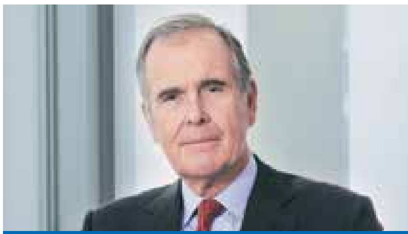
Leading a world class business



Michael Dobson
Chairman

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

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

External appointments: Member of the President's Committee of the Confederation of British Industry, Advisor to G3 Group.

Committee membership: Chairman of the Nominations Committee.

Peter Harrison
Group Chief Executive

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

Experience: He began his career at Schroders and subsequently held roles at Newton Investment Management, 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.

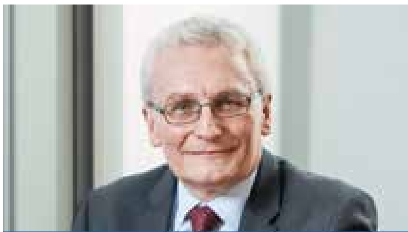
External appointments: Member of the Investment Association Advisory Council and the Impact-Weighted Accounts Initiative Leadership Council. He is a Director of FCLT Global and a member of the Advisory Board of Antler Global.

Richard Keers
Chief Financial Officer

Appointed a Director and Chief Financial Officer in May 2013.

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

External appointments: None.



Ian King
Senior Independent Director

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

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

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

Committee membership: Member of the Nominations and Remuneration Committees.

Sir Damon Buffini
Independent non-executive Director

Appointed in February 2018.

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

External appointments: Chair of the National Theatre and Chair of Royal Anniversary Trust UK.

Committee membership: Chairman of the Remuneration Committee and a member of the Nominations Committee.

Rhian Davies
Independent non-executive Director

Appointed in July 2015.

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

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

Claire Fitzalan Howard
Non-executive Director

Appointed in April 2020.

Experience: She began her career at Kleinwort Benson, where she worked from 1982 to 1987. She subsequently joined Gauntlet Insurance Services, insurance brokers specialising in high net worth clients, where she had an executive role until 1996 and was a non-executive Director from 2004 until 2019. She is a descendant of John Henry Schroder, co-founder of the Schroders business in 1804.

External appointments: Non-executive Director of Caledonia Investments plc, Director of the Schroder Charity Trust and a trustee of a number of other charitable foundations.

Committee membership: Member of the Nominations Committee.

Rakhi Goss-Custard
Independent non-executive Director

Appointed in January 2017.

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

External appointments: Non-executive Director of Kingfisher plc and Rightmove plc.

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

Leonie Schroder
Non-executive Director

Appointed in March 2019.

Experience: She has held a number of roles in the charity sector and is currently a director of the Schroder Charity Trust and a number of private limited companies. She is a descendant of John Henry Schroder, co-founder of the Schroders business in 1804.

External appointments: Schroder Charity Trust and a number of private limited companies.

Committee membership: Member of the Nominations Committee.

Deborah Waterhouse
Independent non-executive Director

Appointed in March 2019.

Experience: She has been the CEO of ViiV Healthcare, a major international business, since 2017. ViiV Healthcare is a leading global company, majority owned by GlaxoSmithKline (GSK) and focused on advancing science into HIV treatment, prevention and care. She is a member of the GSK Corporate Executive Team.

External appointments: Private limited companies relating to ViiV Healthcare.

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

Matthew Westerman
Independent non-executive Director

Appointed in March 2020.

Experience: He 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 where he was a Partner for 14 years. Between 2016 and 2017 he was Co-Head of Global Banking at HSBC.

External appointments: MW&L Capital Partners, Chairman of the Board of Trustees of the Imperial War Museum and a Foundation Fellow of Balliol College, Oxford, Trustee of the UK Holocaust Memorial Foundation.

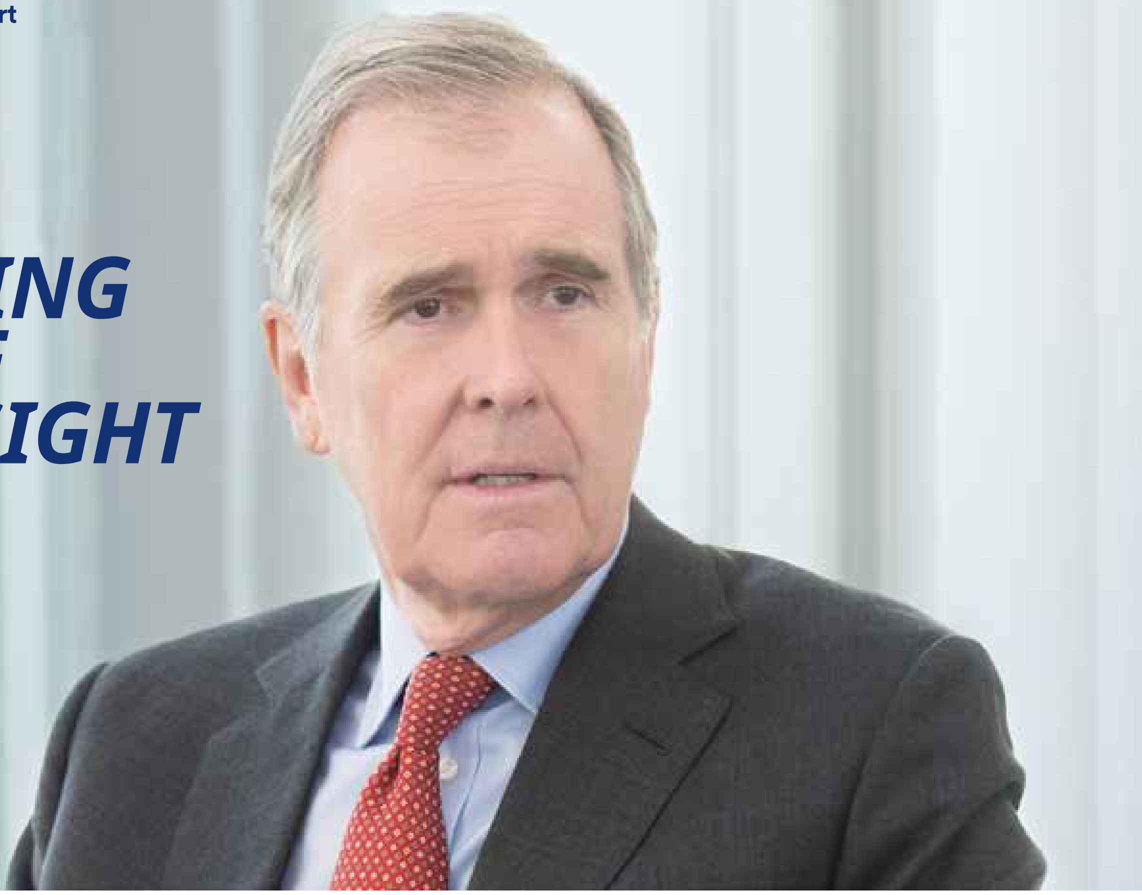
Committee membership: Member of the Nominations, Audit and Risk, and Remuneration Committees.

