors' tenure



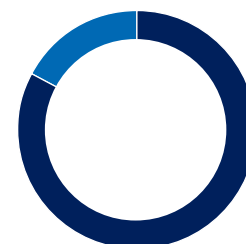
- 0-3 years 40%
- 3-6 years 50%
- 6-9 years 10%

Board gender diversity



- Male 50%
- Female 50%

Board ethnic diversity



- White 83%
- Ethnically diverse 17%

Developing strategy, talent and culture



We have a strong governance framework which ensures the Board and the Committees do everything they need to in the right way

I am delighted to present my first governance report since becoming Chair in April 2022. In the following pages you can read about our governance arrangements, the operation of the Board and its Committees and how we discharged our responsibilities during the year.

By the time I took over as Chair I had already been on the Board for over seven months and had gone through a very thorough induction process. This involved meeting a wide range of our people from across all parts of the Group. I have been impressed by the openness of everyone I have met and by their clear focus on putting clients first and 'doing the right thing'. I had long been an admirer of Schroders and its culture before joining and everything I have seen and heard since has reinforced those positive views.

Having a handover period also allowed me to observe the operation of the Board and its Committees before becoming Chair. Again, I have been impressed with what I have seen. Colleagues are open and transparent and there are no 'no-go' areas for the Board. We have a strong governance framework which ensures the Board and the Committees do everything they need to in the right way. This was highlighted as a strength in this year's externally facilitated evaluation process. This process also identified a number of areas where we can improve. These are set out later in the report, but the most important, I believe, is for the Board to be able to focus more of its time on the longer term strategy for the business.

The lifting of Covid restrictions allowed shareholders to attend the Annual General Meeting in person again. Our move to hybrid meetings has opened up our AGM to more shareholders and we will continue to facilitate attendance in person or virtually going forward as a matter of course.

Another benefit of the lifting of restrictions was that the Board could once again travel overseas. As a global business I think it is vital the Board meets our people in overseas offices and really feel the culture and get feedback from our colleagues. We had a most successful trip to New York in September where we combined formal Board meetings reviewing our strategy for the Americas with breakfast with high potential staff, dinner with senior regional management and drinks for all staff. We also benefitted from hearing directly from one of our major US clients on their perspectives of the industry and their relationship with us. The Board came away enthused with the scale of the opportunity we have in the region and quality of the team we have there to deliver that opportunity. Part of our annual strategy meeting was held at our Broadlands campus near Horsham, where we were able to meet with many of our 600 colleagues located there. We plan to visit colleagues in Paris this year and take a deeper look at our European businesses.

Talent and succession are themes you will find throughout the Annual Report. The Nominations Committee has focussed considerably on the development of our senior talent, but the Board is also keen to get to know talent across the Company at all levels. We have introduced a number of initiatives to achieve this, including breakfast meetings for the Board with high potential staff, informal lunches and receptions with members of the Group Management Committee and attendance at Board meetings of members of the Group Strategy Committee.

Later in this report you can read about the specific topics the Board discussed across the year, but I should highlight the decision to enfranchise our non-voting shares. This was a major step for the Company, which removed a significant governance matter. Setting terms that would be acceptable to both classes of shareholder was always going to be a challenge, but with the proposals obtaining over 98% support from both classes the conclusion is that we managed to strike the right balance.

Looking forward, our priorities in 2023 will be on our long-term strategy; protecting our reputation through strong governance; talent development; and improving Board effectiveness.

Dame Elizabeth Corley
Chair

1 March 2023

2022 Board and Committee attendance

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. Where a Director is unable to attend a meeting their views are sought in advance and shared with the Board.

	Board ¹	Nominations Committee	Audit and Risk Committee	Remuneration Committee
Chair				
Dame Elizabeth Corley ²	9/9	4/4		
Michael Dobson ²	5/5	1/1		
Executive Directors				
Peter Harrison	9/9			
Richard Keers	9/9			
Non-executive Directors				
Ian King	9/9	4/4		7/7
Sir Damon Buffini ³	8/9	3/4		7/7
Rhian Davies	9/9	4/4	5/5	7/7
Paul Edgecliffe-Johnson ⁴	3/3	2/2	3/3	
Claire Fitzalan Howard	9/9	4/4		
Rakhi Goss-Custard	9/9	4/4	5/5	
Leonie Schroder	9/9	4/4		
Deborah Waterhouse ⁵	8/9	4/4	5/5	3/3
Matthew Westerman ⁶	9/9	4/4	4/5	7/7

1. There were six scheduled Board meetings held during the year and three additional meetings to consider the simplification of the Company's dual share class structure.

2. Michael Dobson retired from the Board at the conclusion of the 2022 AGM on 28 April 2022 and was succeeded as Chair by Elizabeth Corley from that date.

3. Damon Buffini was unable to attend a Board meeting which was arranged at short notice in order to consider the simplification of the Company's dual share class structure and one meeting of the Nominations Committee due to prior commitments.

4. Paul Edgecliffe-Johnson was appointed to the Board and as a member of the Nominations Committee and Audit and Risk Committee on 1 July 2022.

5. Deborah Waterhouse became a member of the Remuneration Committee on 1 August 2022. Deborah was unable to attend a Board meeting which was arranged at short notice in order to consider the simplification of the Company's dual share class structure.

6. Matthew Westerman was unable to attend one meeting of the Audit and Risk Committee due to a prior commitment.

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 wider society. Certain decisions can only be taken by the Board, including 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 website¹ and summarised on page 58.

The Board has delegated specific responsibilities to Board committees, notably the Nominations Committee, the Audit and Risk Committee and the Remuneration Committee. The minutes of committee meetings are made available to all Directors. At each Board meeting, the Chair 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's report. The committees' terms of reference can be found on the Company's Investor Relations website².

The Chair also has regular meetings with the non-executive Directors without the executive Directors being present. These meetings are for informal discussions and do not have fixed agendas.

Board calls are used as an additional avenue for communication to supplement the formal Board meeting programme; these are held between the scheduled meetings. At each call, the Group Chief Executive and Chief Financial Officer provide updates on the Group's financial performance, and an update on business issues.

1. www.schroders.com/board-matters

2. www.schroders.com/tor

Governance framework

Board

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

Matters reserved to the Board

The Group's overall strategy

The Company's capital strategy and changes to the capital or corporate structure

Significant new business activities

Remuneration strategy

Annual Report and financial and regulatory announcements

Annual budgets and financial commitments and strategic or key acquisitions

Risk management framework, risk appetite and tolerance limits

Board and Committee composition, succession planning and Committee terms of reference

Corporate governance arrangements, including Board conflicts of interest

Maintenance of an effective system of internal control and risk management

Dividend policy

The full Schedule of Matters Reserved to the Board can be found on the Company's Investor Relations website, www.schroders.com/ir

Chair

The Chair is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. She is responsible for creating an environment for open, robust and effective debate and challenge. The Chair 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 GSC and 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 Chair, oversee the evaluation of the Chair'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 Chair or Group Chief Executive. He is the designated non-executive Director responsible for engagement with the workforce as key stakeholders in the Company.

Non-executive Directors

Non-executive Directors are expected to provide independent oversight and constructive challenge and help develop proposals on 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.

Chair: Dame Elizabeth Corley



See page 66 for the Committee report

Audit and Risk Committee

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

Chair: Rhian Davies



See page 68 for the Committee report

Remuneration Committee

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

Chair: Matthew Westerman



See page 76 for the Committee report

Group Strategy Committee (GSC)

The GSC comprises the senior management team who have primary responsibility for the development and delivery of the Group's strategy. It is an advisory committee to the Group Chief Executive.

Group Management Committee (GMC)

The GMC comprises the wider senior management team and is an advisory committee to the Group Chief Executive on the day-to-day running of the Group's business.

Group Sustainability and Impact Committee (GSI)

The GSI comprises senior management across the Group and provides advice to the Group Chief Executive to assist him in discharging his responsibilities regarding sustainability and impact.

Group Capital Committee

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

Group Risk Committee (GRC)

Assists the Chief Financial Officer in discharging his responsibilities in respect of risk and controls. The GRC has a number of sub-committees, which look at specific areas of risk including conduct and conflicts of interest.

Independence

The Board remains committed to its stated policy regarding the benefits of an absolute majority of independent Directors. All the non-executive Directors are independent in terms of character and judgement.

Claire Fitzalan Howard and Leonie Schroder are not considered independent as they are both members of the Principal Shareholder Group. The Nominations Committee believes the judgement and experience of Claire Fitzalan Howard and Leonie Schroder continues to add value to the Board and the Group. The Board will therefore recommend their re-election at the 2023 AGM.

Director appointments and time commitment

The rules providing for the appointment, election, re-election and removal of Directors are contained in the Company's Articles of Association. The Company may only amend its Articles of Association by special resolution of the shareholders.

In accordance with the Articles of Association, Paul Edgecliffe-Johnson will resign and offer himself for election at the AGM on 27 April 2023. All other Directors are required to seek re-election on an annual basis unless they are retiring from the Board. Sir Damon Buffini will not be seeking re-election as a Director and will stand down at the conclusion of the 2023 AGM. 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 consult the Chair 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 Remuneration report from page 76.

Board training

The Board believes that the ongoing development and briefing of Directors is an important part of the Board's agenda. The Board receives regular briefings throughout the year in order to provide them with a deeper understanding of the Group.

During 2022, there was a briefing session on sustainability delivered by the Global Head of Sustainable Investment and the Global Head of Corporate Sustainability which included climate and nature-related issues as well as an overview of human rights and modern slavery. At this meeting, the Board was updated on how sustainability trends were shaping our industry, including climate and nature-related risks and opportunities. This covered the trends, impacts and how the business was responding.

At the two-day strategy offsite meeting held in November 2022, a presentation was given to the Board that provided insights on the challenging macroeconomic environment and how it can impact Schroders.

Members of the Board committees also receive regular updates on technical developments at scheduled committee meetings. Other training comprises external professional events and industry updates.

Board induction

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

The induction process is reviewed on a regular basis and is updated and tailored to ensure it remains appropriate. Induction and briefing meetings are generally open to any Director to attend if they wish to.

Committee-specific inductions are also arranged when Committee membership changes, and these induction processes are tailored to the skills and knowledge of the individual and the forthcoming Committee agenda items.

Paul Edgecliffe-Johnson was the only new appointment to the Board during 2022 and a comprehensive and tailored induction programme was provided. The induction process involved:

- Meeting all members of the GMC and their teams 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 Group, including first, second and third lines of defence to understand the Group's internal control and risk management framework.

I am grateful to my colleagues on the Board for their support and have enjoyed meeting with people from many areas of the business both ahead of and after my appointment in July 2022. I have met with members of the Group Management Committee and their teams to gain a deeper understanding of the business.

As a member of the Audit and Risk Committee, I have also had briefings from management across the second and third lines of defence including Risk, Compliance, Legal and Internal Audit which has aided my understanding of the internal control and risk management framework.

Paul Edgecliffe-Johnson

Compliance with the 2018 UK Corporate Governance Code (Code)

During 2022, the Board has complied with the Code and applied its Principles and Provisions with the exception of Provisions 9 and 19. Michael Dobson was not independent on appointment as Chair in April 2016, and had served on the Board for more than nine years since he was first appointed. Michael Dobson retired from the Board at the conclusion of the 2022 AGM.

The table below and on the next page sets out examples of how the Board has applied each Principle, assisting our shareholders to evaluate our Code compliance.

Code principle

Board leadership and company purpose

A Role of the Board	The Company is led by an effective Board which is collectively responsible for the long-term sustainable success of the Company, ensuring that due regard is paid to the interests of our stakeholders, who include our clients, shareholders, employees, external service providers, regulators and wider society.
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 See the Key areas of focus during the year on page 62.


B Our purpose, values and strategy	The Board has collective responsibility for the management, direction and performance of the Company. Certain decisions can only be taken by the Board, including decisions on the Group's overall strategy, significant new business activities and the strategy for management of the Group's investment capital.
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 See Stakeholder interests and engagement on page 63.

C Resources and controls	The Board reviews the financial performance of the Group at each scheduled meeting and is ultimately responsible for the Group's control framework. The Audit and Risk Committee carries out an annual assessment of the effectiveness of the system of internal control on behalf of the Board.
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 See the Audit and Risk Committee report on pages 68 to 75.

D Engagement	The Board recognises that engaging with and taking account of the views of the Group's stakeholders is key to delivering the strategy and long-term objectives of the Group.
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 See page 63.

E Workforce engagement	The Board receives updates on our people strategy during the year. Ian King is our designated non-executive Director responsible for gathering workforce feedback and he chairs the Global Employee Forum.
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 See page 62.

Division of responsibilities

F The role of the Chair	The roles of the Chair and Chief Executive are separate. Their job descriptions can be found on our investor relations website. The Chair has overall responsibility for the leadership of the Board and for its effectiveness in all aspects of its operation. Elizabeth Corley became Chair at the conclusion of the 2022 AGM and was considered independent upon appointment.
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G Board composition	The Board is committed to its stated policy of having an absolute majority of independent Directors. 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.
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 See page 66.




H Role of the non-executive Directors	Non-executive Directors are expected to provide independent oversight and constructive challenge and help develop proposals on strategy, performance and resources, including key appointments and standards of conduct.
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I Group Company Secretary	All Directors have access to the advice and support of the Group Company Secretary and his team. Through him Directors can arrange to receive additional briefings on the business, external development and professional advice independent of the Company, at the Company's expense.
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Composition, succession and evaluation

J	Appointments to the Board	<p>The process for Board appointments is led by the Nominations Committee, which makes recommendations to the Board.</p> <p> See the Nominations Committee report on pages 66 to 67.</p>
K	Skills, experience and knowledge of the Board	<p>In 2021, the Nominations Committee carried out a full analysis of the Board to identify the skills and experience required by future appointments. The results of this analysis formed part of role profiles used in the appointments of Elizabeth Corley in 2021 and Paul Edgecliffe-Johnson in 2022. We are updating the analysis and will use it to help identify future candidates for the Board.</p> <p> See the Nominations Committee report on pages 66 to 67.</p>
L	Board evaluation	<p>Independent Board Evaluation (IBE) facilitated an external Board evaluation during 2022 in accordance with the Code requirement. IBE conducted the previous externally facilitated Board evaluation in 2019, with the evaluations in 2020 and 2021 being conducted internally by the Chair.</p> <p> See page 65.</p>

Audit, risk and internal control

M	Internal and external audit	<p>The Audit and Risk Committee oversees the relationship with the external auditor, Ernst & Young. The Group Head of Internal Audit reports directly to the Chair of the Audit and Risk Committee.</p> <p> See the Audit and Risk Committee report on pages 68 to 75.</p>
N	Fair, balanced and understandable assessment	<p>The Audit and Risk Committee reviews the Company's financial reporting in detail and is able to recommend to the Board that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.</p> <p> See the Audit and Risk Committee report on pages 68 to 75.</p>
O	Risk management and internal control framework	<p>The Audit and Risk Committee carries out an annual assessment of the effectiveness of the system of internal control, and considers the adequacy of risk management arrangements in the context of the business and strategy. The Committee also considers the principal risks, alongside emerging and thematic risks that may have an impact on the Group.</p> <p> See the Audit and Risk Committee report on pages 68 to 75.</p>

Remuneration

P	Policies and practices	<p>Executive remuneration is designed to align to our purpose. Our existing remuneration policy was approved at the 2020 AGM. The updated remuneration policy will be considered by shareholders at the 2023 AGM and was developed following engagement with our shareholders.</p> <p> See the Remuneration Committee report on pages 76 to 107.</p> <p> See the updated remuneration policy on pages 92 to 98.</p>
Q	Remuneration Policy	<p>The Remuneration Committee provides independent oversight of the Group's remuneration policy and determines the remuneration of the Chair and the executive Directors within the policy approved by shareholders. No Director is involved in discussions relating to their own remuneration.</p> <p> See the Remuneration Committee report on pages 76 to 107.</p> <p> See the updated remuneration policy on pages 92 to 98.</p>
R	Exercising independent judgement and discretion	<p>We pay for performance in a simple and transparent way, clearly aligned to shareholder and client interests, to the financial performance of the Group, and the progress made towards our strategic goals.</p> <p> See the Remuneration Committee report on pages 76 to 107.</p>

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 Group Company Secretary on governance developments, and, where relevant, a report from each of the Board Committees.

Set out below are the key topics considered by the Board during 2022, taking into account the views of key stakeholders while continuing to promote the Group's long-term success. Throughout the year, the Board has considered workforce welfare, external markets, our clients, the Group's capital position, business operations and the need to keep the market updated on key developments.



Strategy

- The Board continued to focus on the development and delivery of our overall strategy. In November, the Board held a two-day offsite meeting to discuss strategy for 2023 and beyond.
- At each scheduled meeting, the Board received a strategic update from the business. During 2022, these included the Client Group, our businesses in China, Europe, North America, Latin America and the UK, including Schroders Solutions, Wealth Management and Schroders Capital.



Financial performance and risk management

- The Board reviews the financial performance of the Group at each scheduled Board meeting. In March, the Board reviewed the 2021 Annual Report and Accounts and final dividend proposal. In July, the Board reviewed the 2022 half-year results and recommended a dividend of 37 pence per ordinary share of £1 each and non-voting ordinary shares of £1 each in issue at that time.
- The 2023 budget and five-year forecast was discussed by the Board at the two-day offsite meeting in November.
- During the year the Board approved the ICAAP, ILAAP, Recovery Plan, Resolution Pack and Wind-down Plan following their review by the Audit and Risk Committee.
- The Board also approved the Group's 2021 Task Force on Climate-related Disclosures (TCFD) report to provide our shareholders, clients and other stakeholders with a better understanding of our exposure to climate-related risks.



People and culture

- The Board relies on our people to deliver the Group's strategy and considers our culture to be one of our assets. In September, the Board received an update on our people strategy and considered succession planning for critical roles, the initiatives to enhance inclusion and diversity across the Group and how to protect our culture in a post-pandemic world.
- Ian King, our Senior Independent Director, is our designated non-executive Director responsible for gathering workforce feedback. He chairs the Global Employee Forum to hear directly from employees on issues that concern them. Ian provided an update to the Board following the Forum meeting in July, which covered our approach to ESG and the simplification of the dual share class structure. At its October meeting, the Forum discussed flexible working and the inflationary pressures that have led to increases in the cost of living. Their feedback was discussed by the Board in November. The Board welcomes the additional feedback from employees via the Forum and will continue to engage with it during 2023.



Shareholder engagement

- The Board engaged with shareholders throughout the year. The primary means of communicating with shareholders is through the AGM, the Annual Report and Accounts, full-year and half-year results and related presentations.
- Following changes to the Company's Articles of Association, the 2022 AGM was held as a hybrid meeting to enable more shareholders to attend. After the meeting the website was updated with a summary of the presentations and the question and answer session.
- The Investor Relations programme has continued our engagement with our major shareholders, particularly around the simplification of our dual share class structure.

Stakeholder interests and engagement

In discharging their section 172 duties, the Directors have regard to the factors set out on page 39 and any other factors considered relevant to the decision being made, such as the interests of shareholders, employees and the views of regulators. The Directors acknowledge that every decision made will not necessarily result in an equally positive outcome for all stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, the Board does, however, expect that its approach to decision-making and consideration of stakeholder interests will be consistent.

The example provided below shows how the Board considered the matters set out in section 172 in respect of one of the key decisions made during 2022.

Simplification of Schroders plc's dual share class structure



A key decision made by the Board in 2022 was the recommendation to shareholders of the simplification of the Company's dual share class structure by enfranchising the non-voting ordinary shares. These proposals were subsequently approved by shareholders at a General Meeting and a Class Meeting held on 15 August 2022 and came into effect on 20 September 2022.

Over recent years, the non-voting ordinary shares had become increasingly illiquid and the discount at which they traded to the ordinary shares had widened significantly. Non-voting shares have also become increasingly rare in UK listed companies as corporate governance best practice develops. The enfranchisement helped address these issues and means that all of the Company's shares are eligible for inclusion in the major indices which also enhances liquidity.

Under the enfranchisement, each non-voting ordinary share was converted into one ordinary share and re-designated to have the same rights, including voting rights. The holders of ordinary shares received a bonus issue of three additional ordinary shares for every 17 ordinary shares held to compensate them for the dilution of their voting rights. Subsequent to the enfranchisement and bonus issue, the ordinary shares were sub-divided into five new ordinary shares with a nominal value of 20 pence each.

The Board considered the simplification of the dual share class structure at a number of meetings to assess whether it was in the best interests of its shareholders. The Board engaged with the Principal Shareholder Group who saw their interest in the Company diluted from 47.93% to 43.11% as a result. The Board had also engaged with other major shareholders ahead of announcing the proposal.

In addition, the Board engaged with a number of regulators in relation to certain aspects of the simplification. These included the Takeover Panel in relation to the change in the Principal Shareholder Group's interest in the Company, the FCA in respect of the bonus issue of ordinary shares and the delisting of the non-voting ordinary shares, and the PRA so that the Company's share capital could continue to be classified as Tier 1 regulatory capital.

The Board took a number of factors into account when considering the appropriate level for the compensatory bonus issue designed to compensate the ordinary shareholders for the dilution of their voting rights. These included: the reasons for and levels of the discount between the two share classes; the dilutive effect on the ordinary shareholders' voting rights resulting from the enfranchisement; and the dilutive effect which the compensatory bonus issue would have on the economic interests of the non-voting ordinary shareholders.

The Board considered the terms of the enfranchisement, compensatory bonus issue and sub-division, together with the grant of buyback authority, represented fairly the interests of holders of both ordinary shares and non-voting ordinary shares.

2022 Board objectives

The 2021 evaluation was undertaken internally and in light of the findings of that evaluation and the conclusions of the Chair's Committee, the Board set the following high level objectives for 2022.

Area of focus for 2022	Progress made during 2022
Reviewing the integration of the major acquisitions agreed in 2021 and the progress of follow-on growth plans for those businesses	Acquisitions have been an important part of our strategy to position our business for future growth. In 2022, Schroders completed three major acquisitions which were approved by the Board during 2021, therefore a priority was to integrate them within our organisation. In July, the Board considered the integration of Greencoat Capital and Cairn Real Estate as part of the strategic update on Schroders Capital. The integration of River and Mercantile's UK solutions business was considered as part of the strategic update on the UK business.
Monitoring progress against the five-year plan agreed in November 2021	The Board reviews performance at each scheduled meeting and held a two-day offsite meeting in 2022 to agree the strategy for 2023 and beyond. Challenging markets have reaffirmed the Board's strategy for growing the business by expanding in private assets and alternatives, growing asset management and building closer relationships with end clients.
Reviewing the development of senior management talent	The Board considered an external review of the GMC and the personal development plans prepared following that review and also succession planning for the GMC members. The Board also reviewed our People Strategy in September, which examined the development of talent below the GMC and HR's initiatives to enhance inclusion and diversity.
Reviewing core business areas, including key areas of strategic growth, particularly Schroders Capital, China and strategic partnerships	The Board reviewed the key business areas during its scheduled meetings in 2022. Future agendas provide for the review of key business areas to occur on an ongoing basis. The Board considered Schroders Capital and strategic partnerships in July and reviewed China alongside the Group's strategy for Asia at its two-day offsite meeting in November.
Reviewing our clients, their needs and their perceptions of Schroders	Our success depends on meeting the needs of our clients, therefore the Board assesses their needs and their perception of Schroders. During 2022, the Board considered our brand, the market perception of it and how it could be leveraged. The Board reviews key business areas at each of its scheduled meetings. As part of these reviews the Board considers the requirements of our clients and how we can continue to meet their needs.
Carrying out regular in-depth reviews of investment performance	The Board considers investment performance at each scheduled meeting. In addition, in March and September there were comprehensive reviews focusing on investment performance and our investment capabilities. We are determined to be leaders in sustainability and a primary aim is to demonstrate the value of an active approach to asset management.
Undertaking an in-depth review of the actions the Group could take in the event of a significant downturn in the business environment	We saw increased volatility in the business environment during 2022. At its two-day offsite meeting in November, the Board received an update on the challenging macroeconomic environment, the impact on our business and how we can navigate for the best interests of our stakeholders.
Reviewing the adequacy of the Group's cyber security arrangements	The Audit and Risk Committee devoted a large part of its agenda to cyber-related topics and also received briefings on thematic topics, including cloud transition risks, to keep them up to date with the latest developments in this area. See page 74 for more information.
Continuing to review our corporate purpose, what it means in practice and its articulation	The Board continued to review our corporate purpose so that we were able to continue to serve our stakeholders. Our corporate purpose is grounded in generating returns for our clients by navigating opportunity and risk.

2022 Board evaluation

The 2022 evaluation of the Board, its principal Committees and individual Directors was undertaken externally by Independent Board Evaluation (IBE). IBE has undertaken previous evaluations but has no other connection with the Company. We chose to use IBE again to provide continuity and context for their observations given the significant changes to the Board in recent years.

The evaluation process included one-on-one interviews with each Director, the Company Secretary and a number of other non-Board members who attend or support the Board and its Committees. The process also included the evaluator attending meetings of the Board, Audit and Risk Committee, Remuneration Committee and Nominations Committee. An overall Board evaluation report was produced and this was presented to the Board at the January 2023 meeting. Separate reports were provided to each Committee Chair and these were discussed by the respective Committees at the next meeting of the Committee. Summaries of the findings are included in the Committee reports.

Individual reports on the performance of each Director, including the Chair, were produced and the Chair discussed these directly with the relevant Director. Ian King, as Senior Independent Director, discussed the report on the Chair with the rest of the Board before giving feedback to the Chair.

The overall conclusion of the Board evaluation was that the Board was now modern and diverse with engaged, thoughtful and forthright members. There was still some adjustment to make for the different style of the Chair and for some new voices around the table. The dynamics between Chair and CEO were working well. The Board had no 'no-go' areas and all Board members were encouraged to speak up, and their views were welcome. There was a clear desire to spend more time on strategy and the challenge was to find the right balance between detail and longer term themes. The evaluation indicated that the Board was on the right track but was not able at present to devote as much time to long-term issues as members would like. The Board needed to be clear on its priorities and needed to keep out of the detail. A number of recommendations were made, including:

1. Revising the Board's objectives to manage the pressure on Board agendas.
2. Opening up induction sessions where appropriate so that any non-executive can attend to refresh their knowledge, on an opt-in basis.
3. Revising the Board's skills matrix, in line with the evolving strategy.
4. Reviewing the Employee Engagement programme to encompass more points of information and to focus more closely on feedback from employees to the Board.
5. Scheduling more private sessions of Board members, including a meeting annually of the independent NEDs and opportunities for NEDs to meet without management present.

The Chair and the Company Secretary were tasked with taking the recommendations forward.

2023 Board objectives

Using the findings of the external evaluation process as context, the Board agreed a number of objectives under four major themes; strategy, talent, Board effectiveness and governance.

Strategy

- Develop strategic scenarios and options for five years plus.
- Review strategy implementation and value creation.

Talent

- Increase Board exposure to talent.
- Complete succession reviews.
- Continue to encourage diversity, equality and inclusion across the business.

Board effectiveness

- Explore new ways of Board and Committee working; embracing a hybrid working environment.
- In a continuing period of rapid change, ensure Board maintains knowledge and currency.
- Appoint new non-executive Directors with focus on priority skills areas.

Governance

- Maintain current high standards of governance and oversight.
- Maintain/enhance our Brand and reputation with all stakeholders.
- Explore options for Board oversight of reputation.

Focusing on the future



Committee membership

Dame Elizabeth Corley (Chair)

Sir Damon Buffini

Rhian Davies

Michael Dobson (until 28 April 2022)

Paul Edgecliffe-Johnson (from 1 July 2022)

Claire Fitzalan Howard


Rakhi Goss-Custard

Ian King

Leonie Schroder

Deborah Waterhouse

Matthew Westerman

 See page 57 for meeting attendance.

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 are set on pages 52 to 55.

I succeeded Michael Dobson as Chair of the Nominations Committee following the Annual General Meeting in April 2022. The process for my appointment as Michael's successor was led by Ian King, our Senior Independent Director, and is fully explained in the 2021 Annual Report.

We also explained in last year's Annual Report the process we had gone through to select Paul Edgecliffe-Johnson as an additional non-executive Director. Paul joined us on 1 July 2022 and is already making a valuable contribution to our discussions.

At Committee level, we also announced that Matthew Westerman would succeed Sir Damon Buffini as Chair of the Remuneration Committee after the Annual General Meeting. Again, this is covered in detail in last year's Annual report. Matthew has led the consultation on our new Remuneration Policy which will be put to shareholders for approval at the 2023 Annual General Meeting.

With these changes all in hand, we had no immediate succession issues we needed to address as we entered 2022. However, succession planning is something we need to think about constantly to ensure we are well placed for both foreseen and unforeseen changes to the Board and its Committees. Our meetings in 2022 and early 2023 have therefore focussed mainly on longer term succession for both executive and non-executive roles. The Committee sees having internal options as potential successors at executive Director level as critical given the importance of the leadership team understanding the culture of the organisation. The Committee has worked closely with the Chief Executive to identify the senior talent within the business who may have the potential to join the Board in the future. This group then undertook externally facilitated assessments which led to specific development plans being drawn up for them. Each individual was assigned a mentor from the Board and the Committee received updates throughout the year on progress. The development of a strong pool of internal talent with the potential to lead the business in the future will continue to be a focus for the Committee.

At non-executive level, Damon Buffini indicated in December that he would like to step down from the Board at the 2023 Annual General Meeting following his appointment as Deputy Chair of the BBC. Although there is no immediate need to replace Damon, we have already commenced a search for a successor. One reason for this is that we have given a commitment to always having an absolute majority of independent directors on the Board. With Damon leaving we would have no contingency should another independent Director leave the Board for whatever reason. The Committee also felt that we needed to address some of the gaps in skills and experience Damon's departure would leave. At our meeting in January 2023, the Committee discussed our requirements in detail and agreed to appoint Russell Reynolds Associates to lead the search for a new non-executive Director. Russell Reynolds have undertaken a number of assignments for us in the past, including my own appointment, but there are no other business relationships with Schroders or individual directors.

The Committee feels that the knowledge and understanding of the Company Russell Reynolds has acquired through these assignments makes them well placed to understand our needs and provide a good range of potential candidates. The process is now well underway, with a detailed role specification and candidate profile being agreed by the Committee. Key skills and experience we identified as being important in helping the Board be aligned better with our strategy include experience in wealth and alternatives, international experience and digital disruption including fintech and crypto as well as broader listed company experience. We expect to start interviews shortly and to make an appointment as soon as possible.

We addressed succession for Rhian Davies on the Audit and Risk Committee. We also felt it was important to broaden further the skills and experience of the Remuneration Committee and we therefore appointed Deborah Waterhouse to that Committee in August.

As our business becomes more diverse and complex so the skills and experience required of Board members also change. To ensure the Board has the right skills we may need to increase the number of Directors in the medium term.

Directors standing for election and re-election

Any Director standing for election or re-election must have the support of the Committee and the Board. On the basis of the feedback from the Board evaluation process, combined with the many interactions I have had with individual Directors since becoming Chair, the Committee agreed that all Directors standing for election and re-election make a valuable contribution to the Board's deliberations and recommends their re-election. Rhian Davies, Ian King and Rakhi Goss-Custard will all have served for six years or more by the time of the Annual General Meeting. The Committee reviewed their re-election carefully and there was unanimous support for their ongoing membership of the Board.

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 2023 Notice of AGM.

Evaluating the performance of the Committee

I included in my Governance report the details of our externally facilitated 2022 evaluation process. As part of that process the external evaluator attended a Committee meeting and also received feedback on the Committee's effectiveness through interviews with each Director. The overall conclusion was that the Committee was operating effectively but could have a more comprehensive agenda going forward which covers the full people and governance agenda. This is being progressed.



Policy on Board Diversity

The Board recognises the importance of diversity and that it is a wider issue than gender and ethnicity.

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. Diversity across our whole workforce is discussed by the full Board. The specific diversity targets for the Group are set by the Board as part of our annual review of people strategy.

The Board understands the importance of increasing gender and ethnic diversity and is committed to have a minimum of 40% of Board positions held by women and to meet the Parker Review's recommendations of at least one director from an ethnic minority on the Board. Currently we meet both these gender and ethnicity recommendations as women comprise 50% of the Board and we have two ethnic minority Directors. We intend only to use the services of executive search firms which have signed up to the Voluntary Code of Conduct on Gender Diversity.

There is a full description of our approach to diversity and inclusion on pages 30 to 31 and 110. Our gender diversity statistics for both the Board and senior management can be found on page 110.

Priorities for 2023

Looking ahead to the rest of 2023, the Committee's priorities are focussed on executive succession and continuing to evolve the Board to ensure it has the right skills to support the delivery of our strategy.

Dame Elizabeth Corley

Chair of the Nominations Committee

1 March 2023

Evolving in the face of challenges



Committee membership

Rhian Davies (Chair)

Paul Edgecliffe-Johnson (from 1 July 2022)

Rakhi Goss-Custard

Deborah Waterhouse

Matthew Westerman

I am pleased to present the Committee's report for the year ended 31 December 2022. The Committee plays a key role in overseeing the integrity of the Company's financial statements and the robustness of the Group's system of internal control and financial and risk management.

The Committee recognises its role in promoting the integrity of the Group's financial results and high quality reporting. We are grateful for the support of management and the assurance and challenge provided by Group Internal Audit and Ernst & Young (EY) as external auditor. We welcomed the UK Government's response to its consultation on Restoring Trust in Audit and Corporate Governance during the year, which confirmed the intention to take forward many of the reforms proposed in the consultation. We note the Financial Reporting Council's (FRC's) Draft Minimum Standards for Audit Committees and will continue to consider the impact of the reforms as they develop.

During the year, the Committee continued to focus on its responsibility for the monitoring and oversight of the Group's control environment and system of internal control and the Group's management of risk and compliance-related activities. As part of this work, the Committee considered the Group's business services resilience and Risk and Control Assessments, as well as the ICAAP, ILAAP, wind-down and recovery plans and resolution pack and various operational stress scenarios to support the Board's conclusions on the viability statement and going concern set out on page 49.

The Committee continues to play an important role in reviewing conduct and culture risk in the Group and continues to oversee the evolution of Schroders' conduct risk framework, designed to identify emerging trends and heightened areas of risk. Conduct and culture risk is informed by a number of metrics, including conduct risk reports, employee opinion surveys and oversight by the second and third line of defence functions. We believe that Schroders' conduct risk framework is well placed against regulatory standards.

In line with the FRC's and PRA's operational resilience regulations, our Operational Resilience Consolidated Self-Assessment was approved by the Board for the first time in March 2022. The Self-Assessment identifies our important business services, sets our impact tolerances to avoid intolerable harm to our clients and identifies areas where we should enhance our operational resilience. This is discussed further on page 74.

Ahead of the 2022 half-year results, the Committee considered changes to the presentation of the Group's income statement and revisions to the Group's AUM recognition policy. Further information on how the Committee challenged management in this regard is included on page 71.

In November, the Committee discussed Liability Driven Investment (LDI) strategies and our response to the volatility experienced in the bond and gilts markets between late September and mid-October. Further information on our response can be found on page 74.

A large part of the Committee's agenda during the year was devoted to cyber-related topics. Further detail on information and cyber security can be found on page 74.

Climate-related risks remained at the forefront of our discussions throughout 2022 and were given particular consideration in relation to the preparation of the Group's Annual Report and Accounts. In February, the Committee considered the Group's first standalone report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Thematic risks including climate change will continue to be a key priority for 2023.

The Committee received briefings on business and thematic topics during the year including on Cloud transition risks and opportunities, fund liquidity, adequacy of active risk taking and the valuation of Private Assets.

I would like to welcome Paul Edgecliffe-Johnson, who joined as a member of the Board and Audit and Risk Committee in July 2022. Paul's background as a Chief Financial Officer and Chartered Accountant will be of specific benefit to the Committee.

I am grateful to all members of the Committee for their support in 2022 and I look forward to continuing our work in 2023.

Rhian Davies

Chair of the Audit and Risk Committee

1 March 2023

Role of the Audit and Risk 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 52 to 55. 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 Chair, Group Chief Executive and Chief Financial Officer attended all meetings at the invitation of the Chair of the Committee. Other regular attendees who advised the Committee were the Group Financial Controller, the Chief Risk Officer,

the Group Head of Internal Audit and the General Counsel. Other members of senior management were also invited to attend as appropriate. The Chair of the Wealth Management Audit and Risk Committee (WMARC), who is an independent non-executive Director of Schroder & Co. Limited, attended one meeting of the Committee and provided an update to each meeting on matters related to the Wealth Management business.

Representatives from EY, including Julian Young, lead audit partner for the 2022 financial year, attended all of the Committee's scheduled meetings. During 2022, two private meetings were held with the external auditor without management present. Private meetings were also held with the Chief Financial Officer, the Chief Risk Officer and the Head of Internal Audit. These meetings provided an opportunity for any matters to be raised confidentially.

The Committee's primary responsibilities are detailed below.

The Committee's primary responsibilities are the oversight of:

Financial reporting, financial controls and audit

- 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
- The recommendation to the Board of the appointment of the external auditor

Risk and internal controls

- The Group's risk and control framework and whistleblowing procedures and the financial crime framework
- The Group's ICAAP, ILAAP, wind-down plan, risk appetite and the recovery plan and resolution process
- The Group's regulatory compliance and conduct processes and procedures and its relationships with regulators and compliance monitoring
- The Group's Internal Audit function
- The Group's legal risk profile and disputes
- 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 key issues that the Committee considered during 2022 are set out below. In addition, at each quarterly meeting, the Committee received updates from Internal Audit, Compliance, Risk, Legal and external audit covering ongoing projects and the key issues that had arisen since the last meeting and reviewed a dashboard of metrics in place for monitoring key risks.

Financial reporting and financial controls

- As part of the Group's annual reporting cycle, the Committee considered the 2021 Annual Report and Accounts and 2022 half-year results, including financial estimates and judgements and governance considerations. Ahead of preparing the 2022 Annual Report and Accounts, updates were provided on the effectiveness of our internal controls and on the Group accounting policies. The going concern and viability statements, Pillar 3 regulatory disclosures and ESG disclosures were also considered.
- In relation to the 2022 half-year results the Committee considered and approved changes to the presentation of the Group income statement and revisions to the Group's AUM recognition policy.
- The Group Head of Tax updated the Committee on the Group's tax strategy, our approach to tax risk, the key tax risks facing the Group and how the Group's effective tax rate is expected to evolve in the coming years.

External audit

- When considering the 2021 Annual Report and Accounts, the Committee assessed the oversight and independence of the external auditor and audit effectiveness.
- In relation to audit quality and effectiveness, the Committee discussed the results of the external auditor feedback questionnaire and noted the areas of improvement that had been identified. The Committee reviewed EY's audit plan for 2022, including key audit matters and new areas of focus to cover recent acquisitions. Fees for non-audit services were reviewed and approved by the Committee.
- Policies for safeguarding the independence of the external auditor were considered for recommendation to the Board.

Internal Audit

- In 2022, as part of the governance considerations for the 2021 Annual Report and Accounts, the Committee considered the annual assessment of the Group's governance and risk and control framework, conducted by Group Internal Audit.
- The Internal Audit Charter was reviewed and re-approved with minor amendments during 2022.
- The results of an independent External Quality Assessment of the Group's Internal Audit function and Compliance Assurance framework were considered. Further information can be found on page 75.
- Looking ahead to 2023, the Committee considered and approved the 2023 Internal Audit and Compliance Testing plan, which is based on an assessment of the risks the business faces.

Risk and internal controls

- When reviewing the 2021 Annual Report and Pillar 3 disclosures and 2022 half-year results, the Committee considered the Group's key risks and risk management framework. The Chair of the WMARC provided an update on the activities of the WMARC and its oversight of the financial reporting, risk management and internal controls of the entities within the Wealth Management division.
- The Committee considered the ICAAP, ILAAP, Group wind-down plan, Group recovery plan and Operational Resilience Consolidated Self-Assessment for recommendation to the Board. The approach taken under the Group's resolution process was also considered. The Committee approved the stress scenarios for use in the Internal Capital and Risk Assessment (ICARA) required for Schroder Investment Management Limited under the Investment Firms Prudential Regime (IFPR).
- An update was received on third-party service provider oversight which included how the regulatory requirements for operational resilience are being integrated into our supplier framework and how our Procurement framework and capability has been evolving to provide ongoing assurances over supply chain risk.
- The Committee reviewed the Group's approach to managing conflicts of interest, including consideration of the evolving regulatory environment and the continuing development of the Schroders Group Conflict of Interest Framework.
- The Group Head of Financial Crime Compliance provided the Committee with a review of financial crime risk, including updates on the regulatory landscape and effectiveness of the Group Financial Crime framework. An update on the Group's workflow management system for onboarding clients was also provided.
- Thematic issues were considered throughout the year including business services resilience, whistleblowing, our Global Operations Strategy and conduct and culture risk oversight. The Committee also reviewed the implications of the market volatility experienced towards the end of the year affecting the LDI market. Further information on LDI can be found on page 74.
- The Committee considered the impact of geopolitical events including the Russian invasion of Ukraine, which led to the temporary suspension of our SISF Emerging Europe fund due to sanctions and market disruption.
- The findings of EY's assessment of the maturity of our cyber security capabilities in light of the cyber risks posed to the Group were presented to the Committee, together with updates from the Chief Information Security Officer and Chief Technology Officer on information and cyber security and technology risk. Further detail on information and cyber security can be found on page 74.
- In February, the Committee reviewed climate-related disclosures in line with the TCFD framework and recommended the Group's 2021 TCFD report to the Board for approval. In November, the Committee received an update on proposed changes and developments to the Group's climate reporting for 2022. ESG risks including climate change were also considered as part of the Committee's review of key risks.

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 note on the presentation of the financial statements on pages 167 and 168. Each of these areas is considered by the Committee based on reports prepared by management. The external auditor, EY, presents to the Committee the audit procedures performed, challenges raised to management and conclusions reached on areas of judgement. Further information on how EY challenged management is included within the independent auditor's report on pages 189 to 197. The significant estimates and judgements considered in respect of the 2022 financial statements and the agreed actions by the Committee are summarised below.

Significant estimates and judgements	Action and conclusion
Carried interest	
<p>The Group recognises carried interest from its Private Assets and Alternatives business area. This 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 based on a relevant proportion of carried interest received to various parties, including as part of deferred consideration arrangements.</p> <p>For financial reporting purposes, the Group is required to estimate the value of carried interest receivable, in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers; and the fair value of related amounts payable based on the requirements of IFRS 9 Financial Instruments.</p> <p>The key inputs used in determining carried interest comprised the fair value of the relevant assets on which carried interest may be earned, future growth rates, the expected realisation dates and the discount rates.</p> <p> 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</p>	<p>The Committee received a report from the Finance function, which reviewed the inputs for estimating the amounts receivable and payable in respect of carried interest. The Committee challenged management and considered the judgement applied in determining the principal assumptions and the sensitivity of the relevant balances to those assumptions.</p> <p>The Committee discussed the accounting for carried interest with EY and considered the findings from its audit work. Once the Committee was satisfied with the estimates and judgements applied, the estimated carrying values were approved.</p> <p>The Committee considered the disclosures presented in respect of 2022 and concluded that they were appropriate.</p>
Pension schemes	
<p>The Group's principal defined benefit pension scheme is in respect of certain UK employees and former employees (the Scheme). The Scheme was closed to future accrual on 30 April 2011 and, as at 31 December 2022, had a funding surplus. The pension obligation, which was valued as £570.2 million at the year end, is estimated based on a number of assumptions, including mortality rates, future investment returns, interest rates and inflation. The Scheme's assets are invested in a portfolio designed to generate returns that closely align with known cash flow requirements and to hedge the interest rate and inflation risks.</p> <p> Please refer to note 23 for more information on the estimates and judgements made in respect of the Scheme</p>	<p>Finance provided the Committee with a report that included the key financial assumptions, which had been applied by the independent qualified actuaries, Aon Solutions UK Limited, to determine the Scheme surplus. EY's report to the Committee set out its audit procedures and conclusions on the pension assets and liabilities. The Committee considered and challenged the proposed assumptions and was satisfied that the estimates were appropriate.</p>
Acquisition of subsidiaries in 2022	
<p>During 2022, the Group acquired a number of subsidiaries, including Greencoat Capital and the solutions business of River and Mercantile. Significant judgements were made to estimate the fair value of the identifiable intangible assets acquired in these business combinations and the fair value of an option to purchase the remaining interest in Greencoat Capital in the future. The judgements were mainly in respect of the estimation of forecast returns from the businesses and the applicable discount rates. The other acquisitions did not require any significant estimate or judgement in the context of the Group's results.</p>	<p>The Committee considered a report from Finance that set out the principal estimates and judgements in respect of the acquisitions of Greencoat Capital and the solutions business of River and Mercantile. The Committee considered the assumptions and the sensitivity of the fair values to changes in these assumptions. Within their Audit Results Report, EY also provided the Committee with a summary of the findings from their audit of the acquisition accounting for both Greencoat Capital and the solutions business of River and Mercantile. 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, it concluded that the estimates and judgements were appropriate.</p>
<p> Please refer to note 27 in respect of estimates and judgements made in respect of acquisitions made in 2022</p>	

Presentation of the Group income statement

During 2022, the Committee considered changes to the presentation of the Group's income statement and revisions to the Group's AUM recognition policy. Further information on the changes can be found on page 168. The Committee challenged management on the changes, including the impact of removing the separate presentation of exceptional items and the new presentation of Wealth Management AUM. After discussion, the Committee agreed that the changes provided better alignment to the operation of the business and provided more relevant information to users of the financial statements.

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 71. The Committee is also required to report to shareholders on the process it followed in its review of significant estimates and judgements that it considered during the year, as set out on page 168. During 2022, the Committee considered and approved changes to the presentation of the Group income statement and revisions to the Group's AUM recognition policy.

Financial reporting is reliant 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 detailed summary of the controls that exist across the Finance function globally and support the Group's Risk and Control assessments. For more details, see pages 40 to 45. In 2022, the reports focused on developments made to strengthen our financial control environment through our Finance Report Cost Strategy programme, the centralisation of purchasing and payables processes to a new operations centre in Horsham, enhancement of our cost reporting and the development of systems and processes to respond to regulatory change, including new reporting requirements under IFPR. The reports also considered new estimates and judgements in relation to business combinations that completed during the year, which included the acquisition of Cairn Real Estate, River and Mercantile's UK solutions business and a majority stake in Greencoat Capital.

The Committee considers other controls that might have an impact on financial reporting. During 2022, the Committee considered EY's assessment of the cyber risks posed to the Group. In addition, the Committee reviews the Group's tax strategy annually, which is discussed with the external auditors.

The financial control environment is also subject to audit procedures by both the Group's internal and external auditors. The Committee considered that an effective system of internal control had been in place during the course of 2022.

The Committee conducted an in-depth review of the Group's financial projections and the application of appropriate stress scenarios taking into account the impact of risks, including climate change and prevailing macroeconomic factors, so that it can recommend that the Board can make the viability statement, as set out on page 49, 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 confirming 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 2022 Annual Report and Accounts, as well as the information provided to the Committee and the Board as a whole during the year.

The Committee, having completed its review, recommended to the Board that, when taken as a whole, the 2022 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 Committee oversees the relationship with EY, including safeguarding independence, approving non-audit fees, recommending the auditor's appointment at the AGM and determining the remuneration of the auditor.

The external audit was last put out to tender in 2016, with EY replacing PwC as the Group's auditor for the financial year commencing 1 January 2018. The next external audit tender will take place within ten years of EY's appointment and by 2027 at the latest. We periodically perform an assessment to maintain the highest possible audit quality and will conduct a competitive tender process in advance of this date if it is considered to be in the best interests of the Company. Julian Young is the current lead audit partner and has held this position since EY's appointment in 2018. In line with requirements, the lead audit partner must be rotated within five years. James Beszant will therefore take over as lead audit partner during 2023. The external auditor attends all the Committee's scheduled meetings and the Committee holds private meetings with the external auditor without management present. The Committee confirms 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.

During the 2022 financial year the Committee considered the scope of the audit and concluded that it was sufficient. There were no additional areas for review that were not already being considered as part of the audit plan.