Graham Staples
Group Company Secretary

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

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

ENSURING EFFECTIVE OVERSIGHT



I am pleased to introduce our corporate governance report for 2020 in which we describe our governance arrangements, the operation of the Board and its Committees and how the Board discharged its responsibilities during the year.

2020 was a year of unprecedented challenges. The speed with which the Covid-19 crisis took hold, and its impact on the macro economy and financial markets, was extraordinary and required a swift response to ensure that our business was able to continue to operate effectively. Throughout this Annual Report we have illustrated some of the steps we took to protect clients, our employees and the interests of our wider stakeholders.

The Board quickly recognised that we needed to change our approach to ensure that we could continue to maintain effective oversight. We implemented regular business updates from management in addition to our normal board agenda and met as a Board 19 times during the year, in person or virtually. Standing items on our agenda included a report from the Chief Executive on how the business was operating; an update on financial markets and their impact on clients and the funds we manage on their behalf; the impact on our workforce and the steps we were taking to facilitate working from home and protect our employees' wellbeing generally; and the financial impact on the Company's profits and capital position.

Due to Government restrictions, shareholders were unable to attend our Annual General Meeting in person. We nevertheless wanted to enable shareholders to participate as fully as possible, so we facilitated live attendance by telephone and gave shareholders the opportunity to ask questions of the Board. All presentation materials and shareholder questions were shown on our website.

Although the pandemic was naturally a major focus of the Board's discussions, we continued to focus on the long term opportunities and challenges. These strategic discussions were best held face to face so we delayed our annual strategy meeting from May until July, with further meetings held in the Autumn.

We welcomed Matthew Westerman and Claire Fitzalan Howard to the Board in early 2020, both of whom are making a valuable contribution.

The challenges posed by the pandemic have required, and continue to require, Non-executive colleagues to commit significantly more of their time than usual to the Company and I would like to thank them for that commitment. I would also like to pay tribute to the hard work of our two Executive Directors, and senior management generally, in steering the Company so well through these difficult times.

Michael Dobson
Chairman

3 March 2021

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.

2020 Board and Committee meeting attendance

	Board[1]	Audit and Risk Committee	Remuneration Committee[2]	Nominations Committee
Michael Dobson[3]	19/19			4/6
Executive Directors				
Peter Harrison	19/19			
Richard Keers	19/19			
Non-executive Directors				
Ian King	19/19		9/9	6/6
Sir Damon Buffini[4]	19/19		9/9	3/6
Rhian Davies	19/19	5/5	9/9	6/6
Rakhi Goss-Custard	19/19	5/5		6/6
Claire Fitzalan Howard[5]	13/13			4/4
Philip Mallinckrodt[6]	5/6			1/2
Leonie Schroder	19/19			6/6
Deborah Waterhouse	19/19	5/5		6/6
Matthew Westerman[7]	17/17	4/4	1/1	4/4

1. There were five scheduled Board meetings held during the year and 14 additional meetings to consider the impact of the Covid-19 pandemic, business strategy and specific acquisition opportunities.
2. There were four scheduled Remuneration Committee meetings held during the year and five additional meetings outlined on page 90.
3. Michael Dobson did not attend Nominations Committee meetings that discussed the Chairman's succession.
4. Damon Buffini was unable to attend three meetings of the Nominations Committee.
5. Claire Fitzalan Howard was appointed to the Board and as a member of the Nominations Committee on 30 April 2020.
6. Philip Mallinckrodt retired from the Board on 30 April 2020. He did not attend the Nominations Committee or the Board meeting that discussed his retirement.
7. Matthew Westerman was appointed to the Board and as a member of the Nominations and Audit and Risk Committees on 9 March 2020. He joined the Remuneration Committee on 19 November 2020.

Compliance with the 2018 UK Corporate Governance Code (Code)

Throughout 2020, the Company has applied the main principles and provisions of the Code with the exception of Provisions 9, 19 and 32. Michael Dobson was not independent on appointment as Chairman in April 2016, and has served on the Board for more than nine years since he was first appointed. The Chairman's appointment was fully explained in the 2015 Annual Report and Accounts and the Board confirms its view that the Chairman's continued service is in the best interests of the Company and its stakeholders. Sir Damon Buffini was appointed as Chair of the Remuneration Committee on 6 November 2019, having served on the Committee for marginally less than the 12 months required under Provision 32. This was fully explained in the 2019 Annual Report and Accounts.

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

The Board and its committees

The Board decided it needed to meet more frequently than usual during the year in order to be able to discharge its duties, due to the fast pace of change and disruption caused by the Covid-19 pandemic.

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 decisions on the Group's overall strategy, significant new business activities and the strategy for management of the Group's investment capital. These are contained in the Schedule of Matters Reserved to the Board, which can be found on the Company's Investor Relations website, schroders.com/ir.

Board composition at 31 December 2020

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

Length of tenure at 31 December 2020

0-3 years	46%	6-9 years	18%
3-6 years	27%	9+ years	9%

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 Chairman of each committee provides the Board with an update of the work currently being carried out by the committee they chair. Membership of the committees is detailed in each committee's report. The committees' terms of reference can be found on the Company's Investor Relations website.

There is also a Chairman's Committee whose membership is comprised of the non-executive Directors. The Chairman's Committee is not a committee of the Board and serves as an informal forum for the discussion of such matters as the Chairman considers appropriate. In 2020, the Chairman's Committee discussed the results of the external Board evaluation, the performance of the Group Chief Executive, acquisition opportunities and talent and succession planning.

There was one Board call during the year in January. Board calls are used as an additional avenue for communication that supplements the formal Board meeting programme. 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. Due to the frequency of Board meetings from March onwards as a result of the pandemic, there were no further calls as the Board was being updated on key issues regularly through those meetings.

Governance framework

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

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

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

Senior Independent Director (SID)
The SID's role is to act as a sounding board for the Chairman, oversee the evaluation of the Chairman's performance and serve as an intermediary for the other Directors if necessary. He is also available as an additional point of contact for shareholders and other stakeholders should they wish to raise matters with him rather than the Chairman or Group Chief Executive. He is the designated non-executive Director responsible for engagement with the workforce as key stakeholders in the Company, in accordance with the Code.

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.

Chairman: Michael Dobson

See page 67 for the Committee Report.

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

Chairman: Rhian Davies

See page 69 for the Committee Report.

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

Chairman: Sir Damon Buffini

See page 75 for the Committee Report.

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

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

Group Risk Committee (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 conflicts of interest.

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

The Nominations Committee report contains more detail on our approach to Board composition. Biographies of each of the Directors are set out on pages 58 to 59.

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.

Michael Dobson, as former Chief Executive and having served more than nine years since his first appointment, is not considered independent under the Code. Claire Fitzalan Howard and Leonie Schroder are not considered independent as they are members of the principal shareholder group. The Nominations Committee believes the judgement and experience of Michael Dobson, Claire Fitzalan Howard and Leonie Schroder continue to add value to the Board and the Group. The Board will therefore recommend their re-election at the 2021 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.

The Company has decided that all Directors should retire and stand for re-election annually, unless they are retiring from the Board. Details of the Directors' length of tenure are set out on page 61.

Non-executive Directors' letters of appointment stipulate that they are expected to commit sufficient time to discharge their duties. The Board has adopted a policy that allows executive Directors to take up one external non-executive directorship. Non-executive Directors are required to notify the Chairman before taking on any additional appointments. The Board is satisfied that all Directors standing for re-election at the 2021 AGM 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 our Directors' Remuneration report from page 75.

Key areas of focus during the year

At each scheduled Board meeting the Board discusses reports from the Group Chief Executive on the performance of the business, the Chief Financial Officer on financial performance, the Company Secretary on governance developments, and, where relevant, a report from each of the Board Committees. Due to the Covid-19 pandemic, the Board made the decision to postpone the review of the Group's strategy originally scheduled for May to July, in order that the Board could debate in person. In addition to these regular matters, specific areas of focus by the Board during 2020 included:

Meeting dates	Key areas considered
March	– Wealth Management strategy – Slavery and Human Trafficking statement – Annual Report and Accounts 2019 and dividend proposal – Board priorities 2020
July (rescheduled from May)	– Group strategy update – Financial forecasts, including capital – Investment performance review – People strategy, diversity and inclusion – Acquisition proposal
July	– Half-year results and dividend proposal – China strategy – Technology strategy – ICAAP and ILAAP
October	– North America strategy – Culture, Conduct and Controls – Resolution and wind-down plan
November	– Product strategy – Corporate purpose, corporate and social responsibility including climate change – Recovery plan – 2021 budget

Throughout the year, the Board has considered workforce welfare, external markets, the impact on our clients, the Group's capital position, business operations and the need to keep the market updated on key developments. The Board also continued to focus on the development of our overall strategy for the Group and the key individual drivers of growth over the next five years. Particular focus was given to the competitive environment, our clients, the evolution of our core business and investing for growth opportunities, including the consideration of potential acquisitions. The Board considered the Group's approach to diversity and inclusion and how it impacts our business.

There were 14 additional Board meetings in 2020 to ensure the Board maintained effective oversight of the business during the pandemic, to consider the Group's strategy and to consider specific acquisition opportunities.

Board induction and training

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

Following the appointment of Matthew Westerman in March and Claire Fitzalan Howard in April, a comprehensive and tailored induction programme was provided on a virtual basis and is ongoing.

The induction process involved:

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

The induction process is reviewed on a regular basis and is updated and tailored to ensure it remains appropriate for the needs of newly appointed Directors.

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.

Induction and briefing meetings are generally opened up to all Directors to attend on an optional basis.

The Board believes that the ongoing development and briefing of Directors is an important aspect of the Board's agenda. Briefing sessions are arranged each year which, during 2020, included presentations on Schroders Personal Wealth, our joint venture with Lloyds Banking Group, Group Capital Management and Data Insights on how data can drive alpha. Members of the Board Committees also receive regular updates on technical developments at scheduled Committee meetings.

2019 Board evaluation

The 2019 Board evaluation was facilitated externally by Independent Board Evaluation (IBE). They have no other connection with the Company.