Assessment of audit quality and effectiveness

The Committee is responsible for evaluating the performance of the external auditor. In February 2022, ahead of the consideration of the 2021 Annual Report and Accounts, the Committee received initial feedback on the conduct of the 2021 audit, which identified no significant areas of concern. A full assessment of the external auditor was carried out by way of a questionnaire prepared in accordance with the Financial Reporting Council's (FRC's) guidance and completed by key stakeholders. Interviews with senior managers and Group Finance were also held. The findings of the questionnaire were presented to the Committee in May 2022. EY generally scored highly in the auditor effectiveness questionnaire and was assessed to have further improved in the fourth year of its audit. Areas of improvement were identified and discussed with EY to allow for enhancements to be made ahead of the 2022 audit.

The Committee reviewed the 2022 external audit plan presented to the Committee in May 2022. The plan included new areas of focus to cover the acquisitions of River and Mercantile's UK solutions business, Cairn and Greencoat Capital, as well as the simplification of Schroders' dual share class structure. The Committee concluded that the audit plan was comprehensive and well structured, with sufficient resources in place to be conducted effectively. Updates were received from the external auditor throughout the year demonstrating that professional scepticism had been applied through challenge of judgements, estimates and disclosures. Matters arising from the audit were communicated to the Committee on an ongoing basis.

The Committee reviewed EY's transparency report and discussed the findings from the EY audit quality inspection report published by the FRC, the impact on the Schroders audit plan, and how EY maintains and monitors a high-quality audit for Schroders. EY undertakes a range of processes that are designed to promote, embed and monitor audit quality. The structure of the audit team has been designed by the Lead Audit Partner to deliver and maintain a high-quality audit. EY continues to assess the structure, experience and knowledge of the team, with a view to maintaining and enhancing audit quality. In making this assessment, the Committee and EY have discussed and considered several Audit Quality Indicators ('AQIs'), including the responsibilities and time commitments of senior team members and the extent to which specialists are involved in the audit.

In February 2023, ahead of the consideration of the 2022 Annual Report and Accounts, the Committee received initial feedback on the conduct of EY's 2022 audit, which identified no significant areas of concern. The detailed assessment of EY's 2022 audit will be considered by the Committee at its May 2023 meeting with any findings implemented for the 2023 audit.

Independence and non-audit services

The Committee has responsibility for monitoring the independence and objectivity of the external auditor. Since its appointment, EY has continued to confirm its independence and this remained the case during 2022 and prior to issuing its opinion on the Annual Report and Accounts. In addition to the annual review of effectiveness, the Committee considered the independence and objectivity of EY throughout the year. No Committee member has a connection with the external auditor.

A 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 its 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-audit services and contains rules regarding the Committee approving permitted non-audit services.

Details of the total fees paid to EY are set out in note 3c to the accounts. The policy on non-audit services restricts the appointment of EY to the provision of 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 that are provided to the Group 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 auditor 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 15% of audit fees (2021: 16%).

During 2022, non-audit services mainly comprised assurance services in respect of controls reports and regulatory reporting normally conducted by the Group's external auditor. These services are assurance in nature and are not considered to present a risk to independence.

Auditor oversight conclusion

The Committee is satisfied with the work of EY and that it is objective and independent. Accordingly, the Committee has recommended to the Board that a resolution be put to the 2023 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 control, the ongoing monitoring of risk and internal control systems and for reporting on any significant failings or weaknesses. The system of controls 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 monitoring and reviewing the effectiveness of the risk and internal control framework.

On behalf of the Board, the Committee carried out the annual assessment of the effectiveness of internal controls during 2022, 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, the Chief Risk Officer, the Group Head of Internal Audit and EY. This enabled an evaluation of the effectiveness of the Group's internal control framework. As part of the internal controls process each member of the GMC has attested to the appropriateness and adequacy of risk management arrangements in place in their area, and has confirmed that appropriate controls are in place. The Group continually works to enhance systems to support and improve the control environment.

As discussed on page 40 the Risk and Compliance functions have been combined under the leadership of the Chief Risk Officer. As a result, combined Risk and Compliance reports are now presented to the Committee which enables important matters to be clearly highlighted resulting in greater focus on key issues. The Legal function remains under the leadership of the Group General Counsel and Legal reports are now presented on a standalone basis.

Risk and Compliance

Risk and Compliance reports set out changes in the level or nature of the risks faced by the Group, cover developments in the approach to managing these risks, and provide information on operational risk events.

During the year, the reports addressed changes to our global regulatory environment including new and developing regulatory initiatives such as the FCA Consumer Duty, material fines and sanctions in the market, and the Group's key interactions with regulators. The reports outlined the planning and execution of the compliance assurance programme covering testing, monitoring and automated surveillance.

Additional specific reports allowed the Committee to consider a range of factors when determining the key emerging and thematic 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 process.

The Committee reviewed the Group's arrangements in relation to conflicts of interest, financial crime, business services resilience, information and technology risk, outsourced providers and conduct and culture risk. The Committee also considered ESG risk including climate change and the impact of geopolitical events including the Russian invasion of Ukraine which led to the temporary suspension of the SISF Emerging Europe fund due to the impact of sanctions and market disruption. Throughout the year, the Group continued to engage frequently and proactively with regulators globally. The Committee regularly reviewed the status of our relationships and engagement with our principal regulators and received updates on material regulatory interactions such as those that took place during the gilt crisis.

Further information can be found in the Risk Management section of the Strategic report set out on pages 40 to 45.

Audit and Risk Committee report

continued

Set out below are summaries of the Committee's activity in three 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

Information and cyber security has been a key area of focus for the Committee for a number of years as a result of the continually evolving threat landscape and increasing sophistication of attacks. As is typical of a Group of our size, we see a continuous stream of cyber attacks against our business, most typically involving phishing as a means of establishing initial access. As a result, we have built a dedicated cyber security department, led by the Chief Information Security Officer, made up of staff from a diverse set of backgrounds including financial services, law enforcement, military, government and various other industries. Using these varied skills, the team has developed robust defences to protect the Group and its clients against ongoing attacks, and we continue to strengthen and develop these defences year-on-year.

During 2022, our cyber security strategy remained focused on protection against the primary threats facing the financial services sector such as ransomware. Improvements made continue to be aligned to input received through external independent reviews such as the 2021 external review led by PwC, with progress on delivery against the strategy regularly reported to the Committee. In addition, EY performed its annual 'Cyber in the Audit' assessment to determine the maturity of our cyber security capabilities in light of the cyber risks posed to the Group and the robustness of processes and systems that management has put into place to respond to these risks. Our Internal Audit function has dedicated technology auditors that undertake a range of assurance work in this space to provide assurance to management on the effectiveness of information and cyber security arrangements and to support the delivery of further enhancements.

We recognise that cyber security goes beyond our dedicated cyber teams and is a responsibility of all of our employees. Accordingly, we have put in place extensive training and testing programmes for our staff to equip them with the right skills to recognise and respond appropriately to potential attacks. In addition, we have developed a strong governance structure for cyber with a focus on transparency and collaboration. This structure involves a continuous information flow from our Information Security Risk Oversight and Global Technology Risk Committees up to the GRC which in turn reports into the Board Audit and Risk Committee. During 2022, the Committee devoted a material part of its agenda to cyber-related topics given the rapidly developing threat landscape including crisis and recovery plans. In addition, Committee members have received briefings on thematic topics, including Cloud transition risks, to keep them up to date with the latest developments in this area and also ensuring digital security is foremost in our Cloud architecture.

We recognise the value that comes from a strong international cyber security posture in financial services and are active participants in government, regulatory and industry bodies on this topic. We will continue to actively engage in this area throughout 2023 and beyond.



Liability Driven Investment

In November, the Board Audit and Risk Committee discussed Liability Driven Investment and our response to the volatility experienced in the gilts and bond markets between late September and mid-October. During this period, our Solutions business, along with multiple functions across the firm, engaged in a series of intraday calls to address the challenges set by the unprecedented events. Our Distribution and Fiduciary Management teams proactively communicated with our clients and their consultants to inform them about the implications of the market disruption. There was also significant engagement with our regulators in both London and Luxembourg.

Following the events of this period, we instigated a review spanning our three lines of defence to determine where our systems and processes could be strengthened, should similar stresses be experienced in the future. We have also been engaging constructively with policy makers on the potential evolution of the applicable regulatory regimes. Liability Driven Investment will remain an area of focus for the Committee as the wider implications of the market events emerge.



Business services and operational resilience

During 2022, there was a focus on the first phase of the FCA and PRA operational resilience regulations under which our in-scope Group subsidiaries were required to prepare and approve operational resilience self-assessments. Under the regulations, Schroders plc was required to provide overall approval, which was facilitated by the publication of a consolidated view of the self-assessments. The Committee reviewed the consolidated self-assessment in February and recommended it to the Schroders plc Board for approval. The self-assessments are a written record of our compliance with the first phase of the regulations and identify our important business services, set our impact tolerances to avoid intolerable harm to our clients and identify areas where we should enhance our operational resilience. In line with the next phase of the regulations, we are now focusing on continuing to mature and test the resilience of our important business services against severe but plausible scenarios and on improving our resilience in the areas identified. This is with the overall objective of achieving full operational resilience by March 2025.

The Committee will review progress and the consolidated self-assessment on an annual basis and will recommend it to the Schroders plc Board for approval. The applicable subsidiary boards will similarly review and approve their self-assessments. These assessments will continue to evolve as we embed the regulatory requirements into our everyday processes and as we continue to mature our operational resilience and testing capabilities.

Legal

Legal reports provide the Committee with information about new legal risks and notable developments with respect to new law or regulation. The reports also provide detail on any material ongoing disputes and emerging risks faced by the Group. During the year, the Committee was kept up to date on sustainable finance including the FCA's proposed Sustainability Disclosure Requirements regime. Updates on the progress of our data privacy initiatives were also provided.

Internal Audit

The Committee has authority to appoint or remove the Group Head of Internal Audit, who reports directly to the Chair of the Committee. The Chair 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. During the year, the Committee assessed and confirmed the ongoing objectivity and independence of the Group Head of Internal Audit and reviewed and re-approved the Internal Audit Charter.

The Committee also has responsibility for approving the Internal Audit budget and being satisfied that the Internal Audit function has appropriate resources and skills and continues to be an effective and valued assurance function within the Group. The Internal Audit function monitors developments in internal audit practices and undertakes quality and assurance activities. During 2022, the function began to develop its data analytics capability to deliver additional insights and efficiencies. 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 meetings schedule.

The Committee reviews Internal Audit reports on progress against a rolling plan of audits approved by the Committee on an annual basis. These reports include any significant findings from audits performed, including any observations on culture and recommendations to improve the control environment, and their subsequent remediation.

As required by the International Standards for the Professional Practice of Internal Auditing, an independent external quality assessment of the Internal Audit function is conducted every five years, which provides further assurance. The latest review of the Group's Internal Audit function was undertaken during 2022. A similar assessment was also undertaken for Compliance Assurance. The key conclusions of those assessments were:

Group Internal Audit external quality assessment

- The Group Internal Audit function "Generally Conforms" to the Standards, which is the highest assessment.
- Group Internal Audit has the appropriate level of authority and objectivity to challenge the business.
- Areas of good practice included the quality of the assurance activity over the Group's control environment, audit methodology and the standing of the Group Internal Audit function within the business.

Compliance Assurance external quality assessment

- Schroders' Compliance Assurance activity "Generally Aligns" to expectations of how a Compliance Assurance framework should operate.
- The documented global framework develops an effective set of global minimum standards, providing a common methodology to develop risk-based plans and priorities for Compliance Assurance teams across global and local entities.
- There is an effective combined control assurance model in place between the Compliance Assurance function and Group Internal Audit.

Opportunities to further enhance these two areas, for example by introducing additional enabling technologies, will be progressed in 2023.

During 2022, a broad range of audits was conducted across the business, both in the UK and overseas. Global travel has continued to open up following the Covid-19 pandemic, allowing increased on-site audit work to take place, including in Asia Pacific and the Americas. The 2022 Internal Audit plan was continually reassessed by the Committee and Internal Audit to allow for the appropriate allocation of resources and to remain in line with the risk profile of the business. The 2023 Internal Audit plan has been developed in line with the Group's key risks. For example, as in previous years, in 2023 a range of audits will be undertaken by IT auditors to test the adequacy of aspects of the Group's information and cyber security framework, including a focus on cloud security, whilst audits will also be undertaken across our technology hub sites of Singapore and Luxembourg for asset management, and Zurich for Wealth Management. As well as undertaking internal audit projects, senior Group Internal Audit staff attend relevant oversight and management committees and regulated entity boards to provide input and challenge on the topics discussed.

The annual compliance testing and Internal Audit plans are developed using a risk-based approach to provide proportionate assurance together over the Group's controls for the key risks set out on pages 40 to 45.

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 Chair, who is considered a very effective and knowledgeable Chair. The Committee is seen as well-organised and well-functioning with thorough underlying processes and diligent support. The work undertaken provides assurance to Directors who are not on the Committee that the risks relevant to the business are overseen appropriately.

Committee's assessment of internal control and risk management arrangements

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.

Priorities for 2023

As well as considering the standing items of business, the Committee will also focus on the following areas during 2023:

- Information and cyber security
- Thematic risks including climate
- Financial crime
- Business services and operational resilience
- Audit and regulatory changes

By order of the Board.

Rhian Davies

Chair of the Audit and Risk Committee

1 March 2023

Delivering our remuneration policy in a fair and transparent way



Structure of the Remuneration report

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Committee membership

Matthew Westerman (Chair)
Sir Damon Buffini
Rhian Davies
Ian King
Deborah Waterhouse (from 1 August 2022)

 See page 57 for meeting attendance and page 90 for a summary of the responsibilities of the Committee.



The pressures facing our business and people were at the forefront of the Committee's discussions in 2022

I am pleased to present our 2022 Remuneration report. This report provides insight into the decisions the Committee has taken in determining the pay policy and outcomes for our Directors and wider workforce.

The market disturbances and economic challenges in 2022 impacted global financial markets and challenged our business. Crucially, they also affected many of our people, with the cost of living increasing significantly across many of the countries in which our employees live. These pressures facing our business and the impact on our people were at the forefront of the Committee's discussions in 2022, particularly in relation to the annual compensation review, described in the first section of this report ("2022 outcomes"). Significant 2023 salary increases have been targeted towards our lower paid employees in locations with higher inflation, while our higher earners, including our executive Directors, are again seeing salary freezes where their roles remain unchanged.

Bonus outcomes across the firm are generally below prior year. The extent of the decrease applying to the executive Directors, as calculated through application of the scorecard, is particularly pronounced, with the year-on-year change significantly below the wider employee and stakeholder experience at around 50% down on prior year. This reflects the challenging market conditions that materialised during 2022, after the scorecard was set.

A new Directors' remuneration policy will be put to a shareholder vote at the 2023 AGM as our current policy approaches the end of its three-year life. During 2022, the Committee undertook a detailed review of the existing policy, including consultation with a number of key shareholders who agreed to engage with us. As the second part of this letter explains ("2023 policy review"), we believe the policy continues to provide an effective framework for rewarding executives for the long-term, sustainable success of the Group. As such, no material changes are proposed.

We will, however, effect some adjustments to the way the policy is implemented beginning in 2023. These updates are designed to improve alignment with the Group's strategic priorities and respond to feedback from shareholders. They are described in the final section of this report ("2023 implementation").



Focus on: key decisions taken this year

Performance alignment	<ul style="list-style-type: none"> Executive Director bonus outcomes c.50% down on prior year, below the general employee and stakeholder experience. Existing policy reviewed in detail, with the conclusion that it continues to provide an effective framework to reward long-term sustainable success.
People	<ul style="list-style-type: none"> 2023 salary budget targeted towards lower paid employees, with increases of 8—10%+ applying to those in countries experiencing heightened inflation and a salary freeze for higher paid employees where roles remained unchanged. Refreshed focus on employee wellbeing, using a data-led approach to facilitate tailored and targeted interventions to support mental, physical and financial health.
Planet	<ul style="list-style-type: none"> Introduction of a financial ESG metric in the executive Director bonus scorecard. Shift towards AUM-related climate metric in the LTIP, replacing the previous internally focused measure.

2022 outcomes

Although our assets under management fell by 4% to £738 billion and operating profit reduced by 14% to £723 million, we saw an increase in the contribution from our strategic priority areas. Combined, Schroders Capital, Schroders Solutions and Schroders Wealth Management contributed an increase in net operating

revenue in 2022 of £105.5 million to the Group's overall net operating income of £2,476 million. This performance generated value for our shareholders of 37.4 pence operating earnings per share, down 13% from 2021. The recommended total dividend per share is 21.5 pence. For more information on our strategic and financial performance, please see the Group Chief Executive's statement beginning on page 6.

Key performance and remuneration metrics

Net operating income		Operating earnings per share		Headcount		Annual bonus pool	
2022 vs 2021	-2%	2022 vs 2021	-13%	2022 vs 2021	+12%	2022 vs 2021	-15%
2021 vs 2020	+18%	2021 vs 2020	+23%	2021 vs 2020	+3%	2021 vs 2020	+37%
Net operating profit		Dividend per share		Fixed remuneration costs		Total remuneration costs	
2022 vs 2021	-14%	2022 vs 2021	0%	2022 vs 2021	+16%	2022 vs 2021	-2%
2021 vs 2020	+20%	2021 vs 2020	+7%	2021 vs 2020	+3%	2021 vs 2020	+20%

Firm-wide remuneration outcomes

Our investment in strategic priority areas is reflected in the increased headcount in 2022 which in turn drove increased fixed remuneration costs. This was a consideration in setting the compensation outcomes for the year as the Committee sought to balance its responsibility to manage the ratio of total operating costs to net operating income through the market cycle with a desire to protect the ongoing interests of the workforce, in particular the lower paid.

The Committee considered the firm's financial and non-financial performance alongside an assessment of overall market conditions and wider stakeholder experience when setting the bonus pool. The Committee and Board concluded that a bonus pool of £351 million – representing a 15% reduction on the prior year – struck the right balance between relevant stakeholders, including shareholders, clients and employees. When coupled with the increased headcount, this meant year-on-year reductions were generally in the range of 0% to 30% down on prior year. This yielded total remuneration costs below prior year, notwithstanding the +12% increase in headcount. Individual allocations were determined by reference to our Fair Pay for Performance philosophy, as disclosed in our 2021 annual report. In reviewing outcomes, the Committee evaluated analytics on differentiation, diversity and competitiveness, and were satisfied the year-end process was rigorous and bonus outcomes took account of financial and non-financial performance, including conduct.

For 2023, a 5% overall salary budget was highly targeted towards our lower paid employees, with increases of 8–10%+ applying to those in countries exposed to higher levels of inflation, while a salary freeze applied to senior employees unless there has been a significant increase in responsibilities.



Focus on: financial wellbeing

Our long-standing wellbeing strategy focuses on supporting employees to stay healthy and happy across three pillars: body, mind and financial. With many employees being impacted by increased costs of living, our financial wellbeing efforts have been particularly important this year, including:

- Targeting our salary increases towards our lower earners in high inflation countries, with increases of 8–10%+ applying from March 2023.
- Running targeted financial education sessions, facilitated by internal and external experts, including events to promote financial literacy among our employees' children too.
- Offering preferential access to Schroders' expert financial advice and funds as well as wider tailored discounts.
- Offering specialist 1:1 financial support including budgeting, financial commitment planning and debt consolidation through our Employee Assistance Programme, available 24/7, 365 days a year.

Additionally, giving all employees a one-off "Share in Success" award of 5% of salary in December 2021 gave employees the ability to realise additional cash if/as needed during the year, on their own terms. As at the end of 2022, the majority of employees still held these awards as Schroders shares.

Our highly targeted approach to 2023 salary increases

Admin/support	12%	12%	47%	28%	1%
Junior professionals	9%	18%	41%	24%	8%
Intermediate professionals	27%	27%	33%	11%	2%
Senior professionals	78%	9%	7%	4%	2%
Senior executives	100%				

0% >0%<5% 5%<10% 10%<20% 20% or more

Executive Director remuneration outcomes

Executive Director bonuses are funded from the firmwide bonus pool and determined by the Committee using a balanced scorecard. At the beginning of 2022, the Committee set and disclosed metrics comprising 70% financial factors and 30% non-financial factors, all chosen to align to the Group's strategy. At the end of the year, the Committee evaluated the level of performance achieved against the target ranges set for each financial metric. For meeting threshold, 25% payout would be triggered, meeting target, 65% payout and meeting maximum, 100% payout.

When setting targets for 2022, the Committee reflected on the risk of ongoing market volatility and the strong performance delivered in 2021. As a result, stretching, asymmetrical upside targets were set. The story of 2022 was unfortunately not one of a market resurgence, but was marked by ongoing market challenges and external shocks, including the UK gilt crisis. This impacted our performance and in turn the payout against our financial scorecard targets.

The bonus scorecard also includes non-financial performance, assessed by the Committee by reference to pre-determined strategic goals and objectives and an assessment of each individual's personal performance. As detailed on the next page, strategic progress was very strong in 2022, with clear outperformance against nearly all targets, including sustainability leadership, acquisition integration, continued expansion of strategic growth areas including Schroders Capital and Schroders Wealth Management, and successful delivery of non-voting share enfranchisement.

The Committee discussed the overall executive Director bonus outcome in the context of performance delivered and the unfavourable market conditions that materialised after setting scorecard targets. For example, Schroders' management of the UK

gilt crisis, while praised by clients, had a negative impact on flows which made the difference between meeting and missing the net new business threshold target. We ultimately determined not to use positive discretion, but are conscious of the misalignment that has arisen versus the wider employee population and shareholder experience, as well as competitiveness versus our global asset management peers. Our learnings from this year will be reflected in the 2023 targets, as we seek to ensure they are stretching and incentivising in the current environment, and support the delivery of our Board-approved budget, set to support the achievement of the firm's long-term, strategic priorities. The total bonus outcomes for the Group Chief Executive and Chief Financial Officer are 49% and 47% of maximum respectively.



Focus on: target setting

Target ranges are set taking into account the Board-approved budget, market expectations, prior year outcomes, strategic priorities and the wider economy. For 2022, the Committee reflected on the risk of ongoing market volatility as well as the strong performance delivered in 2021. In this context, the Committee chose to introduce additional upside stretch against both profit metrics, and a stretching upside target for net new business. The resulting asymmetric profit target ranges included +18% stretch on the upside and 10% below target for threshold.