A number of recommendations were put forward by IBE and the following were agreed by the Board.

- Reviewing the induction programme for new Directors, aligning it to the forward calendar of Board topics wherever possible and incorporating other suggestions to help them get up to speed on Board culture and practices as soon as possible.
- Increasing the amount of informal time the Board spends together to help new members to get to know their colleagues.
- Developing a programme of informal meetings with key high-potential executives in tandem with the succession plan, to get to know them better over time.
- Including more competitor information and a stronger customer lens in Board discussions.
- Updating the Board skills matrix to guide future appointments, with the focus on creating alignment between the skills of the Board and the strategy.
- Prioritising asset management and breadth of plc experience in any forthcoming non-executive recruitment processes and encouraging executive Directors to find appropriate and non-conflicting non-executive board roles with another listed company.

These recommendations were followed through during the course of 2020 or plans were put in place where not completed due to the pandemic.

2020 Board evaluation (internal)

The 2020 evaluation was undertaken internally. The Chairman asked each Director to provide a written evaluation focusing specifically on five key areas:

- To what extent we had achieved the priorities we set ourselves at the start of 2020, recognising that Covid-19 had impacted a number of our plans.
- How the Board and the management team performed in light of the pressures brought on by the Covid-19 crisis.
- Whether the Committees had discharged their responsibilities effectively and the quality of the reporting to the Board.
- The induction process for new Directors.
- The areas of focus for the Board in 2021.

Directors were also asked to provide any further comments they wished to on any aspect of Board, Committee and Director performance.

The overall conclusion was that the Board and Committees performed well in 2020. The regular meetings held throughout the year contributed to the Board working effectively together. Most of the priorities set for 2020 had been achieved despite the Covid crisis, although there was a recognition that the Board should revisit some of the areas reviewed in 2020 to gain a broader and deeper understanding of them. The key area of focus for all Directors was the Group's strategy. There was a clear feeling that the Board and the executives had responded well to the Covid crisis. The Company's performance at an extremely challenging time was seen as vindicating the work of the Board and the Committees in 2020 and in previous years. There was a high degree of confidence in the work of the Remuneration Committee and the Audit and Risk Committee and the reporting to the Board was of high quality. The Nominations Committee was seen to have performed well in bringing on the new Directors in 2020. In terms of the induction process, this had had to be undertaken remotely rather than face to face as normal, which was clearly sub-optimal.

Priorities for 2021

In light of the findings of the 2020 evaluation and the conclusions of a Chairman's Committee discussion on priorities, the Board agreed a set of high level objectives for 2021 and these include:

- Establishing clear KPIs for the most important financial and strategic measures of performance and reviewing them regularly against budget and five year plans.
- Agreeing a five year strategic plan with a particular focus on organic growth opportunities and a detailed review of inorganic opportunities.
- Focusing on senior management talent and succession planning.
- Reviewing all key business areas.
- Reviewing investment performance in key asset classes.
- Reviewing all acquisitions made in the past five years.

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.

Stakeholder interests and engagement

In discharging their section 172 duties the Directors have regard to the factors set out on page 33 and any other factors considered relevant to the decision being made, such as the interests of employees and the views of regulators. The Directors acknowledge that every decision made will not necessarily result in a 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, aim to make sure that its approach to decision-making and consideration of stakeholder interests is consistent.

The examples provided below and on page 66 show how the Board considered the matters set out in section 172 in respect of some of the key decisions made during 2020. More information on our methods of engagement with our key stakeholders and further information on how their interests have been considered during the year are set on pages 32 to 33.

Engagement through our Investor Relations programme

We continued to operate a complete Investor Relations programme during 2020, even though much of our activity had to adapt to an online environment. The Group Chief Executive and Chief Financial Officer met with a number of our major shareholders to discuss our results and strategy for driving future growth. Investor Relations also led meetings with continental European investors and Schroders was represented at a number of industry conferences.

To ensure that the Board maintained an understanding of the views of our major shareholders, we again commissioned an independent investor perception study, following the last investor study in 2018. A third party provider conducted in-depth interviews with 12 of the Company's largest shareholders in the UK and North America. These interviews covered shareholder views on the Group's results, strategy, future prospects, competitive positioning and quality of senior management. The findings were then presented to the GMC and the Board.

The Group is also planning two capital markets days for the investor community in 2021, following the last event in 2019. The event will look to provide the investment community with a deeper understanding of our strategic objectives, as well as access to senior management responsible for delivering them.

Engagement and communication at the AGM

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. All of these are available on the Company's website and the Annual Report and Accounts is posted to all shareholders who elect to receive it. The Group's website also contains information on the business of the Company, corporate governance, all regulatory announcements, key dates in the financial calendar and other important shareholder information.

We consider the AGM as an important opportunity to meet with shareholders, hear their views and answer their questions about the Group and its business. As we were unable to hold a physical AGM in 2020, we organised a conference call which enabled any shareholder to join and ask questions of the Board. For shareholders who wished to ask a question but were unable to join us on the day, we offered the option to send questions in advance. After the meeting the website was updated with a summary of the presentations and the question and answer session.

Remuneration policy

We consulted with our major shareholders ahead of proposing a new remuneration policy at the AGM in 2020. The engagement process enabled the Board and senior management to understand concerns and create alignment across stakeholder groups. Our remuneration principles are designed to promote the long-term sustainable success of the Group in the interests of all stakeholders, and following our consultation process we received a vote of 97.89% in favour of the revised policy at the AGM.

Communication and engagement with employees

Ian King, the Senior Independent Director, is the designated non-executive Director responsible for gathering workforce feedback.

Ian chairs the Global Employee Forum meetings to discuss directly with employees key issues relating to the business and our employees and to report views back to the Board. The Forum met twice in 2020, in April and October.