Assessment of the financial metrics of the executive Directors' 2022 annual bonus scorecard (audited)

Performance measure	Weighting		Threshold 25% payout	Target 65% payout	Maximum 100% payout	Achievement Payout for this metric	Resulting bonus payout
Financial metrics							
Profit before tax and exceptional items (£m)	35%	vs budget	740	822	970	674	0%
		vs prior year	752	836	986	674	0%
Investment performance	20%	3-year	50%	60%	70%	73%	10%
		5-year	55%	65%	75%	76%	10%
Net new business (£bn) (excluding joint ventures and associates)	15%		2.3	18.8	35.3	-1.6	0%
							20% out of 70%

Non-financial assessment for executive Director annual bonus scorecard (audited)

Criteria	Performance in 2022
Strategic progress (see pages 12-25 for more information)	
Continued expansion of Schroders Capital	<ul style="list-style-type: none"> £17.5bn fundraising in 2022, including around 12% per annum organic and 24% including inorganic. This achievement means sales levels are now approaching those of long-standing, Private Asset specialist peers. Achieved an important step in giving defined contribution pension savers exposure to returns from private equity through securing a £600 million private equity allocation from Nest, a defined contribution scheme set up by the UK government, representing a third of the UK workforce.
Continued expansion of Schroders Wealth Management	<ul style="list-style-type: none"> Target net new business growth of >5% per annum exceeded with £4.9 billion advised NNB, equal to 6.6% of AUM. Successfully expanded our UK business in various locations across the country, now with presence in six regions outside London and the South East.
Continued expansion in strategic growth markets	<ul style="list-style-type: none"> Latin America contributed positively to NNB, adding £0.3 billion. After significant work over 2022, we received approval for the establishment of a wholly foreign-owned public fund management company in mainland China.
Integration of recent acquisitions	<ul style="list-style-type: none"> Completion of all acquisitions announced in 2021 within anticipated timescales, including Schroders Greencoat, the solutions business of River & Mercantile and Cairn. Successful launch of Schroders Solutions in Q2 2022, as part of the addition of River and Mercantile's solutions business as part of our core business offering. Concluded negotiations to purchase an additional 8.5% share in majority-owned impact investment manager, BlueOrchard.
Sustainability (see pages 26-33 for more information)	
Climate engagement with investee companies	<ul style="list-style-type: none"> Far exceeded initial target to engage with companies which represent 20% of AUM in scope of our science-based targets; over 700 companies engaged with representing over 40% of AUM. Target to develop climate voting principles met through the launch of Schroders' Engagement Blueprint in first half of 2022, latterly awarded ESG Engagement Initiative of the Year at Environmental Finance's Sustainable Investment Awards.
Corporate sustainability strategy	<ul style="list-style-type: none"> Target to be on-track to meet financed emissions target of 2.2°C by 2030 exceeded, with reduction to 2.6°C in the past 12 months. Target to maintain a leadership level in CDP climate assessment (A-) exceeded, with Schroders' 2022 rating being upgraded to the coveted top rating (A), achieved by only 2% of the nearly 15,000 companies assessed by CDP. This establishes Schroders as a clear leader in corporate transparency and performance on climate change.
Our people (see pages 30-31 for more information)	
Retention of key talent	<ul style="list-style-type: none"> Target to retain at least 90% of key talent and top performers exceeded, with 94% retention. This achievement was particularly pleasing in the context of the widely reported "great resignation" at the start of 2022. 96% of our people report that they are proud to work for Schroders through our regular pulse surveys. This comfortably exceeds market benchmarks, in particular within financial services, and is reflective of the continued emphasis put on maintaining Schroders' strong culture. Schroders was recommended as one of the Best Places to Work in the UK Employee Glassdoor awards.
Inclusion and diversity	<ul style="list-style-type: none"> Female representation in senior management at 31 December 2022 was 35.5%, meeting our stated Women In Finance Charter target of 35% female representation in senior leadership, one year early. We won a number of industry awards for our approach to diversity and inclusion. Ethnic minority representation in the UK at the end of 2022 was 16% overall and 14% in senior management, achieving our Board-approved target one year early. Diversity profile for ethnicity completion has continued to increase, but remains below our 80% target. Good progress has been made on widening our inclusion strategy to include socio-economic data, including being a founding member of "Progress Together" in the UK.

Non-financial assessment for executive Director annual bonus scorecard (audited) continued

Criteria	Performance in 2022
Risk and conduct (see pages 40-45 for more information)	
Governance and risk management	<ul style="list-style-type: none"> An independent, external evaluation of the Board was undertaken during the year and feedback was received highlighting the confidence the Board has in the quality of the internal controls and the culture of the organisation. The investment in the Group's Cloud programme neared completion in 2022, earlier than budgeted, to secure efficiencies from 2023 onwards. The capital ratio remains comfortably above regulatory minimums.

Personal performance assessment for the Group Chief Executive

Peter Harrison delivered a very strong year of leadership for the Group, with many notable, transformational achievements for Schroders, including:

- Strong performance and leadership delivered across a **demanding set of acquisitions** and in challenging market conditions. The successful negotiations and integration process are central to delivering Schroders' long-term growth ambitions.
- Negotiation and delivery of a new, **simplified share class structure** through enfranchisement of the non-voting shares, bringing our share structure in line with best practice.
- Strong leadership under significant pressure through the **UK gilt crisis**, receiving positive feedback from clients, mitigation of losses and positioning Schroders very strongly as the market now looks to reset.
- Successful reshaping of the **senior leadership team**, including implementation of a new executive committee structure and Board engagement approach.
- Leading the onboarding and **building of partnership** with new Company Chair, Elizabeth Corley.
- Continued growth in our **sustainability leadership position**, this year being ranked fifth in sustainability among asset managers globally per a Brand ESG Rankings Report by NMG Consulting.

These landmark achievements are underpinned by continued positive feedback from key stakeholders:

- An independent assessment of **shareholder views** ranked Peter Harrison very highly.
- Employees** continue to rank Peter Harrison's leadership very highly as he continues to be a major culture carrier, safeguarding Schroders' values and brand among the employees who placed him in the Top 50 CEOs on Glassdoor.
- Independent Board** feedback reinforces that Peter Harrison is highly regarded.

Considering the clear outperformance against nearly all pre-determined non-financial targets and the very strong achievement against personal objectives, the Committee confirmed a non-financial bonus scorecard payout of 29% for the Group Chief Executive.

Personal performance assessment for the Chief Financial Officer

Richard Keers' contribution has been consistently strong, leading a number of our key strategic initiatives:

- Delivered **enhanced changes to our financial reporting** approach, to better allow investors and analysts information for understanding the Group's operating activities.
- Bringing greater transparency and comprehension of the **firm's technology costs**, supporting acquisition integration and operational process alignment, IT resilience and information security progress.
- Effective oversight of the continued **Cloud migration programme**, driving significant efficiencies in the process.
- Significant contribution to important **succession planning workstreams**.

Richard Keers' oversight of operations continues to deliver a long-term downward trend in errors and omissions.

In addition to strong leadership across the significant breadth of his role, Richard Keers is an exemplary representative of the Group by supporting select, strategic client origination and engagement matters.

Considering the clear outperformance against nearly all pre-determined non-financial targets and the strong achievement against personal objectives, the Committee confirmed a non-financial bonus scorecard payout of 27% for the Chief Financial Officer.

2019 LTIP vesting

In addition to annual bonuses, executive Directors are also eligible to receive long-term plan incentive (LTIP) awards, granted annually based on performance in the prior year and subject to demanding performance conditions over a four-year period. In March 2023, the LTIP awards granted in 2019 are expected to vest at 50%, comprising 0% vesting on the portion based on EPS, and 100% based on the proportion based on net new business. In performing the EPS calculation, Schroders' opening EPS was restated to neutralise the impact of the simplification of Schroders' share structure undertaken in 2022 (enfranchisement of non-voting shares, issuing of bonus

shares for voting shareholders and sub-division of shares). This was required to allow a like-for-like comparison over the performance period. The relative performance requirement targets remained unchanged and threshold vesting was not met. The same adjustment to opening EPS will be required for the 2022 LTIP awards (2020 and 2021 awards were waived by the executive Directors).

The Committee reviewed the 50% vesting outcome and was comfortable the outcome appropriately reflected the stakeholder experience over the period. A 12-month holding period will apply to the LTIP awards once vested.

2019 LTIP performance scorecard and outcome

Measure	Weighting	Threshold	Maximum	Achievement	Outcome
EPS versus composite index	50%	20%	40%	-16.1%	0%
Net new business	50%	£15 billion	£25 billion	£99.4 billion	100%

Executive Director single figure

Combining the 2022 annual bonus and LTIP due to vest in 2023 with the executive Directors' fixed pay gives their single total remuneration figures for the year. The chart below shows how the outcome for 2022 is below last year, at 52% of policy maximum. The Committee considered these outcomes in the context of the wider workforce and stakeholder experience, noting the resulting year-on-year change in bonus and total compensation are significantly below the average employee experience.

The Group Chief Executive's total remuneration is 30 times the mean full-time equivalent total remuneration for UK employees of the Group (2021: 49 times) and 46 times the median (2021: 84 times). The decrease from prior year reflects that a larger proportion of the Group Chief Executive's total remuneration is based on targets set by reference to financial performance.

Single total remuneration figures

Executive Director		Single total remuneration figure (£'000)						
Group Chief Executive Peter Harrison	2022 actual	<div><div>12%</div><div>19%</div><div>19%</div><div>33%</div><div>11%</div><div>6%</div></div>						4,696
	2022 maximum	<div><div>6%</div><div>18%</div><div>18%</div><div>38%</div><div>13%</div><div>7%</div></div>						8,990
	2021 actual	<div><div>7%</div><div>18%</div><div>18%</div><div>40%</div><div>13%</div><div>4%</div></div>						8,434
Chief Financial Officer Richard Keers	2022 actual	<div><div>18%</div><div>18%</div><div>18%</div><div>28%</div><div>9%</div><div>9%</div></div>						2,350
	2022 maximum	<div><div>10%</div><div>17%</div><div>17%</div><div>36%</div><div>12%</div><div>8%</div></div>						4,494
	2021 actual	<div><div>11%</div><div>18%</div><div>18%</div><div>37%</div><div>12%</div><div>4%</div></div>						4,005

Fixed pay

Upfront bonus – cash

Upfront bonus – fund award

Deferred bonus – share award

Deferred bonus – fund award

LTIP vesting

● Fixed pay
 ● Upfront bonus – cash
 ● Upfront bonus – fund award
 ● Deferred bonus – share award
 ● Deferred bonus – fund award
 ● LTIP vesting

2023 policy review

The end of the current three-year policy period is approaching and shareholders will be asked to vote on a new policy at the 2023 AGM. In order to assess whether any changes to the policy were warranted, the Remuneration Committee and Board undertook a detailed review of our remuneration principles and approach. This included consideration of how the current policy has supported Schroders' strategic priorities over the past three years, as well as considering future strategic priorities, shareholder expectations and feedback, regulatory expectations and employee and market context.

Reflections on the current policy

Our current policy was approved in 2020, receiving nearly 98% of votes in favour. At the time, our policy introduced total remuneration caps for the executive Directors as well as performance scorecards for their annual bonus awards. This policy has remained in place for the full three years, receiving strong support from shareholders in each year's implementation. Since its approval, the policy has operated well in volatile market conditions:

- 2020 was a challenging year as firms adapted to a new Covid-19 environment. Schroders did not furlough any employees, accept any government assistance or make any Covid-19 related redundancies. From a remuneration perspective, no scorecard targets were adjusted in light of the economic impact of Covid-19. The Committee also acknowledged the societal impact of the pandemic by adjusting downwards the non-financial element of the annual bonus scorecard and also exercising their discretion to further reduce bonus outcomes by £250,000 and £100,000 for the Group Chief Executive and Chief Financial Officer, respectively. The executives also voluntarily waived entitlement to both their 2020 and 2021 LTIP awards with aggregate face value of £2 million.
- 2021 saw a year of strong performance, with Schroders delivering both for our clients and for shareholders. This was reflected in positive scorecard outcomes for our executive Directors and in employee outcomes for the year, with an increased overall bonus pool and the launch of our first ever global share offering to employees. These "Share in Success" awards encouraged firm-wide share ownership, a partnership ethos and financial inclusion throughout the Company.
- 2022 was another challenging year, with negative market movement and reduced risk appetite from some investors, notwithstanding excellent progress against strategic objectives. The extent of the decrease in bonus and total compensation for the executive Directors is more pronounced than for wider employees and stakeholders, reflecting the challenging market conditions that materialised after the scorecard targets were set.

More widely, executive Director salaries have not been adjusted over the policy period and remain unchanged since 2014. Pension and benefit provision remain aligned to other London-based employees, which, in practice, result in lower effective pension contributions for executive Directors given the application of a maximum pension cap which applies to employees and executive Directors alike. Our emphasis on longer-term alignment continues with 60% of executive



We believe the current policy continues to provide an effective framework to reward executive Directors for the long-term sustainable success of the Group

Director bonuses deferred over three or more years, multi-year investment metrics included within the bonus scorecard assessment and five-year time horizons for long-term incentives (four-year performance period plus additional one-year hold). Our extensive malus and clawback provisions and shareholding requirements also provide additional longer-term alignment.

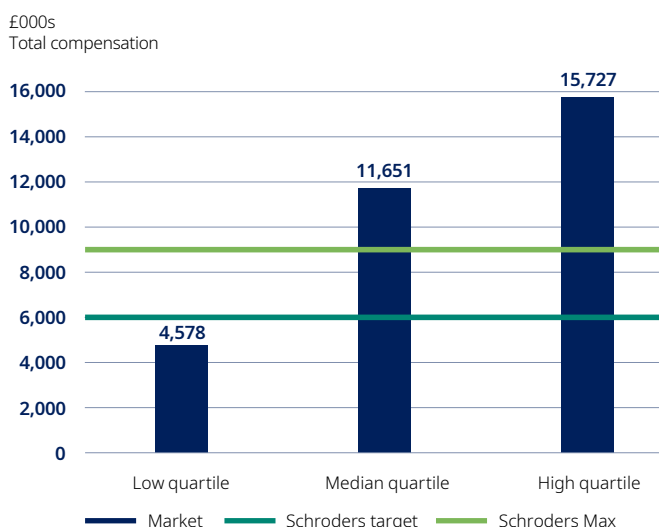
Listening to the employee voice

Maintaining a strong alignment between the way in which we create value for our stakeholders and our remuneration principles, which then apply to executive Director and wider pay arrangements, is an important and conscious priority for the Committee. The Committee considered the new policy for executive Directors in the context of wider workforce remuneration policies and outcomes. Our focus on workforce engagement also allows employee views to be heard directly by the Committee. For example, employee representatives speak directly to our Senior Independent Director, Ian King, who chairs the Global Employee Forum and is also a Remuneration Committee member. This direct feedback loop is complemented by a number of wider communication channels where remuneration matters are shared and feedback is sought from employees. In 2022, this included holding a live Q&A session on our workforce diversity and pay gap report; our Group Chief Executive and Chief Financial Officer answering questions on remuneration as part of the annual results presentation to employees; and our Chair (who attends Remuneration Committee meetings) and Group Chief Executive fielding remuneration-related questions during smaller-group "Inside Schroders Live" sessions held throughout the year. Overall the Committee was comfortable that our current approach of linking remuneration principles to our purpose and considering executive Director remuneration alongside workforce remuneration remains appropriate.

Considering market competitiveness

The Committee considered the executive Director pay policy in the context of key competitors' practice, most of whom are headquartered outside the UK (particularly in the US), and many not publicly listed so not subject to the same disclosure requirements as Schroders. Benchmarking data sourced independently from McLagan showed our pay levels for each executive Director remained conservative versus peers. While not wholly comfortable from a market for talent perspective, on balance the Committee determined it would not make any changes at this time and rather keep the matter under review.

Market competitiveness:¹ Group Chief Executive



¹ Shows Schroders' policy against 2021 competitor outcomes, noting most peers do not operate under total compensation maximum thresholds.

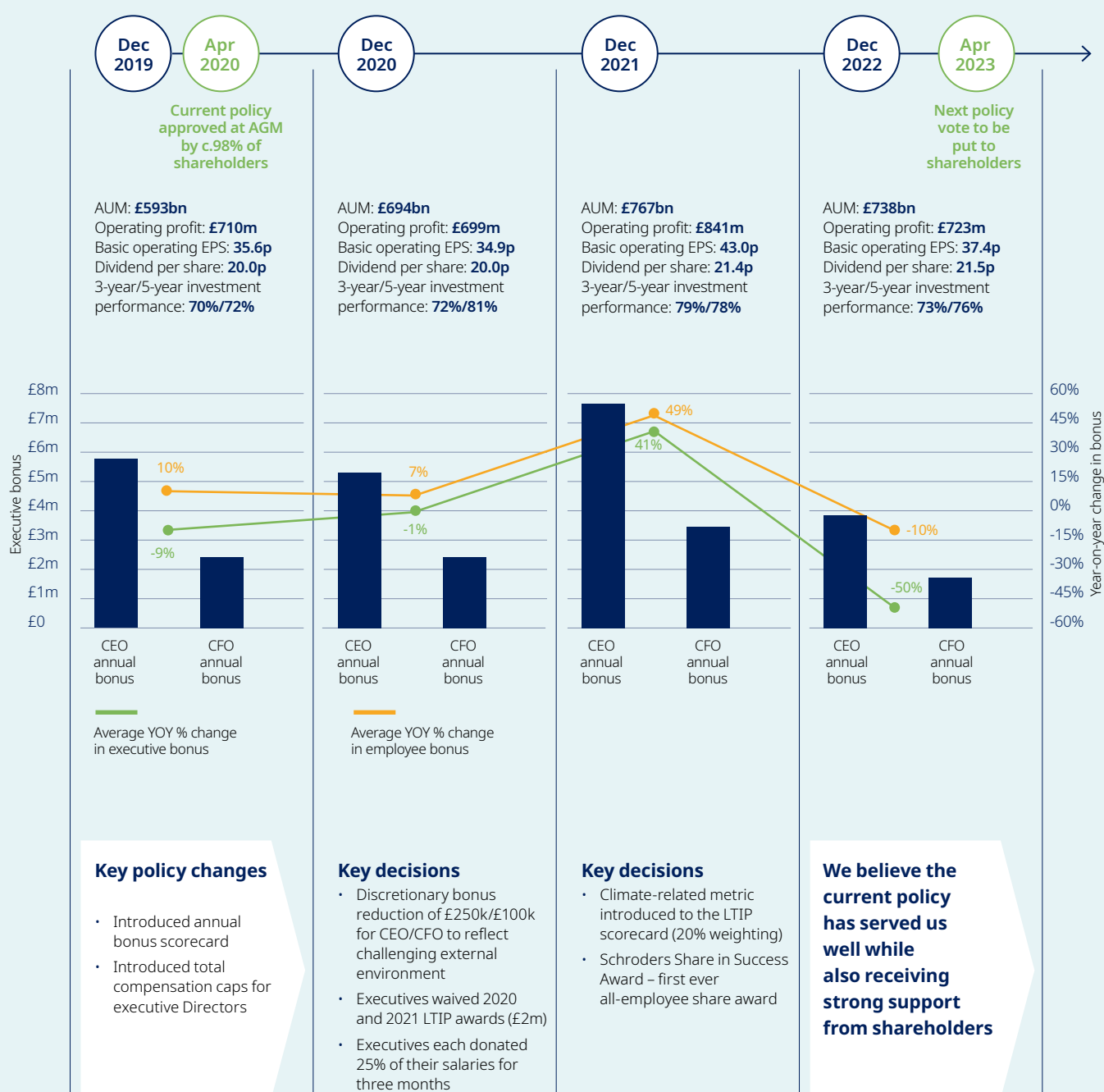
Feedback from our shareholders

Findings of our desktop review of current policy and market context were shared with key shareholders through a consultation process. I would like to thank all those who engaged with us; your feedback and support was highly valuable and allowed us to test and validate our initial conclusion that the current policy provides an effective framework through which to reward our executives.

Policy review conclusion: no material changes proposed

Based on the review findings, we believe the current policy provides an effective framework through which to reward executive Directors for the long-term sustainable success of the Group. As such, the policy included in this Directors' Remuneration report and being put to binding shareholder vote is largely unchanged from the existing policy. The following pages illustrate how this policy aligns with our strategic purpose and maps out its component parts, including significant deferral and longer-term alignment.

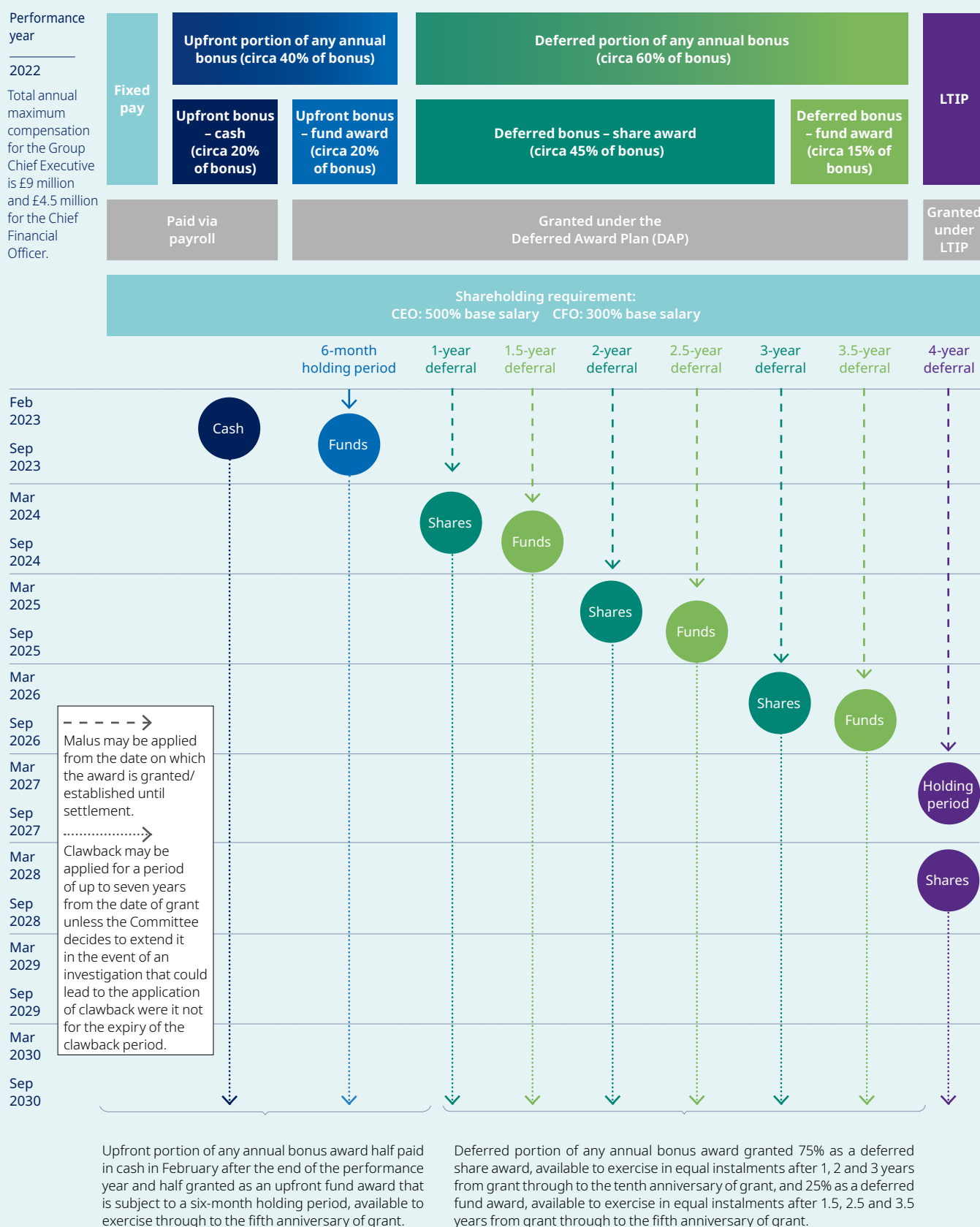
Current policy implementation summary



How our approach to remuneration supports the way we create value for our stakeholders

How we create value for our stakeholders	Our remuneration principles	Our executive Director remuneration approach
 <p>Delivering returns for clients</p>	<p>Aligned with clients</p> <p>A significant proportion of variable remuneration for higher-earning employees and material risk takers 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.</p>	<p>→</p> <ul style="list-style-type: none"> ✓ Three- and five-year client investment performance included in the annual bonus scorecard ✓ Circa 35% of bonus paid in fund awards
 <p>Delivering returns for shareholders</p>	<p>Aligned with shareholders</p> <p>A significant proportion of variable remuneration for higher-earning employees and material risk takers 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.</p>	<p>→</p> <ul style="list-style-type: none"> ✓ Circa 45% of bonus paid in shares ✓ Stretching shareholding requirements ✓ Requirement to maintain a level of shareholding for two years on stepping down
	<p>Aligned with financial performance</p> <p>Our ratio of total costs to net income through the market cycle guides the total spend on remuneration each year. This is recommended by the Committee to the Board.</p>	<p>→</p> <ul style="list-style-type: none"> ✓ Financial metrics comprise 70% of annual bonus scorecard ✓ 70% of LTIP awards based on long-term financial performance
 <p>Taking decisions to support sustainability</p>	<p>Designed to promote the long-term, sustainable success of the Group</p> <p>Performance against net zero and sustainability goals forms part of the annual compensation review for those with roles able to influence our investment and business operations, including the executive Directors, other members of the GMC, fund managers, ESG investment team members, facilities managers and procurement staff.</p>	<p>→</p> <ul style="list-style-type: none"> ✓ Annual bonus scorecard includes sustainability-aligned metrics in both the financial and non-financial scorecard elements ✓ LTIP includes 30% weighting on an investment-focused climate-related metric, linked to our long-term commitment to protecting our planet
 <p>Taking decisions to benefit our people</p>	<p>Competitive</p> <p>Employees receive a competitive remuneration package, which is reviewed annually and benchmarked by reference to the external market. This allows us to attract, retain and motivate highly talented people, regardless of gender, age, race, sexual orientation, disability, religion, socio-economic background or other diversity facet.</p>	<p>→</p> <ul style="list-style-type: none"> ✓ Competitiveness considered by reference to total compensation for comparable roles at other large international asset management firms ✓ Benchmarking forms a point of reference, not a primary factor in remuneration decisions
	<p>Designed to encourage retention</p> <p>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.</p>	<p>→</p> <ul style="list-style-type: none"> ✓ Circa 60% of variable pay deferred over a three- to three and a half-year period ✓ LTIP subject to four-year deferral and one-year holding period

Illustration of our executive Directors remuneration policy






2023 implementation












While the proposed remuneration policy remains largely unchanged, the Committee identified a few areas where the policy implementation is being updated to further improve alignment to our strategic priorities and respond to shareholder feedback. These changes reflect three key business drivers/context:

- i. **Changes to income statement reporting** – during our half year results presentation, we announced the reformatting of our consolidated income statement to present operating profit from our business segments as a more relevant way to understand the performance of the Group's operating activities. Our approach to measuring profit performance for the purposes of the bonus scorecard will also be updated to reference operating profit (rather than profit before tax and exceptional items) to align to our wider reporting.
- ii. **Sustainability being a heightened and critical priority for our long-term success** – our emphasis on being a leader in sustainability for our clients and investee companies has featured heavily in our strategic reporting over recent years. Given our firm view that delivering on sustainability is an important driver of long-term performance, we believe it should be clearly reflected within both our short- and long-term executive compensation elements in a clear, quantitative and asset/investment focused way. In that context we are proposing to add proportion of Article 8 and 9 funds as a financial ESG measure in the bonus scorecard while evolving our LTIP climate metric introduced last year to reflect our portfolio-based commitment to achieving net zero. These are described in more detail below.
- iii. **Responding to shareholder feedback regarding our EPS measurement approach in our LTIP** – certain shareholders fed back that they considered our approach to measuring EPS versus a composite index as opaque. We are therefore proposing a move to measuring EPS performance against annualised growth targets, providing a clear and transparent measurement approach which is aligned to market norms. This also ensures a focus on delivering absolute returns to shareholders, even in volatile markets.









Element	Approach	2023 implementation and changes
Salaries	<ul style="list-style-type: none"> Reviewed annually. For the executive Directors salaries are adjusted infrequently. Current salaries remain low versus peer data. 	<ul style="list-style-type: none"> Neither executive Director will receive an increase in 2023. This means the most recent increase for the executive Directors was in 2014.
Annual bonus	<ul style="list-style-type: none"> The Committee determines executive Director bonuses based on a scorecard across a range of metrics. Financial performance factors make up 70% of the scorecard and the remaining 30% is based on a combination of non-financial factors. In setting the metrics and target ranges, the Committee takes into account the Board-approved budget, market expectations, prior year achievement, strategic priorities and the wider economic landscape. The Committee may apply discretion to adjust annual bonus awards to the extent it judges appropriate to align to the results achieved, overall stakeholder experience and/or in light of unexpected or unforeseen circumstances. Upfront fund awards and deferred share and fund awards are granted under the DAP, which shareholders approved at the 2020 AGM. 	<ul style="list-style-type: none"> Updated profit metric from “profit before tax and exceptional items” to “operating profit” to align with the firm's refreshed financial disclosure approach. Profit measurement approach has been simplified, from two profit target ranges (versus budget and prior year) to a single measure that takes into account budget and prior year. This ensures target ranges appropriately take into account strategic changes in the business such as recent acquisitions and capital allocation approach. Targets for 2023 are commercially sensitive and will be disclosed in full retrospectively. Introduction of a new, ESG-related financial measure: proportion of Articles 8 and 9 funds. This reflects the importance of sustainability to our strategy, providing a client-focused and externally defined measure with targets aligned to our long-term sustainability leadership strategy.
LTIP awards	<ul style="list-style-type: none"> Awards are granted annually, based on performance in the preceding year. Awards vest subject to a four-year performance period, plus an additional one-year holding period post vesting. The Committee may apply discretion to adjust vesting to the extent it judges appropriate to align the results to the overall stakeholder experience. Awards are granted under the LTIP rules approved by shareholders in 2020. 	<ul style="list-style-type: none"> The Committee decided to grant share-based LTIP awards with same value as in recent years: £600k for the Group Chief Executive and £400k for the Chief Financial Officer. This reflects performance in 2022. Awards will be granted in March 2023, with performance conditions updated as follows: <ul style="list-style-type: none"> EPS range measured against absolute growth targets. Increased stretch in net new business target range which will now include flows from joint ventures and associates in line with our strategic long-term key performance indicator (see page 8); and Shift of climate measure towards portfolio temperature score with 30% weighting, marking our transition to an investment-focused metric aligned to our net zero ambitions and aligned to our central KPI (see page 1).

-  Build closer relationships with end clients
-  Grow Asset Management
-  Expand Private Assets and Alternatives

2023 annual bonus performance scorecard

Performance measure and weighting	Link to strategy			
Financial (70% weighting)				
Operating profit (30%)	The Group's primary measure of financial performance as reported to stakeholders.			
Client investment performance over three years (10%) and five years (10%)	Helping our clients achieve their long-term financial goals is central to our purpose and represents a core output of our business.			
Annual net new business (10%) (excluding joint ventures and associates)	Net new business is essential to our success and a key driver of both AUM and revenues.			
Proportion of Article 8 and 9 funds (10%)	Client-focused, financial metric reflective of our commitment to growing our sustainable offering and establishing and maintaining our position as a sustainability leader.			
Non-financial (30% weighting)				
Strategic progress Sustainability People and talent Risk and governance Personal goals	All fundamental to the Group's long-term success, the Committee sets targets to robustly assess each of these measures.			

2023 LTIP performance scorecard

Performance measure	Weighting	Threshold (25% vesting*)	Maximum (100% vesting*)	Link to strategy
Operating earnings per share (EPS)	35%	4% per annum	10% per annum	  
Cumulative net new business (NNB) (including joint ventures and associates)	35%	£25bn	£50bn	  
Portfolio temperature score	30%	5% decrease in portfolio temperature score	10% decrease in portfolio temperature score	 
		Leadership CDP rating on climate change for all four years		

* Straight line vesting between points.



These updates are designed to improve alignment with the Group's strategic priorities and respond to feedback from shareholders



Focus on: ESG target setting in annual bonus

Proportion of Article 8 and 9 funds

As noted above, 10% of the annual bonus will be based on the proportion of Article 8 and 9 funds. This measure was chosen as an externally-defined proxy for the extent to which our product range offered to clients has sustainable characteristics.

The targets set reflect our strategic priority of being a leader in sustainability, building on our achievements to date. As such, targets will require significant outperformance compared to current active asset manager norms, while also recognising the desire to still offer some products for clients who do not seek any particular sustainability-related investment goals.

Looking forward, we are aware categorisation of “sustainable” funds is a fast evolving area. The recently issued FCA consultation, additional guidance and consultations from ESMA and wider European regulators, as well as product focused sustainability regulation across the U.S. and Asia, all point towards a continued shift in regulatory approach and expectations. We will continue to closely monitor these developments with a view that the scorecard measurement approach will need to continue to evolve in future years to be as robust and wide reaching as possible. To the extent changes in externally defined methodology impact the measure during 2023, the Committee would seek to make appropriate adjustments to update the target range to ensure they are equivalently stretching as when set. The regulatory requirements that apply to the sale of our products, for example through intermediaries, are designed to mitigate against sales practices that inappropriately favour particular products, such as “sustainable” funds.



Focus on: ESG target setting in LTIP

Portfolio temperature score

The portfolio temperature score tracks our progress towards our net zero ambitions. Introduced as a central, strategic KPI this year (see page 1), this provides the Committee with an opportunity to transition to an AUM-related climate metric in the LTIP. In setting targets for the new climate metric, the Committee took into consideration Schroders' disclosed net zero ambitions and interim target to align portfolios to a 2.2°C pathway by 2030 as validated by the SBTi. The specifics of the targets set and the calculation methodology are as follows:

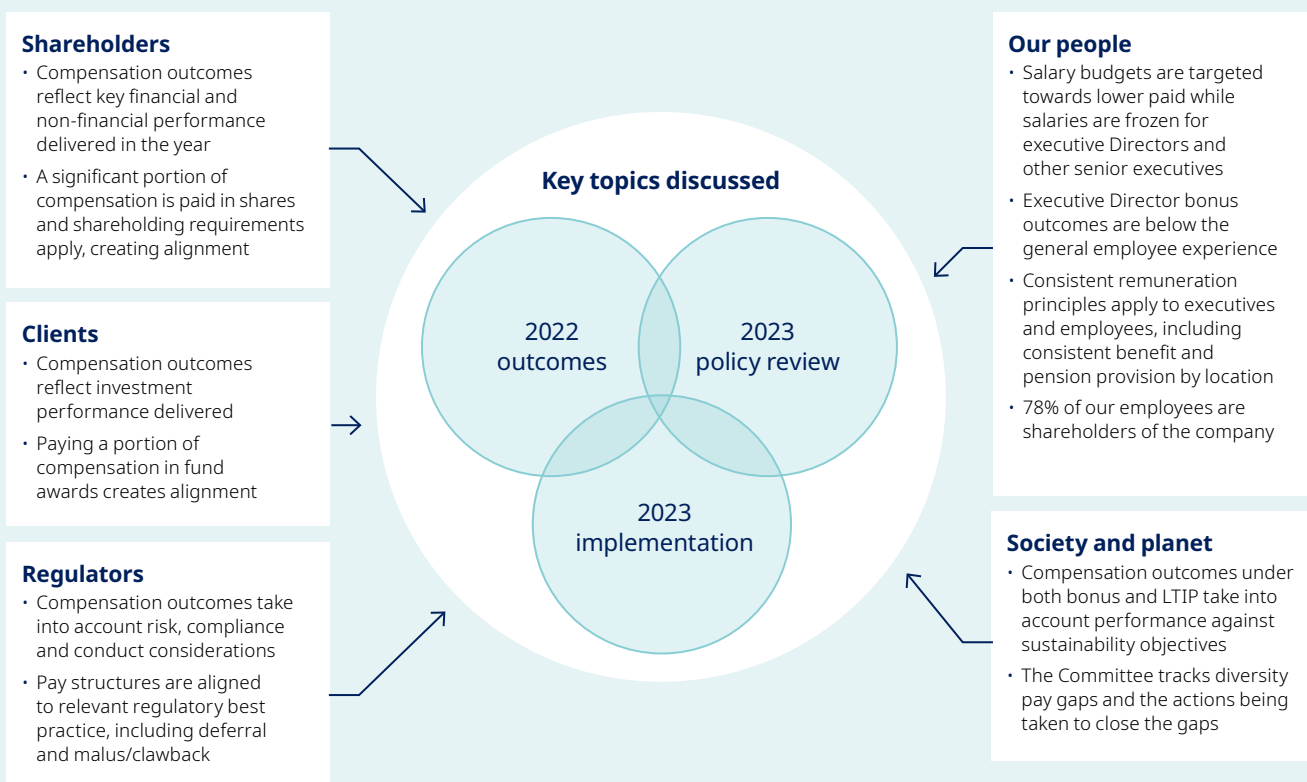
- To achieve target vesting, a reduction of 7.5% in portfolio temperature score must be achieved by 2026, as measured by a four-quarter average.
- The target range (threshold to maximum) has been set taking into account the anticipated trajectory to deliver our net zero ambitions. Maximum vesting requires a 10% reduction over a four-year period, which equates to us being broadly one year ahead of schedule in meeting the 2030 target.
- The use of a four-quarter average reflects the importance of identifying and measuring an underlying trend in performance, and not letting market movements (which impact our portfolio balance on a month-by-month basis) inadvertently impact the outcome against this measure.

The Committee acknowledges that practice for climate reporting continues to evolve and is pleased to be able to take this step towards a portfolio-aligned, externally referenced, quantitative metric. We also acknowledge performance against the target range risks being sensitive to any changes in externally defined calculation methodologies. As such, the Committee will monitor the LTIP measurement approach to ensure performance conditions remain as stretching as they were originally intended. In particular, the Committee will review any change in asset classes in-scope of the calculation at the beginning and end of the performance period as well as any material external reporting methodology changes to assess how they impact outcomes, including the ability to update the target range if relevant.

Stakeholder experience and executive Director pay – alignment highlights

Overall, considering the experience of multiple and varied stakeholders has been a consistent theme for the Committee this year. This was relevant as we evaluated remuneration outcomes for executive Directors and the wider workforce in 2022, as well as in our review of the Directors' remuneration policy and its implementation for 2023. The inter-connectivity between our stakeholder groups and the decisions we made was reflected in the holistic nature of our discussions.

How key stakeholders were reflected in Committee discussions this year



The Committee actively considers multiple stakeholder experiences when determining compensation policies, practices and outcomes, and retains discretion to adjust compensation outcomes if considered appropriate.

Priorities in 2023

In 2023, we look forward to ongoing dialogue with our stakeholders to ensure the Committee is able to continue to deliver the firm's strategy in a manner which considers all interests. While no fundamental changes to remuneration approach across the firm are expected, the Committee expects to focus on acquisition integration and alignment, performance management, diversity pay gaps and talent retention in a competitive and volatile market.

Shareholder voting at AGM

Shareholders will be asked to vote on two remuneration resolutions at the AGM this year: an advisory vote on our annual report on remuneration and a binding vote on our refreshed (but largely unchanged) Directors' remuneration policy. We welcome feedback from our shareholders and look forward to receiving your support on both resolutions at the forthcoming AGM.

Matthew Westerman

Chair of the Remuneration Committee

1 March 2023

Navigating this report

Annual report on remuneration

This report from the Chair of the Remuneration Committee, together with the remuneration governance section on pages 90-91 and the notes on pages 99-107, constitute the annual report on remuneration, on which shareholders will have an advisory vote at the AGM. Where required and indicated, this information has been audited by EY.

Directors' remuneration policy

Presented in full on pages 92-98, this section will be put to a binding shareholder vote at the AGM.

Remuneration governance

Responsibilities of the Remuneration 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 the Group Chair and the executive Directors within the policy approved by shareholders
- Determining the level and structure of remuneration for other senior executives and the Group Company Secretary; reviewing the remuneration of the Chief Risk Officer and Group Head of Internal Audit; monitoring the level and structure of remuneration for other 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, other deferred remuneration plans and employee carried interest-sharing arrangements
- Overseeing any major change in the employee benefits structure throughout the Group
- Reviewing remuneration disclosures and compliance with relevant requirements
- Receiving and considering feedback from shareholders and representative shareholder bodies

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

Remuneration Committee independence

All members of the Committee are independent non-executive Directors. Biographical details and the experience of Committee members are set out on page 52-55.

Key areas of focus during the year

The table below summarises the key areas considered by the Committee at each of its meetings during 2022. Remuneration packages for new hires and severance arrangements for roles subject to the Committee's oversight, and regulatory developments, were reviewed at each meeting as required, as were updates from the Conduct Assessment Group.

Meeting date	Key issues considered
January	<ul style="list-style-type: none"> • Compensation outcomes for 2021
7 February	<ul style="list-style-type: none"> • Compensation outcomes for 2021 • Provisional 2018 LTIP vesting • Performance conditions for 2022 LTIP grants • Executive Director bonus scorecard for 2022 • Remuneration disclosures
28 February	<ul style="list-style-type: none"> • Executive Director bonus scorecard for 2022
June	<ul style="list-style-type: none"> • Shareholder and voting agency feedback on remuneration • Latest trends and regulatory requirements, including alignment to corporate responsibility commitments • Investment Firms Prudential Regime remuneration implementation • 2023 Directors' remuneration policy review • Firm-wide remuneration priorities for 2022/2023 • Remuneration implications of proposed share structure changes • Committee terms of reference review • Review of advisers to the Committee
September	<ul style="list-style-type: none"> • 2023 Directors' remuneration policy review
October	<ul style="list-style-type: none"> • Compensation review planning for 2022 • Update on 2022 bonus scorecard performance • 2023 Directors' remuneration policy review • Regulatory matters, including Material Risk Takers framework, compensation structure and annual internal audit of remuneration • GMC shareholding levels • Approval of deferred remuneration grants for sustained high performance and potential
December	<ul style="list-style-type: none"> • Provisional compensation outcomes for 2022, including bonus and salary approach, control function input, sustainability of earnings, diversity and competitiveness • Update on 2022 bonus scorecard performance • 2023 LTIP performance scorecard measures and targets • Draft 2019 LTIP vesting • Group Risk Adjustment framework

Internal advisers

At the invitation of the Committee Chair, the Group Chair, Group Chief Executive and Chief Financial Officer attended seven meetings. The executive Directors left the meetings where/when relevant to avoid any conflicts of interest. The Chief Risk Officer, General Counsel, and Group Head of Internal Audit advised the Committee on matters that could influence remuneration decisions and were available to attend meetings if required. The Global Head of Human Resources and Head of Reward, Wellbeing and Inclusion attended meetings to provide advice and support to the Committee. The Global Head of Sustainable Investment also attended meetings to provide expert input on the topic of sustainability measurement. The Committee also received regular updates from the Conduct Assessment Group, comprised of the Control Function Heads, to ensure the firm is taking account of compliance and conduct risk considerations as part of the firm's compensation processes. To avoid conflicts of interest, no Director or employee participates in decisions determining their own remuneration.

External advisers

The Committee appointed PricewaterhouseCoopers LLP (PwC) and McLagan (Aon) Limited (McLagan) to provide advice on executive Director pay during 2022. Advisers were selected on the recommendation of the Global Head of Human Resources. The Committee assesses the performance of its advisers, the associated fees and the quality of advice provided annually, to ensure that the advice is independent of any support provided to management.

PwC attended seven meetings as independent Remuneration Committee advisers. A fixed fee structure has operated since appointment to cover standard services, with any additional items charged on a time/cost basis. The total fees paid for advice to the Committee during 2022 on executive Director pay totalled £145,000.

PwC also provides professional services in the ordinary course of business, including HR consulting services and advice to management on remuneration design and its regulatory implications, tax, social security, governance, operational and technical issues, as well as other professional services to the Group including tax, consulting, regulatory and fund audit compliance and support for corporate acquisitions. The Committee monitors adviser independence, noting advice received is predominantly based on objective data trends/facts. PwC are asked to leave discussions when sensitive strategic context is being discussed, noting their advisory role for a number of our competitors.

The Committee utilised McLagan data on market conditions and competitive rates of pay, as McLagan provides remuneration benchmarking data covering a wide cross section of the Group's competitors, including firms that are not publicly listed and so are not required to publish the remuneration of their directors. The total fees paid for advice to the Committee during 2022 on executive Director pay totalled £3,265. 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 Group 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.

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 feedback highlighted in particular the diligence and effort of the Committee in the policy year.

Compliance with the 2018 UK Corporate Governance Code (the Code)

Code requirements	How the Committee has addressed the requirement
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	<ul style="list-style-type: none"> Prospective disclosure of bonus and LTIP metrics (pages 86—88) Full retrospective disclosure of financial targets and non-financial factors (pages 78—81) Review of shareholder feedback and guidance and engagement with shareholders (pages 83—86)
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	<ul style="list-style-type: none"> Executive Directors incentivised via annual bonus with deferral and LTIP (page 85) Clear disclosure of rationale and operation of each element (see page 92—93)
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	<ul style="list-style-type: none"> Defined maximum limit for annual total remuneration (page 85) Significant deferral, providing alignment to clients and shareholders (page 85) Committee discretion to adjust formulaic bonus or LTIP outcomes (pages 78 and 81) Extensive malus and clawback provisions (page 94)
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy	<ul style="list-style-type: none"> Scenario charts and key Committee discretions outlined (see page 95) Regular Committee review of likely bonus scorecard outcomes (page 90)
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance	<ul style="list-style-type: none"> Annual bonus and LTIP performance measures reviewed annually against strategic priorities (pages 78—81) Significant deferral, providing alignment to clients and shareholders (page 85) Extensive malus and clawback provisions (page 94)
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy	<ul style="list-style-type: none"> Remuneration principles aligned to our purpose (page 84) Executive Director remuneration considered in the context of employee outcomes (page 76) Commitment to fair pay for performance across the workforce (page 81 of the 2021 Directors Remuneration Report) Inclusion of non-financial metrics in both executive Director annual bonus and LTIP scorecards (pages 79—80, 87—88)

Directors' remuneration policy



The Committee aims to ensure remuneration policies and practices support Schroders' long-term strategy while supporting effective risk management and alignment with key stakeholders

The new Directors' remuneration policy proposed by the Committee and the Board is set out on pages 92 to 98. Shareholders will be asked to approve the new policy at the 2023 AGM on 27 April. This policy will take effect for Directors from the date it is approved and is expected to apply for three years.

In 2022, the Remuneration Committee and Board reviewed our remuneration principles and approach for executive Directors. In undertaking this review, it was determined that the current policy continues to provide an effective framework through which to reward executives for the long-term, sustainable success of the Group. In that context, it is proposed to retain the policy as approved at the 2020 AGM with nearly 98% votes in favour, with minor amendments, predominantly to reflect regulatory requirements and investor preferences that have emerged since the last policy was approved.

Remuneration policy for the executive Directors

The table below sets out the policy for each component of remuneration for the executive Directors. The remuneration policy for non-executive Directors is set out on page 96.