From the April meeting feedback from the Forum was that the Company's actions in the Covid-19 crisis showed that staff were valued and that the Company was taking a very positive stance on corporate responsibility issues. The various communications, including the weekly podcasts, had been well received in particular. The Forum had been interested in how the Board had been operating during the crisis and how we would be getting back to a 'business as usual' status. The Forum had also asked about Board succession, the AGM in the lockdown and remuneration and in particular whether we would be able to retain talent should results be depressed by the impact of Covid. Ian had given insights into how the Board addressed all of these issues and the information had been well received by Forum members.

At the October meeting the focus remained on the impact of the pandemic. The Forum felt that the Company had responded well, was communicating with and was compassionate towards employees. There remained a very positive view of the Company. There was significant discussion on the blurring of home and business boundaries during the crisis and a strong recognition that everyone was dealing with different challenges. The major change since the last Forum was one of increased fatigue across the workforce and uncertainty over the future, especially regarding returning to the office. The provision of a safe working environment was something that the Company took very seriously because we recognised that not all our people felt comfortable or could work from home. The Forum also discussed many of the issues the Board was considering, including our investment in technology which enabled effective working in the pandemic; the resilience of our business model and the benefits of diversity; the increasing importance of Environmental, Social and Governance (ESG) issues and how these contribute to our wider purpose, including the decision not to take any government assistance or make any redundancies resulting from the pandemic; and the rationale for continuing to pay dividends during the pandemic.

The Board has found this additional feedback from our employees extremely valuable in terms of its own consideration of the issues facing the business and will continue to engage via the Forum in 2021.

Stakeholder interests and engagement

Acquisitions

The Board believes that, in line with strategy, investing for growth is in the best interest of all stakeholders and has continued to examine potential acquisitions as one avenue in pursuit of this goal.

Sandaire

The Board considered the acquisition of Sandaire, a London based multi-family office with £2.4 billion of discretionary assets under management, as part of the strategy of expansion by the Group's Wealth Management business. The Board agreed this acquisition would contribute towards Schroders' strategic priorities of expanding the Wealth Management business, providing closer relationships with end clients, targeting markets with greater longevity and establishing Cazenove Capital as a leader in the UK's multi-family office space.

When deciding to proceed with the acquisition the Board considered the interests of a number of key stakeholders. In addition senior management held engagement meetings with key stakeholders. The subsequent review of that engagement by the Board confirmed that there was both a good cultural fit for employees and that the acquisition would promote the Group's strategy. The impact of the transaction on Sandaire's clients was considered, including the Group's ability to design future products to meet their requirements, by utilising the expertise of the wider Group in Private Assets & Alternatives. Sandaire's clients will also benefit from the integration of the business into Schroders' operational platform and wider range of investment capabilities. The interests of Sandaire's employees were also of key importance as upon completion, a number of employees from Sandaire joined our Wealth Management business and will be key to driving the integration, future growth and success of the business.

The acquisition was subject to approval by the FCA, therefore engagement with them was paramount. In addition, there was engagement with LBG who hold a minority stake in our UK Wealth Management business.

Pamfleet

The other major acquisition undertaken during 2020 was the acquisition of a majority stake in Pamfleet, an independent, employee owned Asian real estate manager with focus in Hong Kong, Shanghai and Singapore.

The Board is aware of the appetite of our clients for Private Assets & Alternatives products, therefore growing our capability in that area was a key consideration. The acquisition offered the opportunity for continued growth of the Group's Private Assets & Alternatives business and achieving access to the Asian real estate market where the Group historically had little penetration. Stakeholder engagement was carried out by senior management from our Private Assets & Alternatives business, and this included discussions with Pamfleet's management to assess their cultural fit with Schroders. The engagement showed that cultural alignment was strong, with Pamfleet having a hands-on approach, which added value to their investments, generating performance in excess of their peer group. Following that engagement the structure of the deal was geared to incentivise growth, with Pamfleet's owners retaining a 49% stake in the business.

Response to the Covid-19 pandemic

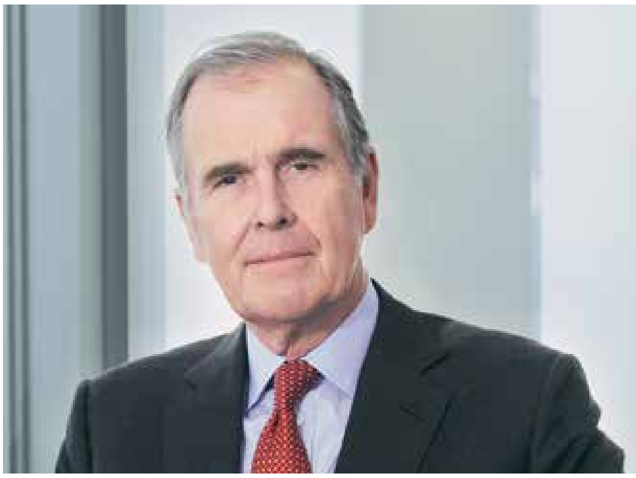
The Board met 19 times in 2020, 14 of which were additional meetings to consider, amongst other matters, the Group's response to the challenges posed by the Covid-19 pandemic, and how best to meet these challenges in the interests of stakeholders. The Board identified a number of key priorities, including the welfare of our workforce, the impact on our clients of a volatile external market and the performance of our funds, alongside the Group's capital position, business operations and the need to keep the market updated of any key developments.