Component, purpose and link to strategy	Operation and maximum opportunity
Fixed pay <p>Base salary To help recruit, reward and retain talent of the calibre and experience required to develop and deliver the Group's strategy. Takes account of the employee's role and responsibilities, skills and experience, and ongoing contribution.</p> <p>Benefits and allowances Supports employee health and wellbeing and reflects local market practice.</p> <p>Retirement benefits Enables and encourages provision for retirement and reflects local market practice.</p>	<p>We aim to pay executive Directors base salaries that are competitive with other large international asset management firms, both public and private. There is no policy maximum for salary within the set total compensation maximum for each executive Director, however, if salaries for the executive Directors are increased, the percentage increase will not normally exceed the average annualised increase across the wider workforce. Larger increases may be awarded when Directors' salaries have fallen significantly below international competitors. Base salary is normally paid monthly in cash via payroll.</p> <p>Executive Directors receive flexible access to a range of benefits in kind on the same basis as other London-based employees. Directors are covered by the Group's Directors' and Officers' Liability Insurance. Executive Directors may also benefit from private use of a car and driver and/or security support, if deemed necessary. The cost of providing benefits varies according to a range of factors, such as insurance premium rates, so no formal maximum exists.</p> <p>Benefits include the ability to participate in the Share Incentive Plan (SIP) on the same basis as other eligible employees. The value of any SIP matching shares awarded to the executive Directors during the year is included within the value reported for benefits and allowances. SIP participation for the executive Directors is subject to the same statutory maximum limits as for other eligible employees, currently £1,800 per tax year in partnership shares (or 10% of income if lower) and a maximum ratio of 2:1 for matching shares.</p> <p>Additional benefits may be provided if required, for example to support international relocation.</p> <p>Executive Directors may participate in pension arrangements, or receive cash in lieu, on the same basis as other London-based employees, being 16% of pensionable salary plus a contribution to match employee contributions up to a further 2%. There is flexibility and choice over the balance between employer pension contributions and cash in lieu.</p>
Maximum total remuneration <p>To provide shareholders with clarity on the maximum total remuneration that each executive Director might be awarded each year.</p>	<p>The Committee has defined a maximum limit for the total remuneration of each executive Director each year, based on the aggregate value of: fixed remuneration paid in the year; annual bonus awarded in respect of the year; and the grant-date market value of shares under the LTIP award granted following the financial year end. This will not exceed £9 million for the Group Chief Executive and £4.5 million for the Chief Financial Officer.</p>
Shareholding requirements <p>To align the interests of executive Directors with those of shareholders.</p>	<p>The personal shareholding policy for the Group Chief Executive requires the retention of shares or rights to shares equivalent to at least 500% of base salary. For the other executive Directors, the requirement is at least 300% of base salary.</p> <p>On stepping down, executive Directors are required to maintain for a period of two years a holding of shares or interests in shares equal in number to that which applied under the personal shareholding policy while they were an executive Director, or the number actually held on stepping down if lower. Executives would normally be required to sign a commitment to adhere to this requirement as part of stepping down.</p>

Component, purpose and link to strategy		Operation and maximum opportunity
Variable pay	<p>Annual bonus award</p> <p>To incentivise and reward the achievement of financial, non-financial and personal objectives for the year, which are consistent with the Group's multi-year strategy.</p> <p>Bonus deferral enhances alignment of interests with those of shareholders and clients, and provides an incentive to stay at Schroders.</p>	<p>In setting executive Directors' bonuses, the Committee operates an annual bonus scorecard. Financial performance factors will make up at least 70% of the scorecard each year. The remainder, no more than 30% of the scorecard, will be based on a combination of non-financial factors. For threshold performance, 25% of the maximum opportunity is payable.</p> <p>Annual bonus awards for the executive Directors operate such that:</p> <ul style="list-style-type: none"> the proportion of bonus that is deferred is initially fixed at 60% the amount of the bonus that is deferred is reduced to reflect any LTIP award, such that, at a minimum, 60% of overall variable pay is deferred the deferred portion of the annual bonus is granted 75% as share awards and 25% as fund awards the remainder of the bonus is paid in cash and/or upfront fund awards deferred bonus awards are normally made under the Deferred Award Plan (DAP), which was reapproved by shareholders at the 2020 AGM <p>Share awards accrue additional shares equivalent to dividends paid on a compound basis until the share award is exercised. If dividend equivalents cannot be awarded due to regulations, the number of shares to be awarded may be based on a share price discounted by reference to an expected dividend yield over the vesting period. Fund awards are conditional rights to receive a cash sum based on the value of a notional investment in a range of Schroders funds.</p> <p>For deferred awards, the deferral period is normally at least three years, with vesting in three equal instalments from the first anniversary of grant. Malus and clawback terms apply to the entire annual bonus award (see page 94).</p> <p>The DAP plan rules allow awards to be used as part of recruitment, in which case the Committee can set a different vesting period to better align with the awards that the recruit is forfeiting.</p>
	<p>Long Term Incentive Plan (LTIP)</p> <p>To incentivise and reward the achievement of the Group's long-term strategic priorities.</p>	<p>LTIP awards are share-based awards typically granted to executive Directors in March each year. Annual LTIP awards can be up to four times base salary for any individual. If dividend equivalents cannot be awarded due to regulations, the number of shares to be awarded may be based on a share price discounted by reference to an expected dividend yield over the vesting period.</p> <p>LTIP awards normally have a four-year performance period. The Committee determines the performance conditions for each award and uses its judgement to set challenging criteria that are consistent with the Group's strategy, at least half of which will be financially based. 25% of the award will vest if threshold performance is achieved, rising to 100% vesting at maximum performance.</p> <p>On vesting, awards may be subject to an additional holding period, during which the underlying shares and notional fund units cannot be sold. The total of the performance period and the holding period will not be less than five years. Malus and clawback terms apply (see page 94).</p> <p>The plan rules allow LTIP awards to be used as part of recruitment, in which case the Committee can set a different vesting period and performance conditions to better align with the awards that the recruit is forfeiting.</p>

Notes to the policy table

In approving the application of this policy to the executive Directors, authority is given for the Group to honour any commitments entered into with current or former Directors prior to the approval and implementation of the policy (such as payment of pension or the grandfathering of past awards), provided that such commitments complied with any applicable remuneration policy in effect at the time they were entered into. Any remuneration commitment made prior to an individual becoming a Director and not in anticipation of their appointment to the Board may be honoured, even where it is not consistent with the Directors' remuneration policy in place at the time it is fulfilled. For these purposes, commitments include the satisfaction of past awards of variable remuneration, the terms of which are set at the time the award is granted.

The rules of the DAP and the LTIP were submitted to shareholders for approval at the 2020 AGM. There are various discretions afforded to the Committee in these incentive plans, such as the treatment of leavers, the discretion to override formulaic LTIP outcomes, discretion to adjust the structure of awards in the event a participant is internationally mobile to avoid unfavourable legal, regulatory or tax outcomes for participants or the Group, or in the event of a variation of the Company's share capital or other corporate event. At the Committee's discretion, share-based awards may be settled in cash, but this would only be used in exceptional circumstances, for instance in a jurisdiction where settlement in shares would create an adverse outcome for the Group or award holder. The terms of awards may be amended in accordance with the relevant plan rules, for example to take account of legal, tax and regulatory changes. The general application of each plan is subject to variation in some jurisdictions to reflect local restrictions, regulation and practice. If there is a takeover or delisting of the Company, DAP awards will normally vest in full. The extent to which LTIP awards vest in these circumstances will be determined by the Committee based on (i) its estimate of the extent to which the relevant performance conditions would have been satisfied over the original performance period and (ii) the proportion of the performance period that has elapsed.

Remuneration report

Directors' remuneration policy continued

Performance conditions and approach to target setting

At the beginning of each performance year, the Committee sets scorecard metrics and targets for the annual bonus and LTIP scorecards, taking into account the Board-approved budget, market expectations, prior-year financial outcomes, strategic priorities and wider economic landscape. Metrics are chosen to reflect Schroders' strategy and broader stakeholder experience and will generally include the key measures of progress and success as set out in the strategic and annual reports. Non-financial factors may include (but not limited to) measures relating to strategic progress, sustainability, people and talent, risk and conduct and each executive Director's individual objectives for the year.

The Committee may amend performance conditions if an event occurs that causes it to consider that it is appropriate to do so, provided that the amended performance condition is, in the opinion of the Committee, no more or less difficult to satisfy than it was originally intended to be. To avoid overly formulaic outcomes for both the annual bonus and LTIP, the Committee has the discretion to alter the scorecard outcome (including to nil) to the extent it judges the outcomes do not align with results achieved. This discretion includes if any member of the Group has suffered a material failure of risk management or if the Committee judges that the unadjusted outcome from the performance conditions does not reflect underlying performance of the Group, any member of the Group, any business unit or the participant. Any such adjustment would be disclosed in the relevant Annual report on remuneration.

Malus and clawback policy

The policy sets out a range of circumstances in which malus and/or clawback may be applied. For executive Directors this includes:

- Fraud, misconduct or misbehaviour by the participant
- Material error by the participant
- Significant failure of risk management
- Failure to meet appropriate standards of fitness or propriety
- Regulatory sanction or serious reputational damage where the conduct of the participant significantly contributed
- Material downturn in financial performance, including corporate failure
- Material financial misstatement for which the participant has significant responsibility or which has led to a larger award than would otherwise have been the case
- Material error or misrepresentation for which the participant has significant responsibility or which has led to a larger award than would otherwise have been the case
- The Group has received a reduction notice in relation to a buyout award
- An award has vested/been settled, or is capable of vesting/being settled, to a greater extent than would otherwise have been the case, as a result of erroneous or misleading data
- An award received in breach of regulatory requirements or where the financial sustainability of the Group or any Member of the Group would be adversely affected
- Significant increase in the economic/regulatory capital base of the Group or any part of the Group
- Participation in or responsibility for conduct resulting in material losses (malus trigger only)
- Breach of any of the policies or codes to which the individual is subject (malus trigger only)
- Participation in or responsibility for an event resulting in material adverse reputational damage for the Group (malus trigger only)
- The Group has suffered regulatory sanctions to which the participant's conduct contributed (malus trigger only)
- Any other circumstances that may justify it, including local regulatory obligations

Malus may be applied from the date on which the award is granted/established until settlement. Clawback may be applied for a period of up to seven years from the date of grant unless the Committee decides to extend it in the event of an investigation that could lead to the application of clawback were it not for the expiry of the clawback period. To ensure enforceability, all DAP participants accept their awards, confirming adherence to the DAP rules and Group malus and clawback policy. The executive Directors' contracts also explicitly provide for clawback.

Considerations when setting policy and the Committee's decision-making process

In recommending the Directors' remuneration policy to the Board and to shareholders, the Committee intends that policies and practices support Schroders' long-term strategy and sustainable growth, while supporting effective risk management so as not to encourage excessive or inappropriate risk-taking. The Group's remuneration policies and practices take account of legislation, regulation, corporate governance standards, best practice and guidance issued by regulators, shareholders and shareholder representative bodies.

Reward policies comply with the relevant provisions of the FCA's Remuneration Codes, the Remuneration Part of the PRA Rulebook and the UK Corporate Governance Code. The Committee continues to believe the policy addresses Provision 40 of the corporate governance code in terms of clarity, simplicity, risk, predictability, proportionality, and alignment to Schroders' culture as set out on page 91.

The responsibilities of the Committee are set out in its terms of reference and summarised on page 90. To avoid conflicts of interest, no Director or employee participates in decisions determining their own remuneration. The Committee assesses the performance of its external advisers annually, to ensure that the advice provided is independent of any support provided to management (see page 91). In determining the remuneration of the General Counsel, Global Head of Human Resources, Chief Risk Officer and Head of Internal Audit, the Committee intends that remuneration is appropriate based on the achievement of objectives linked to their functions and that any conflicts of interest are identified and managed.

Remuneration policy changes

As set out above, the Committee has decided not to make any substantive changes to the policy, and maintain the policy approved at the 2020 AGM. Some minor changes have been made to align with regulatory requirements and best practice, for example:

- Extension of the clawback period for variable pay awards to align with the latest regulatory requirements and also explicitly reference failure to meet standards of fitness and propriety.
- Incorporation of the ability for the Committee to adjust the grant-date share price for LTIP and DAP to reflect loss of dividend yield over the vesting period in the event that dividend equivalents cannot be awarded due to regulatory requirements.
- Clarification on the circumstances when a bonus buyout may be considered.
- Clarification that fixed pay may be subject to mitigation upon termination.

The Committee has made some changes to the implementation of the policy, reflecting shareholder feedback and to ensure continued alignment with Schroders' strategy. The key changes to the implementation are set out in the Committee Chair's Remuneration overview on pages 86-88.

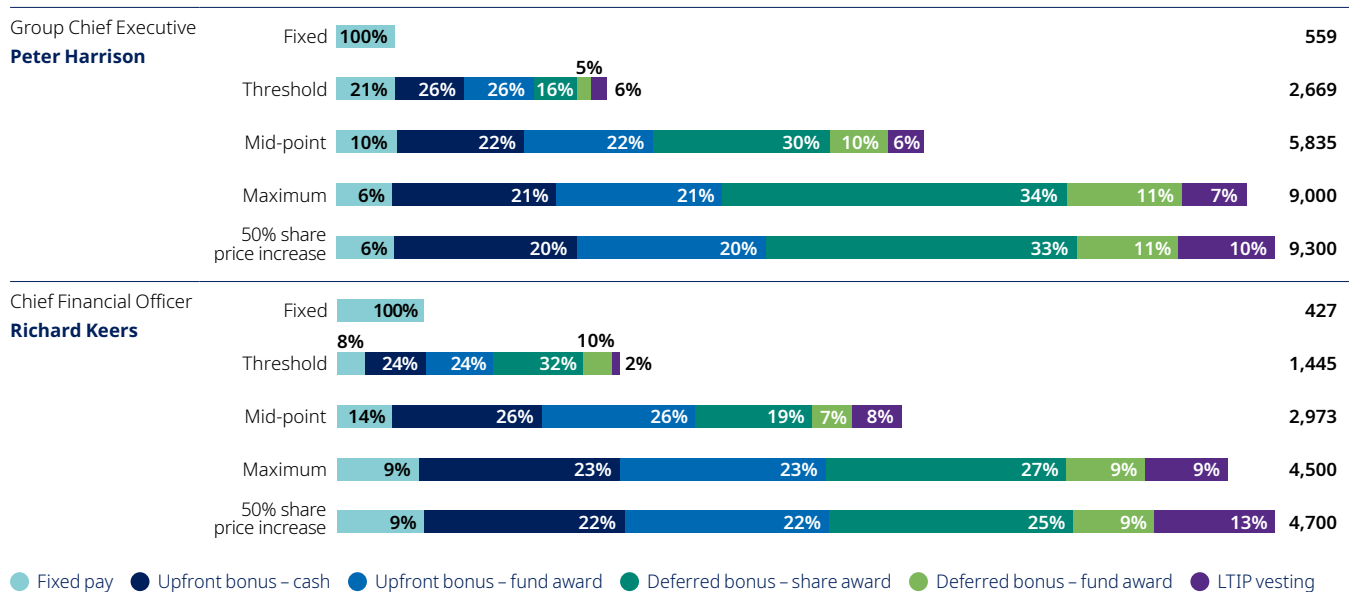
Executive Directors' remuneration policy illustration

The diagram on page 85 illustrates the structure of the executive Directors' remuneration, including the timing of when they receive each component of their total remuneration.

The potential value of each component of remuneration for the executive Directors is illustrated below. These scenario charts show, for each of the executive Directors, the relative split of fixed components of remuneration, annual bonus awards and LTIP awards, in accordance with the proposed Directors' remuneration policy.

Executive Directors' remuneration policy illustration

(£'000)



Fixed pay

Fixed pay consists of base salary, benefits and allowances and retirement benefits. Base salary is the annual salary effective from 1 March 2023. Benefits and allowances and retirement benefits are the actual amounts received in respect of 2022, as shown in the single total remuneration figure table on page 100.

£'000	Base salary	Benefits and allowances	Retirement benefits	Total fixed pay
Peter Harrison	500	14	45	559
Richard Keers	375	7	45	427

	Threshold	Mid-point	Maximum
Annual bonus award	The amount payable if all the threshold targets in the annual bonus scorecard are met, which is 25% of the maximum scenario. In all three scenarios the annual bonus award is partly paid in cash, partly granted as an upfront fund award and partly subject to deferral into share and fund awards, as outlined in the policy.	The mid-point of the threshold and maximum scenarios.	The maximum payable if all the maximum targets for each metric in the annual bonus scorecard are met.
LTIP	The face value of the March 2023 award, assuming 25% vesting.	The mid-point of the threshold and maximum scenarios.	The face value of the March 2023 award, assuming 100% vesting.

The maximum scenario above includes the face value of the March 2023 LTIP award, assuming 100% vesting. If the Schroders share price increased between the date of grant and date of vesting of the LTIP award, the remuneration value disclosed in the single total remuneration figure table would be higher. For example, share price growth of 50% on the LTIP award would increase maximum total remuneration values to £9.3 million and £4.7 million respectively, calculated by uplifting the face value at grant of the LTIP shares to be granted in March 2023 by 50%.

Remuneration report

Directors' remuneration policy continued

Current approach to remuneration for the wider workforce

Schroders applies the same remuneration principles across the Group and, where appropriate from a market and commercial perspective, there is consistency in the structures that apply. Base salaries, benefits and pension are reviewed in the context of local market practice and requirements. All permanent employees are eligible for an annual bonus. Bonuses are fully discretionary and based on performance against a number of financial and non-financial factors, which may change year-to-year to reflect the priorities of the Group, business and individual, while taking into consideration alignment with Schroders' values. Individuals in receipt of larger bonuses are subject to a graduated level of deferral up to 50%. Individuals identified as Material Risk Takers under the remuneration regulations applicable to Schroders are subject to deferral in line with those requirements. Bonuses for these individuals are typically delivered in a mixture of cash, shares, and funds. Additional deferred awards with a five-year vesting period are used very selectively each year to reward individuals with sustained high performance and potential. Some employees participate in carried interest plans and other long-term incentive structures designed for particular areas of the business. Currently only the executive Directors participate in the LTIP as outlined in the policy.

The Committee discusses key remuneration topics for the wider workforce throughout the year, including the annual bonus pool and resulting pay outcomes, the budget and allocation approach for salary increases, gender and ethnicity pay gaps, regulatory compensation matters and ad hoc proposals requiring the Committee's review and approval under their terms of reference. The Committee does not set fixed ratios for Directors' pay relative to other employees as it believes this would restrict flexibility in aligning reward and performance appropriately. To help aid the decision making of the Committee and Board, feedback from employees is gathered by management and the Board in a range of ways through the year, including via the Global Employee Forum, chaired by our Senior Independent Director, Ian King – who is also a Remuneration Committee member, regular employee engagement surveys and town hall meetings.

Directors' service contracts and letters of appointment

Each of the executive Directors has a rolling service contract with a mutual notice period of six months. Each of the non-executive Directors has a letter of appointment with a mutual notice period of six months. Letters of appointment and service contracts are available for shareholders to view at the Company's registered office on business days between the hours of 9am and 5pm and will be available at each AGM.

Remuneration policy for the non-executive Directors

The table below sets out the remuneration policy for non-executive Directors, who only receive fixed pay and benefits.

Component		Policy and operation
Fixed pay	Fees To reflect the skills, experience and time required to undertake the role.	Fees for the Chair are determined by the Committee, and fees for other non-executive Directors are determined by the Board, in each case based on market information for comparable asset managers and other financial services groups and the constituent companies of the FTSE 100 Index. Non-executive Directors do not participate in decisions concerning their own fees. Fees are usually reviewed biennially.
	Benefits To enable the non-executive Directors to undertake their roles.	Non-executive Directors' benefits are principally expenses incurred in connection with the Group's business and reflect business needs. Non-executive Directors may receive private use of a driver, car parking, meals, travel costs and tax on reimbursed expenses deemed taxable by HMRC. Non-executive Directors do not participate in post-employment or retirement benefits, or in any of the Group's incentive arrangements.

New non-executive Directors receive fees and benefits in line with the policy for other non-executive Directors. When recruiting new non-executive Directors, the Board's policy is that letters of appointment will have a mutual notice period of six months.

Recruitment of new Directors

The table below summarises the remuneration policy when hiring new executive Directors.

Component	Policy and operation
Overall approach	On appointment, the Committee aims to pay executive Directors remuneration that is appropriate in level and structure to attract, motivate, retain and reward Directors of the quality required to run the Group successfully, while avoiding paying more than is necessary.
Maximum total remuneration	On appointment of any new executive Directors to the Board, the Committee will consider the appropriate maximum total remuneration value for the role, within the parameters of the current policy.
Notice periods	The Group's general policy is that each executive Director will have a rolling contract of employment with mutual notice periods of six months. The Committee will consider the appropriate notice period when appointing any new executive Director. If necessary to secure a new hire, a notice period of up to 12 months may be offered. When recruiting new executive Directors, the Committee's policy is that contracts will not contain any provision for compensation upon early termination.
Base salary	Base salary is likely to be set at a similar level as for other executive Directors, provided this is justifiable by reference to the candidate's skills and experience, the anticipated role scope, taking into account external market rates for roles with similar responsibility, remuneration in their previous roles and wider internal relativities.
Other fixed pay	Benefits and allowances, retirement benefits and SIP participation will be provided to new executive Directors on a similar basis as those available to other employees. If the Group hires a new executive Director internationally then relocation support may be offered in the relevant location, on a similar basis to that which might be offered for other employees. This may include support such as temporary accommodation, assistance finding new accommodation, transportation of household goods, school search for children moving internationally with the Director, tax advice and assistance preparing tax returns and other allowances/support provided to other employees.
Annual bonus award	New executive Directors would be eligible to be considered for annual bonus awards in the same way as existing Directors. Consideration may be given to making an award to compensate for any variable pay opportunity foregone from a previous employer as a result of joining Schroders if considered essential to secure the candidate, as detailed in the 'Buyout awards' section below. In line with the requirements of the PRA and FCA remuneration rules, any bonus buyout will be limited to the individual's first year of service, subject to the Group's deferral arrangement and any performance requirements determined by the Committee.
LTIP	New executive Directors would be eligible to be considered for LTIP awards in the same way as existing Directors.
Legal fees	The Group may pay reasonable fees for a new executive Director to obtain independent legal advice in relation to their appointment, including any tax due thereon.
Buyout awards	Where a candidate will forfeit remuneration as a result of leaving their current employer or joining Schroders, the Group may mitigate that loss by making one-off awards as a term of their appointment. The Committee will take reasonable steps (within the terms of the Group's incentive plans) so that any buyout awards are aligned in amount and terms with the remuneration being forfeited. Malus and clawback terms will apply to any such awards. Any buyout awards are not included in the maximum total remuneration section above.
Appointments outside the UK	If a new executive Director is based outside the UK, the Committee will adapt the terms of the Directors' remuneration policy to comply with local requirements and so the executive Director can participate in arrangements that are in line with the wider workforce in that jurisdiction.
Grandfathering	Any remuneration commitment made prior to an individual becoming a Director and not in anticipation of their appointment to the Board will be honoured, even where it is not consistent with the Directors' remuneration policy in place at the time it is fulfilled.

Remuneration report

Directors' remuneration policy continued

Policy on termination arrangements

The table below sets out the remuneration policy on termination of a Director.

Component	Policy and operation
Overall approach	When an executive Director leaves the Group, the Committee will review the circumstances and apply the treatment that it believes is appropriate. Any payments will be determined in accordance with the Directors' remuneration policy, as well as the terms of the Directors' service contract and the rules of any applicable incentive plans. There are no contractual provisions for non-executive Directors to receive compensation upon termination.
Fixed pay	Base salary, benefits and allowances, and retirement benefits for executive Directors, and fees for non-executive Directors, will continue to be paid through the notice period. The Committee also has the discretion to make a payment in lieu of notice to executive Directors, normally based on salary only. Certain benefits (for example medical or life insurance) may continue until the end of the normal cover period and others may be extended to post-termination where appropriate, for example repatriation for globally mobile individuals or assistance with tax return services. The treatment of shares acquired or awarded under the SIP will be in accordance with the plan rules. Payment may be subject to mitigation.
Annual bonus award	Departing executive Directors do not have a contractual entitlement to an annual bonus award. If a departing Director works during the notice period in support of the Group's strategic priorities as set out in the annual bonus scorecard and supports an effective transition of responsibilities, or leaves due to death, ill health, injury or disability, the Committee may recommend to the Board that a discretionary payment be made to reflect the Director's contribution during the proportion of the financial year worked. Any such payment will normally be subject to the same deferral arrangements as an annual bonus award, provided this is permitted and effective under applicable law and regulations, and except in the case of death, ill health, injury or disability when at the Committee's discretion payment may be fully in cash.
DAP awards	The treatment of awards under the DAP will be in accordance with the relevant plan rules. The normal treatment is that unvested awards are forfeited. In certain circumstances, such as death, ill health or injury, or otherwise at the Committee's discretion (which might be used in circumstances such as retirement with the agreement of the Company or leaving by mutual agreement), those rules permit participants to retain some or all of their unvested awards following the termination of their employment. Any unvested awards that are retained vest on their normal vesting date, or vest immediately in the case of death, or ill health, injury or disability at the Committee's discretion.
LTIP awards	The treatment of awards under the LTIP will be in accordance with the relevant plan rules. The normal treatment is that unvested awards are forfeited. In certain circumstances, such as death, ill health or injury, or otherwise at the Committee's discretion (which might be used in circumstances such as retirement with the agreement of the Company or leaving by mutual agreement), the award normally still vests after the performance period, subject to the performance conditions and holding period, with the proportion that vests reduced pro rata for the portion of the performance period that has elapsed. Vesting may be accelerated in the case of death, or ill health, injury or disability at the Committee's discretion, with the proportion that vests determined by estimating the extent to which the performance conditions will be met.
Restrictive covenants	Executive Directors' service contracts include restrictions prohibiting the solicitation of Schroders' clients or employees for a period of 12 months after leaving employment, against which any period spent on notice or garden leave is offset. If the Committee uses its discretion to permit a departing Director to retain unvested DAP or LTIP awards, the unvested portions that the leaver is allowed to retain normally remain at risk of forfeiture for a specified period if they join a competitor or solicit Schroders' clients or employees before the award vests. The same applies if a retiring executive Director is allowed to retain portions of their unvested awards and then takes up an executive role at another publicly listed company within 12 months.
Shareholding requirements	On stepping down, executive Directors are required to maintain for a period of two years a holding of shares or interests in shares equal in number to that which applied under the personal shareholding policy while they were an executive Director, or the number actually held on stepping down if lower. Executives would normally be required to sign a commitment to adhere to this requirement as part of stepping down.
Legal fees	The Group may pay reasonable fees for a departing Director to obtain independent legal advice in relation to their termination arrangements and nominal consideration for agreement to any contractual terms protecting the Company's rights following termination. If the value of either of these exceeds £10,000 it will be disclosed in the annual report on remuneration.
Retirement gifts	The Board may choose to make a retirement gift to a departing Director. If the value of any such gift exceeds £10,000 it will be disclosed in the annual report on remuneration.
Settlement agreements	The Committee may agree additional exit payments where such payments are made in good faith to discharge an existing legal obligation, as damages for breach of such obligation, in settlement or compromise of any claim or potential claim arising on termination of a Director's office or employment or to strengthen the Group's rights post-termination. This may include the provision of outplacement support. If the value of any such payment exceeds £10,000 it will be disclosed in the annual report on remuneration.
Other payments	Other payments to former Directors that do not exceed £10,000 will not be disclosed in the annual report on remuneration. Payments can also be made where an amendment to the policy authorising the Company to make the payment has been approved by shareholders.
Change of control	Outstanding awards will be treated in line with the provisions under which they were granted. If there is a takeover or delisting of the Company, DAP awards will normally vest in full. The extent to which LTIP awards vest in these circumstances will be determined by the Committee based on (i) its estimate of the extent to which the relevant performance conditions would have been satisfied over the original performance period and (ii) the proportion of the performance period that has elapsed.