The Board reviewed the impact of our workforce transitioning to working from home, the resilience of our technology platforms and key counterparty risk. It was agreed that an increased programme of communication was essential, both to the workforce and our regulators, and that the welfare of the workforce was paramount to business performance. The Board considered the payment of the 2019 final dividend, taking into account the Group's financial position and an external environment of approximately one third of the FTSE 100 companies announcing they would defer, cut or cancel their dividends in light of the crisis. The Board concluded that the dividend should be paid in full and that this decision was supported by the Group's financial position. The executive Directors and senior management engaged with the PRA and FCA to demonstrate the resilience of the Group and its ability to pay the final dividend. The Board also considered the interests of shareholders and pension funds, who would likely experience a fall in dividend income from their other investments. This decision was in line with the Board's policy of providing shareholders with a progressive and sustainable dividend.

During the early stages of the pandemic, the Board considered the impact of the Group's charitable giving, and agreed it was appropriate to increase matched giving significantly to support a range of Covid-19 related charitable causes. In addition, the Board unanimously agreed to donate 25% of their fees and salaries to charity for a period of three months. The executive Directors volunteered to waive the value of their 2020 LTIP awards.

In November 2020, the Board unanimously agreed a 50% increase in the budget for charitable giving. This allows us to sustain employee matched giving and develop long-term partnerships with charities around the world. The Board agreed that this was an important step given the global impact of Covid-19 on charities and society as a whole.

Benefitting from diversity



I am pleased to present the Nominations Committee report for 2020.

Two new non-executive Directors joined the Board in 2020. Matthew Westerman was appointed on 9 March and Claire Fitzalan Howard was appointed on 30 April at the conclusion of the Annual General Meeting. We continue to maintain a majority of independent Directors in line with our policy, and we now have an almost equal balance between men and women on the Board.

We benefit from the diverse experience of our non-executive Directors, the Board is well positioned to take the business forward and all Directors are making a significant contribution to our deliberations.

In November, Matthew Westerman joined the Remuneration Committee bringing the membership of the Committee to four. His long experience in financial services is particularly relevant to that Committee.

We continue to review succession in relation to senior management and non-executives. In that context, having overseen significant changes to the Board over the last few years in terms of its composition and how it operates, I asked Ian King last year, in his capacity as Senior Independent Director, to lead the Committee in taking forward plans for my own succession as Chairman. Ian's update on the process is included in this report.

Directors standing for re-election

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

As 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 2021 Notice of AGM.

Committee membership

- Michael Dobson (Chairman)
- Sir Damon Buffini
- Rhian Davies
- Claire Fitzalan Howard (from 30 April 2020)
- Rakhi Goss-Custard
- Ian King
- Philip Mallinckrodt (until 30 April 2020)
- Leonie Schroder
- Deborah Waterhouse
- Matthew Westerman (from 9 March 2020)

See page 61 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 members are set out on pages 58 and 59.

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.

The Board fully understands the importance of increasing gender diversity and committed to having a minimum of 33% of Board positions held by women by 2020. Currently women comprise 45% of the Board. We intend only to use the services of executive search firms which have signed up to the Voluntary Code of Conduct on Gender Diversity.

Additional information on diversity and inclusion within the business can be found in our strategic report.

Evaluating the performance of the Committee

The internal evaluation process for 2020 is set out in detail on page 64.

Priorities for 2021

During 2021, we will continue to review Board composition and succession planning for senior management and non-executive Directors. Ian King will continue the process of finding my successor as Chairman.

Michael Dobson
Chairman of the Nominations Committee

3 March 2021

The process of succession to the Chairman

In the 2019 Annual Report, Michael Dobson said that, having overseen significant change to the composition of the Board and how it operates, he thought the time was right to ask me to begin the process of identifying his successor as Chairman.

In May, I agreed with the Nominations Committee a process for identifying Michael's successor. The first step was selecting and appointing an external search firm to assist in identifying potential candidates. Following a competitive selection process we appointed Russell Reynolds Associates. A formal candidate profile was drawn up and agreed with the Nominations Committee and Russell Reynolds produced a long list of potential candidates which we subsequently narrowed down to a high quality shortlist. I met all of those on the shortlist, but only virtually as a result of the restrictions imposed by the Covid-19 pandemic.

At our meeting in November, the Nominations Committee, chaired by me and without Michael being present, discussed the succession process in detail. Whilst good progress had been made, critical factors such as the current availability of candidates as well as restrictions on our ability to engage with them in person because of the pandemic, have impacted timelines. We therefore decided to extend the process.

The Nominations Committee is grateful that Michael has agreed to defer his retirement from the Board until a successor is in place, particularly given the importance of maintaining stability as we manage the impact of the pandemic on the Company. We will continue the process and make an announcement in due course, with the candidate succeeding Michael once an orderly handover has been completed.

Ian King
Senior Independent Director

3 March 2021

Adapting and evolving to meet new challenges

I am pleased to present the Committee's report for the year ended 31 December 2020. The Committee plays a key role in overseeing the integrity of the Company's financial statements and the robustness of the Group's systems of internal control and financial and risk management.

The Committee is grateful for the support of management and Ernst & Young (EY) as external auditor in promoting the integrity of the Group's financial results. We welcome the FRC's discussion paper on the future of corporate reporting, with which we have engaged and will continue to do so as the conversation evolves.

During 2020, the Committee continued to focus on its responsibility for the monitoring and oversight of the Group's control environment and system of internal controls and the Group's management of risk and compliance related activities particularly in light of the stresses placed on the business by the Covid-19 pandemic. As part of this work, the Committee considered the Group's operational resilience and risk and control assessments, in addition to the ICAAP, ILAAP, wind down plan, and various operational stress scenarios which had been updated to take into account the impact of the pandemic to support the Board's conclusions on the viability statement set out on page 56.

The Committee continues to review culture and conduct risk in the Group and assesses the ongoing development of Schroders' conduct programme designed to identify emerging trends and heightened risk issues. Culture and conduct 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. The Committee also received an update on people and employment practices risk and we believe that Schroders' conduct risk framework is well placed against regulatory standards.