Notes to the annual report on remuneration

The notes set out on pages 99—107 supplement the information set out in the main narrative on pages 76—89, combining both statutory and voluntary disclosures.

Annual bonus award allocations across the Group

The table below compares the annual bonus award allocations for performance years 2022 and 2021, split between portions paid in cash and upfront fund awards and amounts deferred into share awards and fund awards. The amounts shown are on the basis of the amounts awarded and communicated to employees as annual bonuses in respect of performance each year, rather than the costs charged to each year's income statement.

	2022	2021
Total compensation ratio	46%	46%
	£m	£m
Annual bonus awards:		
paid in cash	221.1	234.8
granted in upfront fund awards	29.3	38.9
deferred into share awards	54.4	73.7
deferred into fund awards	46.5	64.9
Total annual bonus awards	351.3	412.3
Share in Success Award ¹	n/a	23.6
Proportion of total annual bonuses that are deferred	29%	34%
Number of bonus-eligible employees	5,999	4,939
Mean annual bonus award per bonus-eligible employee	£58,554	£83,470
Median annual bonus award per bonus-eligible employee	£13,300	£19,865
Group Chief Executive's bonus as a % of total annual bonuses	1.1%	1.8%
Aggregate bonuses to executive Directors as a % of total annual bonuses	1.6%	2.7%

1. One-off, all-employee share award worth 5% of salary granted in December 2021; excluded from the mean and median bonus calculations shown above.

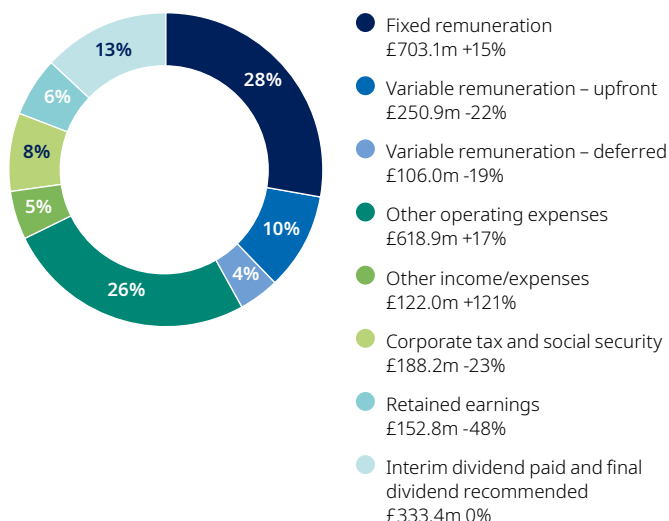
The employee mean and median figures represent the bonus value across all bonus-eligible employees each year. As such, part of the difference in value year-on-year is due to differences in population, from new hires and leavers, as well as higher or lower bonus awards for individual employees who were employed by Schroders in both years.

You can find more information about our current global workforce, along with the publication of our voluntary global gender pay gap, by visiting our website at www.schroders.com/wdr

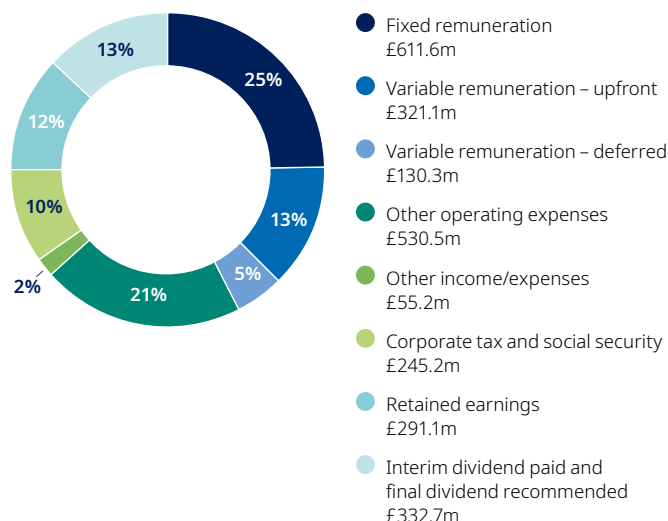
Relative spend on pay

The charts below illustrate the relative spend on pay for 2022 compared with 2021. The values are taken from the financial statements and show how remuneration costs compare with shareholder distributions, taxes arising and earnings retained, to illustrate how net operating income is utilised.

2022



2021



Remuneration report

Notes to the annual report on remuneration continued

Single total remuneration figure for each executive Director (audited)

The total remuneration of each of the executive Directors for the years ended 31 December 2022 and 31 December 2021 is set out in the table below.

2022 (£'000)	Base salary ¹	Benefits and allowances ²	Retirement benefits ³	Total fixed pay	Annual bonus award ⁴	LTIP vested ⁵	Total variable pay	Total remuneration
Peter Harrison	500	14	45	559	3,842	295	4,137	4,696
Richard Keers	375	7	45	427	1,726	197	1,923	2,350
Total	875	21	90	986	5,568	492	6,060	7,046

2021 (£'000)	Base salary ¹	Benefits and allowances ²	Retirement benefits ³	Total fixed pay	Annual bonus award ⁴	LTIP vested ⁵	Total variable pay	Total remuneration
Peter Harrison	500	10	43	553	7,612	269	7,881	8,434
Richard Keers	375	10	45	430	3,395	180	3,575	4,005
Total	875	20	88	983	11,007	449	11,456	12,439

The methodology for determining the single total remuneration figure is set out in the footnotes below. A chart illustrating the figures above can be found on page 85.

- Represents the value of salary earned and paid during the financial year.
- Includes one or more of: private healthcare, life assurance, permanent total disability insurance, Share Incentive Plan matching shares and private use of a company car and driver.
- 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 below shows how the retirement benefits figures above are comprised for each Director.
- Pages 78–80 sets out the basis on which annual bonus awards for 2022 were determined. The table below breaks down the annual bonus awards for 2022 into cash paid through the payroll in February 2023 and the upfront fund awards, deferred fund awards and deferred share awards that will be granted in March 2023.
- Represents the estimated value that is expected to vest on 1 March 2023 from LTIP awards granted on 11 March 2019, using the average closing mid-market share price over the three months ended 31 December 2022 and the percentage expected to vest. The comparative value for 2021 represents the actual value that vested on 3 March 2022 from LTIP awards granted on 5 March 2018. The LTIP vested values disclosed last year were estimates, as the Annual Report and Accounts was finalised prior to the vesting date. Page 81 sets out the performance achieved and how vesting will be determined, with further detail on page 101. Page 101 also shows how the value above has been calculated, including how much of the value is attributable to share price movement during the period from grant to vesting. Page 104 sets out information on LTIP awards granted to the executive Directors during 2022. Pages 86–88 sets out information on LTIP awards to be granted to the executive Directors in March 2023.

Executive Director arrangements – additional detail

Retirement benefits – additional detail (audited)

The following table shows details of retirement benefits provided to executive Directors for the years ended 31 December 2022 and 31 December 2021. For the executive Directors, the sum of employer contributions and cash in lieu each year is reflected in the single total remuneration figures above. Employer contributions represent contributions paid into DC pension arrangements during the year and exclude any contributions made by the Directors. There has been no defined benefit (DB) pension accrual since 30 April 2011.

£'000	2022 employer contributions	2022 cash in lieu of pension ¹	2022 retirement benefits total	2021 employer contributions	2021 cash in lieu of pension ¹	2021 retirement benefits total	Accrued DB pension at 31 December 2022	Normal retirement age ²
Peter Harrison	3	42	45	3	40	43	–	60
Richard Keers	–	45	45	–	45	45	–	60

- 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.
- 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.

Variable pay awards – additional detail (audited)

The table below sets out details of how the 2022 annual bonus award for each executive Director was structured along with the face value of the LTIP award granted during 2023 (see page 86) and the resulting percentage of variable pay deferred across annual bonus and LTIP combined.

2022 (£'000)	Upfront cash bonus award	DAP award						LTIP award	Percentage of total variable pay deferred
		Upfront fund award	Deferred share award	Deferred fund award	Total DAP award	Total annual bonus award	Percentage deferred	LTIP granted during 2023	
Peter Harrison	888	888	1,550	516	2,954	3,842	54%	600	60%
Richard Keers	425	425	657	219	1,301	1,726	51%	400	60%

In calculating the value of each executive Director's annual bonus award that is deferred, the amount of the bonus that is deferred is reduced to reflect the LTIP award granted during the year, subject to a minimum 60% of total variable pay being deferred.

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

LTIP award vesting – additional detail (audited)

The LTIP awards granted on 11 March 2019, covering the 2019 to 2022 performance period, are expected to vest on 1 March 2023. The criteria for determining the extent of vesting and outcome achieved are set out below.

Performance measure	Weighting	Performance achieved	Vesting %
EPS¹ If the growth in adjusted EPS in the fourth year compared with the year prior to grant exceeds the defined composite index by: <ul style="list-style-type: none"> less than 20% no vesting equal to 20% 12.5% vests between 20—40% straight-line basis 40% or greater 50% vests 	50%	Four-year growth in the composite index: 15.9% (see below) Schroders four-year EPS growth: -0.2% • Performance below the composite index: no vesting of this part of the award	0%
NNB² cumulative over the four-year performance period: <ul style="list-style-type: none"> 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%	Four-year cumulative NNB: £99.4 billion • Performance above maximum target: full vesting of this part of the award	50%
Total expected to vest in relation to 2019 to 2022 performance			50%

1. EPS excluding revenue and costs relating to acquisitions classified as exceptionals but including any other exceptionals.

2. NNB excluding joint ventures and associates.

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

The composite index against which EPS performance was measured for these awards was set at the time they were granted. The table below sets out the make-up of that composite index and its growth over the four-year performance period:

Index	Weighting	Growth over the four-year performance period
MSCI All Countries Asia Pacific	17.5%	23.4%
MSCI All Countries World	15.0%	53.8%
MSCI Emerging Markets	7.5%	15.5%
MSCI Europe	5.0%	36.4%
FTSE All Share	5.0%	27.6%
Bloomberg Barclays Global Aggregate	50.0%	-1.3%
Composite index (calculated as a weighted average)		15.9%

The estimated value expected to vest on 1 March 2023 from LTIP awards granted on 11 March 2019 is shown in the table below. This is calculated based on the average closing mid-market share price over the three months ended 31 December 2022 and the expected vesting percentage shown in the table above. Awards are over ordinary shares.

Individual	Grant-date face value of LTIP award £'000	Proportion expected to vest in relation to 2019–2022 performance	Value of shares expected to vest (£'000)				Number of shares expected to vest
			Face value at time of grant	Impact of dividend equivalents since grant ¹	Impact of share price movement since grant	Total estimated value vesting	
Peter Harrison	600	50%	300	–	(5)	295	69,447
Richard Keers	400	50%	200	–	(3)	197	46,297

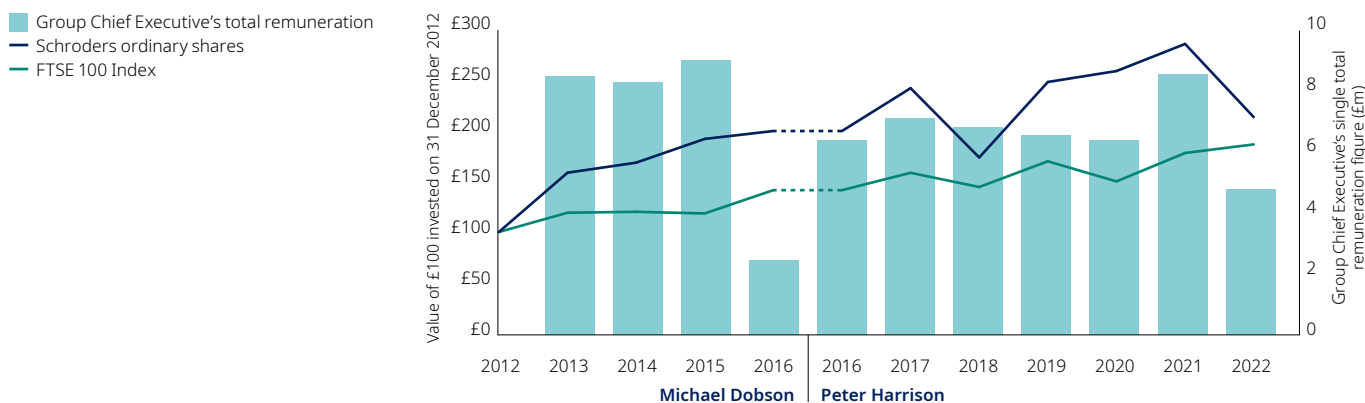
1. The LTIP rules under which these awards were granted do not allow for awards to accrue additional value equivalent to dividends on the underlying shares.

Remuneration report

Notes to the annual report on remuneration continued

The Group Chief Executive's total remuneration over the past ten years

The chart below illustrates the Group Chief Executive's single total remuneration figure over the past ten years and compares it to the total shareholder return of Schroders shares and the FTSE 100 over this period. Further detail on the single total remuneration figure outcomes and how variable pay plans have paid out each year is shown in the table below.



Single total remuneration figure (£'000)	8,414	8,155	8,905	2,451	6,311	7,059	6,735	6,453	6,321	8,434	4,696
Annual bonus award (outcome as a % of maximum, or actual award as a % of ten-year highest bonus) ^{1, 2, 3}	81%	87%	100%	25%	70%	82%	78%	72%	69%	97%	49%
LTIP (vesting as a % of maximum) ⁴	100%	50%	50%	50%	50%	n/a	0%	50%	50%	50%	50%

- From performance year 2020, this represents the Group Chief Executive's actual annual bonus award as a percentage of the maximum annual bonus award for the year. For performance years prior to 2020, each annual bonus award is shown as a percentage of the highest bonus award over the past ten years, as no maximum annual bonus opportunity was in place.
- The 2016 remuneration for Michael Dobson reflects the actual remuneration that he received for the portion of 2016 that he served as Chief Executive.
- Peter Harrison was appointed Group Chief Executive on 3 April 2016. The 2016 remuneration value above reflects his full-year single total remuneration figure.
- The first LTIP award vested on 5 March 2014 based on the four-year performance period ended on 31 December 2013 and so is shown under 2013 in the table. 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.

UK pay ratios

The rules that require this disclosure to be made set out three possible methodologies that companies can adopt, termed Options A, B and C. The Group has adopted Option A as this is the most robust methodology, requiring the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the upper quartile, at the median and at the lower quartile. We have based the calculation of these total remuneration quartiles on salaries as at 31 December 2022 plus any annual bonus award in respect of 2022 and any other incentive awards granted during 2022. In calculating these ratios, salary and any annual bonus award or other incentive awards for employees who work part-time have been pro-rated up to a full-time equivalent. We have not included taxable travel benefits, such as the reimbursement of occasional travel home from work that was covered by the Group's travel and expenses policy but did not qualify as tax-free under HMRC rules on taxable benefits. No other assumptions or statistical modelling were required.

The table below compares the Group Chief Executive's single total remuneration figure for 2022 to the remuneration of the Group's UK workforce as at 31 December 2022, along with the comparative figures for the previous year. The CEO pay ratio has decreased this year. This reflects a difference in the structure of the Group Chief Executive's overall pay versus typical employees, with a larger proportion variable, based on business performance each year. For 2022, the percentage decrease in bonus for the Group Chief Executive is below the lower quartile, median and average percentage change applying to all employees. The Group is focused on pay fairness across the workforce and the concept of offering greater certainty in remuneration to junior and lower paid employees in the form of proportionally higher fixed pay is consistent with the pay and reward policies for the Group's UK and global employees as a whole.

Method		Pay ratio to lower quartile UK employee	Pay ratio to median UK employee	Pay ratio to upper quartile UK employee	Lower quartile UK employee		Median UK employee		Upper quartile UK employee	
					Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2022	Option A	74:1	46:1	28:1	63,067	49,702	101,409	75,000	167,622	110,000
2021	Option A	134:1	84:1	49:1	63,093	47,000	100,761	69,433	173,941	100,000
2020	Option A	110:1	70:1	42:1	57,205	45,000	89,541	58,000	150,310	122,500
2019	Option A	117:1	72:1	42:1	55,400	50,000	89,743	68,000	154,667	85,000

Comparing Director and wider workforce pay

The Committee considers executive Director pay structures and outcomes in the context of wider workforce pay. The table below compares percentage change in base salary/fees, benefits and annual bonus awards for the Directors with the average change across employees of the Group as a whole for the past three performance years. The outcome for employees of Schroders plc is also included to satisfy the statutory requirement but is shown as not applicable given the legal entity does not itself have any employees. The values shown for the executive Directors are based on those shown in the single total remuneration figure table on page 100 and those for non-executive Directors are based on the table on page 106. The employee mean and median figures in this table represent the change experienced for individual employees who were employed by Schroders in both years.

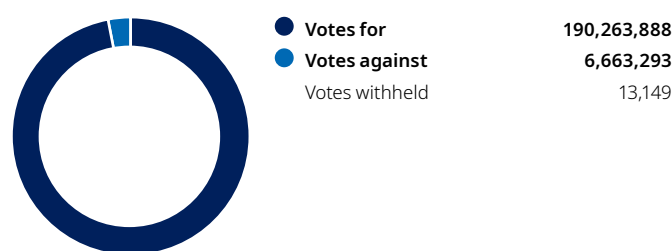
	2022			2021			2020				
	Base salary/ fee	Benefits	Bonus	Base salary/ fee	Benefits	Bonus	Base salary/ fee	Benefits	Bonus		
Executive Directors											
Peter Harrison	0%	+38%	-50%	+0%	+16%	+40%	+0%	-45%	-4%		
Richard Keers	0%	-26%	-49%	+0%	+49%	+41%	+0%	-3%	+2%		
Non-executive Directors											
Dame Elizabeth Corley ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Michael Dobson	-67%	-11%	n/a	+0%	-9%	n/a	+0%	-35%	n/a		
Sir Damon Buffini	-13%	n/a	n/a	+0%	n/a	n/a	+20%	n/a	n/a		
Rhian Davies	0%	0%	n/a	+0%	+0%	n/a	+13%	n/a	n/a		
Paul Edgecliffe-Johnson	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Claire Fitzalan Howard	0%	0%	n/a	+51%	+0%	n/a	n/a	n/a	n/a		
Rakhi Goss-Custard	0%	-50%	n/a	+0%	+0%	n/a	+0%	n/a	n/a		
Ian King ¹	+2%	0%	n/a	+0%	+0%	n/a	+0%	n/a	n/a		
Leonie Schroder	0%	n/a	n/a	+0%	-100%	n/a	+24%	n/a	n/a		
Deborah Waterhouse ¹	+8%	0%	n/a	+0%	+0%	n/a	+47%	n/a	n/a		
Matthew Westerman ¹	+14%	n/a	n/a	+43%	n/a	n/a	n/a	n/a	n/a		
Employees											
Employees of Schroders plc	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Employees of the Group ^{2,3,4}		Excl. Share in Success Award	Incl. Share in Success Award		Excl. Share in Success Award	Incl. Share in Success Award					
Mean	+10%	+8%	-10%	-22%	+9%	+5%	+49%	+78%	+4%	+2%	+7%
Median	+5%	+6%	-17%	-28%	+2%	+3%	+34%	+62%	+2%	+3%	+0%

1. The fee increases shown reflect the timing of appointment to the Board and/or appointment to roles on Board Committees, as well as a change to the Senior Independent Director fee, as set out on page 106.
2. For base salary, employees of the Group are those who were in employment between 31 December 2021 and 31 December 2022 and represents the salary increase over this period. Salary adjustments agreed as part of the 2022 compensation review will be effective in 2023.
3. For benefits, the mean percentage change for employees of the Group is a per capita figure for those who were in employment for all of the two years under review and represents the average change in benefits value during the year, while the median is the median percentage change of individual employees within the same population.
4. For bonus, the mean and median percentage change for employees of the Group is the mean and the median respectively of the individual year-on-year percentage change in bonus for employees who were in employment and bonus-eligible for all of 2021 and 2022. More commentary on the annual bonus award for each executive Director can be found on pages 78—81.

Shareholder voting on remuneration

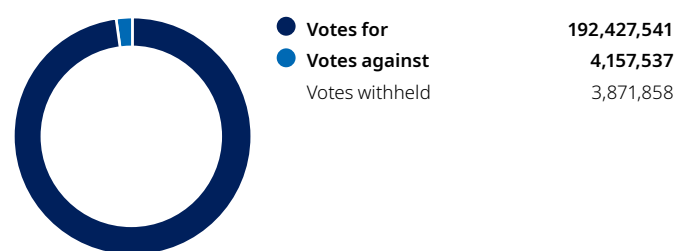
The following votes were cast in respect of the Directors' remuneration report at our 2022 AGM and the Directors' remuneration policy at our 2020 AGM.

To approve the Remuneration report at the 2022 AGM



	Votes for	Votes against
2022 AGM	97%	3%

To approve the Director's remuneration policy at the 2020 AGM



	Votes for	Votes against
2020 AGM	98%	2%

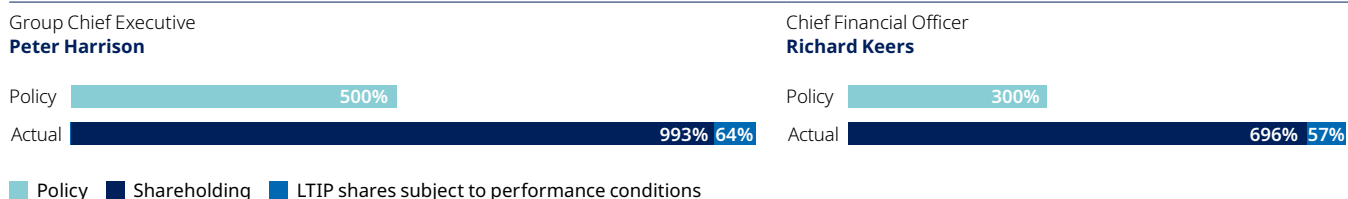
Remuneration report

Notes to the annual report on remuneration continued

Executive Director alignment to shareholders (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. The required shareholdings are 500% of base salary for the Group Chief Executive and 300% of base salary for the Chief Financial Officer. Shares that count towards this policy include the estimated after-tax value of unvested deferred share awards under the DAP or previous incentive plans (shown as "Other unvested share awards" on page 105) and of vested DAP or LTIP awards (shown as "Vested but unexercised share awards" on page 105) but do not include unvested LTIP awards as these rights to shares are subject to performance conditions. Both executive Directors have shareholdings well in excess of the level required under our personal shareholding policy.

Value of shareholding versus shareholding policy (% of salary)



The above illustration includes LTIP awards expected to vest on 1 March 2023 (see page 101) and DAP deferred share awards to be granted in respect of performance in 2022 (see page 100).