The Committee received briefings on business topics during the year including Liability Driven Investment risk management and an update on operational risk capital modelling in support of the Group ICAAP.

I am grateful to all members of the Committee for their support in 2020 and I look forward to continuing our work in 2021.

Rhian Davies
Chairman of the Audit and Risk Committee

3 March 2021

Committee membership

- Rhian Davies (Chairman)
- Rakhi Goss-Custard
- Deborah Waterhouse
- Matthew Westerman (from 9 March 2020)

See page 61 for meeting attendance.

Responsibilities 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 58 and 59. 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 Group Chief Executive and Chief Financial Officer attended all meetings at the invitation of the Chairman of the Committee. Other regular attendees who advised the Committee were the Group Financial Controller, the heads of Compliance, Risk and Internal Audit and the General Counsel. Other members of senior management were also invited to attend as appropriate. The Chairman of the Wealth Management Audit and Risk Committee (WMARC), who is an independent non-executive Director of Schroder & Co. Limited, attended one meeting 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 2020 financial year, attended all of the Committee's scheduled meetings. During 2020, two private meetings were held with the external auditor without management present. Private meetings were also held with the Chief Financial Officer and the heads of the Compliance, Risk and Internal Audit functions. These meetings provided an opportunity for any matters to be raised confidentially.

The Committee's responsibilities include reviewing the half-year and full-year results and the Annual Report and Accounts before recommending them to the Board for approval. The Committee's responsibilities also include oversight of the effectiveness of the external audit, the independence of the external auditor and recommending to the Board the appointment of the external auditor. Providing oversight of the external auditor also supports the Committee's responsibilities with respect to the content and integrity of financial reporting, the appropriateness of accounting estimates and judgements, and the effectiveness of the financial control framework.

The Committee's primary activities are the oversight of:

Financial reporting, financial controls and audit	Risk and internal controls
– The content and integrity of financial and Pillar 3 reporting – The appropriateness of accounting estimates and judgements – The effectiveness of the financial control framework – The effectiveness of the external auditor – The independence of the external auditor – The recommendation to the Board of the appointment of the external auditor	– 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 pack – The Group's regulatory compliance 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 table below summarises the key issues that the Committee considered at each of its meetings during 2020. At each quarterly meeting, the Committee receives updates from Internal Audit, Compliance, Risk, Legal and External Audit covering ongoing projects, the key issues that have arisen since the prior meeting and reviews a dashboard of metrics in place for monitoring key risks.

Meeting	Financial reporting, financial controls and audit	Risk and internal controls
March	– 2019 Annual Report and Accounts, including financial estimates and judgements, oversight of the external auditor and audit effectiveness and governance considerations – Going concern and viability statement – Pillar 3 regulatory disclosures – Internal controls update	– Report from the WMARC Chairman – Key risks and risk management framework – Internal Audit control framework review – Contingency planning for Covid-19
May	– External audit plan, including key audit matters – Quality and effectiveness of EY's 2019 audit	– Business services resilience – Outsourced providers – Financial crime and anti-money laundering review – MiFID II transaction reporting – Multi-asset update – Management response to Covid-19
July	– Half-year results, including the impact of Covid-19 on the financial results and control environment and consideration of significant accounting estimates and judgements – Other accounting and governance considerations	– ICAAP and ILAAP – Key risks – Risk and control assessments – Review of client on-boarding processes and ongoing client procedures
September	– Tax strategy	– Business integration review – Group resolution process – Group wind down plan – Whistleblowing – Culture and conduct risk oversight – LIBOR transition review
November	– Internal controls update – Accounting policies and key areas of judgement – Policies for safeguarding the independence of the external auditor	– Information and cyber security review – Technology risk – Key risk review – Insurance review – Group Recovery Plan – Conflicts of interest update – 2021 Internal Audit and Compliance testing plans – Global operating strategy update

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 161 and 162. Each of these areas is considered by the Committee based on reports prepared by Finance. EY consider each estimate and judgement and present their conclusions to the Committee. The significant estimates and judgements considered in respect of the 2020 financial statements and the agreed action by the Committee are summarised below.

Significant estimates and judgements	Action and conclusion
Carried interest	
The Group recognises carried interest from its Private Assets & 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. 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. 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.	The Committee received a report from Finance, which reviewed the inputs for estimating the amounts receivable and payable in respect of carried interest. The Committee considered the judgement applied in determining the principal assumptions and the sensitivity of the relevant balances to those assumptions. The Committee discussed the accounting for carried interest with EY and considered the findings from their audit work. Once the Committee was satisfied with the estimates and judgements applied, the estimated carrying values were approved. The Committee considered the disclosures presented in respect of 2020 and concluded that they were appropriate.
Please refer to note 2 for the estimates and judgements made in respect of carried interest receivable and amounts payable in respect of carried interest	
Pension schemes	
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 2020, had a funding surplus. The pension obligation, which was valued as £909.0 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.	Finance provided the Committee with a report that included the key financial assumptions, which had been applied by the independent qualified actuaries, Aon Hewitt Limited, to determine the Scheme surplus. EY's report set out their conclusions on the pensions surplus. The Committee considered the proposed assumptions and was satisfied that the estimates were appropriate.
Please refer to note 25 for more information on the estimates and judgements made in respect of the Scheme	
Presentation of profits	
The Consolidated income statement separately presents exceptional items. This presentation is permitted by accounting rules for specific items of income or expense that are considered material. This presentation involves judgement to identify the items that warrant specific disclosure in accordance with accounting standards.	The Committee considered, and was satisfied with, the continued presentation of exceptional items within a separate column in the Consolidated income statement. This presentation is considered appropriate as it provides a transparent view of certain items and the underlying performance of the business. EY's report set out their conclusions on the presentation of profits. For 2020, exceptional items principally comprised costs associated with acquisitions including amortisation of acquired intangible assets and certain one-off costs relating to the Group's property estate.
Please refer to note 1b for more information on exceptional items	

Financial reporting and financial controls

The Committee reviews whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements, including those summarised on page 71. The Committee is also required to report to shareholders on the process it followed in its review of significant estimates and judgemental issues that it considered during the year, as set out on pages 161 and 162.