Directors' rights under fund and share awards

DAP and LTIP granted during 2022 (audited)

The following awards under the DAP were granted to Directors on 7 March 2022 in respect of deferred bonuses for performance during 2021. No further performance conditions need to be met for awards to vest. An upfront fund award cannot be exercised for six months from the date of grant but is not normally subject to forfeiture if the holder leaves the Group. Deferred share awards normally require the participant to remain in employment with the Group for three years after the date of grant to vest in full, or 3.5 years for a deferred fund award. DAP fund awards are conditional rights to receive a cash sum with an initial value equal to the value of bonus being deferred, granted as nil-cost options. That value is notionally invested in a range of Schroders funds and so the actual amount paid when the award is exercised is the initial amount plus or minus returns on those notional investments. DAP share awards are conditional rights to receive Schroders shares, granted as nil-cost options. These awards were included in the 2021 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 100. They are also shown in the tables of Directors' rights under fund and share awards on page 105.

Individual	Basis of DAP award granted	Face value at grant (£'000)				Share price at grant	Number of shares	Performance conditions
		Upfront fund awards	Deferred share awards	Deferred fund awards	Total DAP award			
Peter Harrison	Deferral of bonus awarded for performance in 2021	1,560	3,369	1,123	6,052	28.78	117,067	Awarded for performance in 2021. No further performance conditions apply
Richard Keers		704	1,490	497	2,691	28.78	51,782	

The following awards under the LTIP were granted to Directors on 7 March 2022 as nil-cost options. They are also reflected in the table of Directors' rights under share awards on page 105.

Individual	Basis of LTIP award granted	Face value at grant (£'000)	Vesting maximum as % of face value	% of face value that would vest at threshold ¹	Share price at grant	Number of shares	End of performance period
Peter Harrison	A specified face value of shares on the date of grant	600	100	25	28.78	20,847	31 December 2025
Richard Keers		400	100	25	28.78	13,898	31 December 2025

1. Percentage of face value that would vest if performance under both the EPS and NNB performance measures was at the threshold level to achieve non-zero vesting.

All DAP share awards and LTIP awards were granted over ordinary shares. The number of shares under each DAP share award and LTIP award is determined by dividing the grant-date face value by the mid-market closing share price on the last trading day prior to the date of grant. Vesting of LTIP awards granted during 2022 are subject to performance conditions which include 20% based on achievement of a long-term climate metric with targets as follows: threshold (25% vesting) requiring 92% of global electricity from renewable sources and maximum (100% vesting) requiring 100% of global electricity from renewable sources, while maintaining leadership CDP rating on climate change for all four years of the performance period. The remaining 80% is split evenly between net new business and EPS, which were subject to the same targets as applied to the awards expected to vest following the end of 2022, as described on page 81, save that the composite index for the measurement of EPS performance for the 2022 awards was as follows: MSCI All Countries Asia Pacific (15%), MSCI All Countries World (15%), MSCI Emerging Markets (10%), MSCI Europe (5%), FTSE All Share (5%), Bloomberg Barclays Global Aggregate (50%).

Annual bonus and LTIP awards (including bonus awards delivered via the DAP) are subject to the Group malus and clawback policy.

Directors' rights under fund awards (audited)

Directors had the following fund award rights under the Group's incentive plans, based on the award values at grant:

		Unvested fund awards £'000	Vested fund awards £'000	Total £'000
Peter Harrison	At 31 December 2021	2,512	–	2,512
	Granted	1,123	1,560	2,683
	Vested	(1,426)	1,426	–
	Exercised	–	(2,986)	(2,986)
	At 31 December 2022	2,209	–	2,209
Richard Keers	At 31 December 2021	1,053	478	1,531
	Granted	497	704	1,201
	Vested	(594)	594	–
	Exercised	–	(1,550)	(1,550)
	At 31 December 2022	956	226	1,182

Directors' rights under share awards (audited)

Directors had the following shares rights under the Group's incentive plans. These are in the form of nil-cost options shown based on the number of shares in each case.

		Unvested LTIP awards ¹	Other unvested share awards ²	Vested but unexercised share awards	Total
Peter Harrison (Ordinary shares)	At 31 December 2021	41,538	152,263	34,541	228,342
	Granted	20,847	117,067	–	137,914
	Dividend-equivalent accrual	–	8,291	4,456	12,747
	Corporate transaction ³	217,064	974,447	567,454	1,758,965
	Vested	(8,963)	(78,035)	86,998	–
	Lapsed where LTIP conditions were not met	(8,963)	–	–	(8,963)
	Exercised	–	–	(640,726)	(640,726)
	At 31 December 2022	261,523	1,174,033	52,723	1,448,279
Richard Keers (Ordinary shares)	At 31 December 2021	27,692	64,504	–	92,196
	Granted	13,898	51,782	–	65,680
	Dividend-equivalent accrual	–	3,620	1,422	5,042
	Corporate transaction ³	144,707	425,378	196,161	766,246
	Vested	(5,976)	(32,780)	38,756	–
	Lapsed where LTIP conditions were not met	(5,975)	–	–	(5,975)
	Exercised	–	–	–	–
	At 31 December 2022	174,346	512,504	236,339	923,189

1. These awards will only vest to the extent that the relevant performance conditions are met. Includes LTIP awards granted on 11 March 2019, which were unvested as at 31 December 2022. These awards are expected to partially vest on 1 March 2023 and any balance will lapse.

2. No performance conditions apply for these awards.

3. Share enfranchisement, bonus issue and subdivision of shares that occurred on 20 September 2022. The value of the award remained unchanged.

During 2022, the aggregate gain on nil-cost options for the Directors, which were settled in shares, was as follows:

- Prior to the corporate transaction on 20 September 2022, Peter Harrison received £283,000 from exercising nil-cost options over 9,769 ordinary shares, granted as an element of his 2017 LTIP award. After this time, he received £2,864,000 from exercising nil-cost options over 630,957 shares being an element of his annual bonus awards for performance years 2019, 2020 and 2021.

Remuneration report

Notes to the annual report on remuneration continued

Non-executive Directors' remuneration (audited)

In July 2022, the Board agreed that the annual fees paid to the Senior Independent Director would increase to £25,000 with effect from 1 August 2022. This brings the fee into line with both the median fee paid within FTSE 100 financial services companies and the fee paid to Chairs of plc board committees. The fees for the other non-executive Directors were not changed. Fees are usually reviewed biennially.

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

1. In addition to the Committee membership fee.

The total remuneration of each of the non-executive Directors for the years ended 31 December 2022 and 31 December 2021 is set out in the table below:

£'000	2022						2021					
	Basic fee	Committee Chair	Committee member	SID	Taxable benefits	Total	Basic fee	Committee Chair	Committee member	SID	Taxable benefits	Total
Dame Elizabeth Corley	448	–	–	–	1	449	27	–	–	–	–	27
Michael Dobson	204	–	–	–	9	213	625	–	–	–	10	635
Sir Damon Buffini	80	8	20	–	–	108	80	25	20	–	–	125
Rhian Davies	80	25	40	–	1	146	80	25	40	–	1	146
Paul Edgecliffe-Johnson	40	–	10	–	1	51	–	–	–	–	–	–
Claire Fitzalan Howard	80	–	–	–	1	81	80	–	–	–	1	81
Rakhi Goss-Custard	80	–	20	–	1	101	80	–	20	–	2	102
Ian King	80	–	20	22	1	123	80	–	20	20	1	121
Leonie Schroder	80	–	–	–	–	80	80	–	–	–	–	80
Deborah Waterhouse	80	–	28	–	1	109	80	–	20	–	1	101
Matthew Westerman	80	17	40	–	–	137	80	–	40	–	–	120

The fees shown in each Director's case reflect the portion of 2022 and 2021 that they each served in their respective roles.

- Michael Dobson stepped down as Chairman at the 2022 Annual General Meeting. Dame Elizabeth Corley, who was appointed to the Board as non-executive Director and Chair designate on 1 September 2021, succeeded Michael Dobson as Chair at the conclusion of the Company's 2022 Annual General Meeting.
- Paul Edgecliffe-Johnson was appointed to the Board with effect from 1 July 2022, with fees set at the same level as for other non-executive Directors.
- Matthew Westerman was appointed Chair of the Remuneration Committee during the year, succeeding Sir Damon Buffini who remained a member of the Committee.
- Deborah Waterhouse joined the Remuneration Committee from 1 August 2022.

The benefits for Michael Dobson comprised private healthcare and medical benefits for him and his family, life assurance, travel expenses and occasional private use of a company car and driver. Benefits for Dame Elizabeth Corley, Rhian Davies, Claire Fitzalan Howard, Rakhi Goss-Custard, Ian King and Deborah Waterhouse comprised travel expenses.

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 2022
	Ordinary shares of 20 pence each
Executive Directors	
Peter Harrison	60,536
Richard Keers	6,405
Non-executive Directors	
Dame Elizabeth Corley	65,294
Sir Damon Buffini	25,000
Rhian Davies	5,000
Paul Edgecliffe-Johnson	5,000
Claire Fitzalan Howard ¹	625,859,426
Rakhi Goss-Custard	3,935
Ian King	13,205
Leonie Schroder ¹	671,881,802
Deborah Waterhouse	–
Matthew Westerman	11,764

	Number of shares at 28 April 2022	
	Ordinary shares of £1 each	Non-voting ordinary shares of £1 each
Former Directors		
Michael Dobson ²	4,965	196,165

1. The interests of Claire Fitzalan Howard and Leonie Schroder include their personal holdings and the beneficial interests held by them and their 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 Michael Dobson refer to the position as at 28 April 2022, the date he stepped down as a Director of the Company.

Between 31 December 2022 and 1 March 2023, the only movements in the Directors' share interests were the acquisition under the Share Incentive Plan of 107 ordinary shares by Peter Harrison and 107 ordinary shares by Richard Keers.

Directors' service contracts and letters of appointment

Each of the executive Directors has a rolling service contract with a mutual notice period of six months. Each of the non-executive Directors has a letter of appointment with a mutual notice period of six months. Letters of appointment and service contracts are available for shareholders to view at the Company's registered office on business days between the hours of 9am and 5pm and will be available at each AGM.

Payments for loss of office and payments to former Directors (audited)

No payments for loss of office were paid to Directors or former Directors during 2022. No payments were made to former Directors during 2022.

Further remuneration disclosures

The remuneration disclosures required under the Capital Requirements Directive are incorporated into the Group's Pillar 3 disclosures and are available at <https://www.schroders.com/en/investor-relations/shareholders-and-governance/disclosures/pillar-3-disclosures/>. Other regulatory remuneration disclosures can be found at www.schroders.com/en/investor-relations/shareholders-and-governance/disclosures/remuneration-disclosures/.

By order of the Board

Matthew Westerman

Chair of the Remuneration Committee

1 March 2023

Directors' report

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

Since 20 September 2022, the Company's share capital comprises 1,612,071,525 ordinary shares of 20 pence each, which have a premium listing on the London Stock Exchange. No shares are held in treasury.

Between 1 January 2022 and 20 September 2022; 226,022,400 ordinary shares of £1 each (80% of the total issued share capital) and 56,505,600 non-voting ordinary shares of £1 each (20% of the total issued share capital) were in issue. No shares were held in treasury. The Company completed the simplification of its dual share class structure on 20 September 2022 whereby it:

- enfranchised 56,505,600 non-voting ordinary shares of £1 each by re-designating them into 56,505,600 ordinary shares of £1 each with full voting rights;
- issued 39,886,305 ordinary shares of £1 each to existing holders of ordinary shares by way of a bonus issue (representing three additional ordinary shares for every 17 ordinary shares held by ordinary shareholders); and
- subsequently sub-divided the Company's total resulting 322,414,305 ordinary shares of £1 each into 1,612,071,525 ordinary shares of 20 pence each.

Following the simplification of the dual share class structure, there are no non-voting ordinary shares in issue.

Under the terms of the Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust, ordinary shares are held in 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 dependants. As at 28 February 2023, 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 59,743,982 ordinary shares.

Under the terms of the Share Incentive Plan, as at 28 February 2023, 6,121,780 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.

Principal Shareholder Group

The history of Schroders began in 1804 when JH Schroder became a partner in J.F. Schröder & Co, a London-based firm founded by his brother JF Schroder. It has evolved since then into the company today known as Schroders plc. Throughout that time, the Schroder family have maintained a significant interest in the business, which the Company believes has been a significant benefit to it. Today, the interests of some members of the Schroder family (being certain descendants of the late Helmut Schroder and, in some cases, their spouse or former spouse) are spread across a number of parties, who are collectively known as the Principal Shareholder Group.

The Principal Shareholder Group is comprised of a number of private trustee companies (and investment companies controlled by those trustee companies), a number of Schroder family individuals, and a Schroder family charity which, directly or indirectly, are Shareholders in the Company.

The Principal Shareholder Group currently holds 694,947,871 Ordinary Shares (43.11% of the issued Ordinary Shares) in the Company. This is comprised as follows:

- 647,627,870 of the Ordinary Shares (40.17%) are owned directly or indirectly by four private trustee companies which act as the trustees of various trusts settled by the Schroder family and investment companies wholly owned by the private trust companies. The trustee companies are Vincitas Limited, Veritas Limited, Alster Limited and Treva Limited. Flavida Limited and Fervida Limited are protector companies which act as protectors of certain of those trusts, and therefore also form part of the Principal Shareholder Group.
- 28,688,354 of the Ordinary Shares (1.78%) are owned directly or indirectly by certain trustee and investment companies following the execution of the estate of Bruno Lionel Schroder (deceased). The trustee companies are Lionel Trustees I Limited and Lionel Trustees II Limited. The investment companies are MEB Investments Limited, CRH Investments Limited and JMF Investments Limited, which are controlled by those trustee companies.
- 16,333,518 of the Ordinary Shares (1.01%) are personally held, directly or indirectly, by certain Schroder family individuals (who are direct descendants of the late Helmut Schroder or, in some cases, a spouse or former spouse of such direct descendants).
- 2,298,129 of the Ordinary Shares (0.14%) are owned by the Schroder Charity Trust, a family charity.

Relationship Agreement

As the Principal Shareholder Group is presumed to be acting in concert, it is required to enter into a binding agreement with the Company to comply with certain independence provisions as set out under the Listing Rules. On 14 November 2014, the Company entered into such an agreement (the Relationship Agreement) with members of the Principal Shareholder Group holding ordinary shares at that time. Additional persons who have since become members of the Principal Shareholder Group holding ordinary shares have adhered to the Relationship Agreement.

The Company's Group provides private banking and wealth management services to certain members of the Principal Shareholder Group. These arrangements are conducted at arm's length and on normal commercial terms.

In accordance with Listing Rule 9.8.4(14), the Board confirms that for the year ended 31 December 2022:

- 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.

Substantial shareholdings

The table below shows the notifiable holdings of major shareholders in the voting rights of the Company, as at 31 December 2022, as disclosed to the Company in accordance with the Disclosure Guidance and Transparency Rules.

On 6 January 2023, Blackrock Inc., notified the Company that their holding had increased to 5.00% of voting rights held. There have been no other changes to these notifications or additional notifications as at the date of the report.

Shareholder	% of voting rights held
Vincitas Limited ¹	23.62
Veritas Limited ¹	15.22
Flavida Limited ¹	23.72
Fervida Limited ¹	16.27
Lindsell Train Limited ²	9.958
Harris Associates L.P. ²	5.02
HSBC Holdings Limited ^{2,3}	3.45
Sir Michael Kadoorie ^{2,4}	3.44

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

Dividends

It is our policy to provide shareholders with a progressive and sustainable dividend, targeting a payout ratio of around 50%. The payout ratio is determined as the total dividend per share in respect of the year, divided by the Group's basic operating earnings per share. In line with this policy the Board recommends a final dividend of 15.0 pence per share (2021: 14.9 pence per share), which if approved by shareholders at the AGM, will be paid on 4 May 2023 to shareholders on the register of members at close of business on 24 March 2023. It means a total dividend for the year of 21.5 pence per share (2021: 21.4 pence per share), representing a payout ratio of 57% (2021: 50%).

In setting the dividend, the Board has regard to overall Group strategy, capital requirements, liquidity and profitability. This approach enables the Group to maintain sufficient surplus capital to take advantage of future investment opportunities while providing financial security to withstand possible risk scenarios and periods of economic downturn.

The distributable profits of Schroders plc are £2.7 billion (2021: £2.8 billion). The Group's ability to pay dividends is, however, restricted by the need to hold regulatory capital and to maintain sufficient operating capital to support its ongoing business activities. Operating capital requirements include co-investments with clients and seed capital investments in our funds to support new investment strategies.

There are certain circumstances that could adversely impact the Group's ability to pay dividends in line with the policy. These include a combination of significantly increase in the ratio of total costs to net income. After deducting the regulatory capital requirement and regulatory capital buffer, there continues to be sufficient capital to maintain our current dividend level for at least three years before taking account of any future profits.

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 2022 and future periods. See notes 6 and 20 to the financial statements.

2023 Annual General Meeting

The 2023 AGM will be held on Thursday, 27 April 2023 at 11.30am. All resolutions are voted on separately and the final voting results will be published as soon as practicable after the meeting. Together with the rest of the Board, the Chairs of the Nominations, Audit and Risk, and Remuneration Committees will be present to answer questions.

Rule 9 Waiver and authority to purchase own shares

At the General Meeting held on 15 August 2022, the Company was authorised by shareholders to purchase up to 161,207,153 ordinary shares. Renewal of this authority will be sought at the 2023 AGM. Exercise of this authority would be subject to prior PRA consent.

As a consequence of any buyback of shares, it is likely that the Principal Shareholder Group's aggregate shareholding in the Company would passively increase from the current 43.11%. If this were to happen, under the Takeover Code the Principal Shareholder Group would be required to make a mandatory cash offer for the whole Company. Accordingly, a waiver has been obtained from the Takeover Panel of this obligation if the aggregate shareholding of the Principal Shareholder Group were to increase as a result of any buyback of shares. This waiver is conditional on approval by the Independent Shareholders of the Waiver Resolution at the 2023 AGM.

In addition, as a result of the dilution of its aggregate shareholding following the simplification, the Principal Shareholder Group is permitted prior to 20 September 2023 to acquire, in aggregate, 1% holding of ordinary shares without being required to make a mandatory cash offer for the whole Company under the Takeover Code. Members of the Principal Shareholder Group announced on 29 December 2022 that they (through nominees) had entered into a forward purchase contract with UBS Switzerland AG with the intention of exercising this "1% Bounceback" right from 30 December 2022 up until 15 August 2023. The earliest that members of the Principal Shareholder Group will acquire ordinary shares under this arrangement is 19 March 2023. If this right were to be exercised in full (without the Company carrying out any purchases under the Buyback Authority) then the Principal Shareholder Group's holding of ordinary shares would increase to 44.11%.

Importantly, the waiver and the use of the 1% Bounceback will not in themselves permit the Principal Shareholder Group's holding of ordinary shares to increase above the 47.93% holding of voting ordinary shares held prior to the simplification of the Company's dual share class structure without triggering a mandatory cash offer for the whole Company.

Members of the Principal Shareholder Group are supportive long-term shareholders and intend to retain a substantial shareholding in the Company over the long term. The Board expects to seek renewal of the Buyback Authority (and the associated Waiver Resolution) annually until such time as the Principal Shareholder Group's holding of ordinary shares has returned to the level of 47.93%.

Employment practices

Details of the Company's employment practices, including diversity and employee engagement, can be found in the Strategic report on pages 30 and 31.

Workforce Diversity

We are proud to have published our Workforce Diversity and Gender Pay Gap Report and we will be releasing our 2022 report in Q1 2023. This demonstrates our commitment to progress towards a more diverse workforce. We have an equal split of male and female representation at Board level, 17% of our Board identify as ethnic minorities and we comply with the recommendations of the Parker Review. We also introduced Board-approved ethnicity targets in 2021, including a 16% target for employees in the UK by the end of 2023 which we have met a year early. Our Board sets and reviews these targets on an annual basis, as well as reviewing the succession plans for all our critical roles globally. These are also reviewed from a gender and ethnicity perspective.

Details of the gender diversity of our Board and senior management are set out below.

Gender diversity

Schroders plc Directors



Subsidiary Directors



All employees



Senior management



Total senior management



● Female ● Male

Corporate sustainability

The Directors have considered climate-related matters including the risks of climate change when preparing the Company's accounts.

Decarbonising our operations

We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. We are doing this by decreasing energy demand, increasing energy efficiency and switching to low carbon electricity sources. Our office energy efficiency measures include equipment and lighting upgrades, and adjusting temperature set points and plant run times.

The below table provides details on our total operational greenhouse gas emissions (GHG) and energy data, and is in line with the Streamlined Energy and Reporting (SECR) requirements. For a more detailed summary of our climate change strategy and both our operational emissions and emissions associated with our investments, please refer to our Climate Report at www.schroders.com/TCFD.

Greenhouse gas emissions (tCO ₂ e)	2022	2021	2019 (base year)
Total Scope 1 emissions	789	1,980	1,110
Total Scope 2 emissions (location-based)	3,711	3,908	5,718
Total Scope 2 emissions (market-based)	717	1,063	3,255
Total Scope 1 and 2 emissions (location-based)	4,500	5,888	6,828
Of which UK Scope 1 and 2 (location-based)	2,767	3,824	4,621
Total Scope 1 and 2 emissions (market-based)	1,506	3,043	4,365
Of which UK Scope 1 and 2 (market-based)	809	1,723	2,408
Total Scope 3 operational emissions¹	117,417	96,421	115,048
Metrics			
Scope 1 and 2 emissions (tCO₂e) per employee	0.73	1.04	1.27
Global energy consumption (kWh)			
Total energy consumption	19,258,182	20,952,475	26,265,797
Of which UK energy consumption	13,410,123	13,206,057	18,495,195

We report our GHG emissions inventory using the GHG Protocol Corporate Standard, the GHG protocol Scope 3 calculation guidance, the GHG Protocol Value Chain (Scope 3) Standard and the Global GHG Accounting and Reporting Standard for the Financial Services Industry which was developed by the Partnership for Carbon Accounting Financials (PCAF).

The financial control boundary approach has been applied to our GHG inventory, which follows our accounting consolidation approach. No category of emissions has been excluded from this boundary.

1. We have re-stated our supplier emissions (category 1: Purchased goods and services, category 2: Capital goods and category 4: Upstream transportation and distribution) from 2019 to 2021 due to material updates that were made to the emissions factors published by Defra.

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 financial year and remain in force.

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

Under the Trust Deed and Rules of the Schroders Retirement Benefit Scheme (the Scheme), the Company provides a qualifying pension scheme indemnity in line with the Companies Act 2006. The indemnity covers each director of the trustee company that acts as trustee of the Scheme. The provisions have been in force during the financial year.

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 at that time, 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 and Recusal Policy

The Company has procedures in place to identify, authorise and manage conflicts of interest, including of Directors of the Company. 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 Group 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 the Amended and Restated Framework Agreement (Framework Agreement) with Lloyds Banking Group plc (LBG) signed on 3 October 2019 in relation to the strategic partnership announced on 23 October 2018, on a change of control of the Company to: (1) either a material competitor of an LBG business 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 implementing transactions conducted at specified valuations.

The Company entered into an amended Shareholders Agreement with Greencoat management shareholders on 10 April 2022, with respect to their respective shareholdings in Greencoat Capital Holdings Limited. On a change of control of the Company, to a person who does not form part of the "Principal Shareholder Group", the management shareholders have the right to sell their shares to Schroder International Holdings Limited, a subsidiary of the Company.

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 (2021: nil) and there is no intention to make or incur any in the current year.

Directors' report

continued

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
(5) Details of any arrangements under which a Director of the Company has waived or agreed to waive any emoluments from the Company or any subsidiary undertaking.	See page 82
(12) Details of any arrangements under which a shareholder has waived or agreed to waive any dividends.	See pages 109, 128 and 153
(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 109, 128 and 153
(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 pages 108 and 109

By order of the Board.

Graham Staples
Company Secretary

1 March 2023

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 financial statements in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006. 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 in accordance with IAS8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- make estimates and judgements that are reasonable and prudent.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosure where compliance with the specific requirements of UK-adopted international accounting standards is insufficient to enable users to understand the impact of a particular transaction, other events or conditions on the Company or Group's financial position or financial performance.
- state whether the financial statements comply with UK adopted international accounting standards, 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 Company or 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. 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 UK adopted international accounting standards, 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 108, 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 Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.
- The Directors have 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](https://www.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 'foresee', '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.