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 comprehensive summary of the controls that exist across the Finance function globally and support the Group's Risk and Control assessments. For more details, see page 50. In 2020, the reports continued to focus on the integration of acquired businesses and included a review on the impact of Covid-19 and the revised working practices adopted by the Group to enable it to operate during the pandemic. In addition, the Committee reviews the Group's tax strategy annually, which is discussed with the external auditors. For more details see page 29.

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 controls had been in place during the course of 2020.

The Committee conducted an in-depth review of the Group's financial projections and the application of stress scenarios with particular attention paid to the impact of the Covid-19 pandemic, so that the Board can make the viability statement, as set out on page 56, and to support the going concern basis of preparation of the financial statements.

A key focus of the Committee is its work in assisting the Board in ensuring that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and assessing whether it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee considered the key messages communicated in the 2020 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 2020 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 and recommending their appointment at the AGM.

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 10 years of their appointment and the audit partner will be rotated within five years in line with requirements. 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.

Assessment of audit quality and effectiveness

The Committee is responsible for evaluating the performance of the external auditor. In March 2020, ahead of the consideration of the 2019 Annual Report and Accounts, the Committee received initial feedback on the conduct of the 2019 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 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 2020. EY generally scored highly in the auditor effectiveness questionnaire and were assessed to have improved in the second year of their audit. Areas of improvement were identified and discussed with EY in advance of the 2020 audit.

The Committee reviewed EY's transparency report and discussed the findings from the EY audit quality inspection report published by the FRC and the impact on the Schroders audit plan.

In March 2021, ahead of the consideration of the 2020 Annual Report and Accounts, the Committee received initial feedback on the conduct of EY's 2020 audit, which identified no significant areas of concern. The detailed assessment of EY's 2020 audit will be considered by the Committee at its May 2021 meeting with any findings implemented for the 2021 audit.

Independence and non-audit services

The Committee has responsibility for monitoring the independence and objectivity of the external auditor. Since their appointment, EY have continued to confirm their independence during 2020 and prior to issuing their opinion on the Annual Report and Accounts. 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 their independence and objectivity. This policy is reviewed annually and takes account of relevant regulatory restrictions and guidance in the jurisdictions in which the Group operates, including those in the UK. The policy prohibits the provision of certain non-audit services and contains rules regarding the Committee approving permitted non-audit services. In March 2020, the Committee considered the FRC's revisions to the Ethical Standard that governs auditor independence and approved changes to the policies regarding the provision of services by the external auditor.

Details of the total fees paid to EY are set out in note 4b 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 (2019: 16%).

During 2020, 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 they are objective and independent. Accordingly, the Committee has recommended to the Board that a resolution be put to the 2021 AGM for the reappointment of EY as external auditor, and the Board has accepted this recommendation.

Risk and internal controls

The Board has overall responsibility for the Company's system of internal controls, the ongoing monitoring of risk and internal control systems and for reporting on any significant failings or weaknesses. The system of 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 2020, 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 heads of Compliance, Risk and Internal Audit, and EY. This enabled an evaluation of the effectiveness of the Group's internal control framework. The Group continually works to enhance systems to support and improve the control environment.

Risk

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

The Committee also considers emerging and thematic risks that may have a material impact on the Group. In 2020, the Committee considered the risks arising from the Covid-19 pandemic which had an impact on pricing, valuations, liquidity, market returns, business resilience and continuity and information security. Acquisition and integration risk was also reviewed to support the Group's strategy. Climate change risk was discussed at the Board meeting in November as part of our corporate purpose discussions. The Committee regularly reviews the Group's approach to the management of legal risks and risk events.

Further information can be found in the key risks and mitigations section of the Strategic report set out on pages 50 to 55 and 57.

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

Information and cyber security

Information and cyber security has been a key area of focus for the Committee for a number of years but during 2020 the Covid-19 pandemic created an environment where there was increased opportunity for cyber attacks and fraud. The sophistication of attacks continues to increase with attackers using a wide variety of tactics to target the Group, therefore the Information Security and Cyber Security team have been vigilant in protecting the Group and its clients against these attacks.

A key focus during 2020 was the work undertaken to carry out the recommendations made by PricewaterhouseCoopers (PwC) in their external review carried out in 2019. The in-sourcing of the Security Operations Centre was completed and in addition management has focused on the enhancement of firewalls and rolling out additional training for employees in high risk roles.

The Committee recognises the need to constantly evolve the Group's information security defences in light of the pace of developments and threats in this area.

Operational resilience

The Committee continued to monitor the Group's operational resilience during 2020 particularly in the context of the disruption caused by the Covid-19 pandemic. Prior to 2020, the Group had invested in enhancing its technology capability and had revised its business continuity plans. These enhancements meant that the majority of the workforce around the world could work remotely and that the interests of clients could be safeguarded. The Committee was apprised of the work of the Crisis Management Team which met regularly during the early stages of the pandemic. The business updated risk and control assessments and regular dialogue has been maintained with the Group's regulators.

The Committee will continue to closely monitor the Group's operational resilience as the disruption from the Covid-19 pandemic continues in 2021.

Financial crime

Financial crime risk mitigation continues to be high on the Group's agenda and is a priority for all our key regulators globally. In Europe, higher standards imposed by the 5th EU Money Laundering Directive and the 6th EU Money Laundering Directive came into force in 2020. During the year, the Financial Crime team made enhancements to the Group's framework including updating procedures and policies to take into account the nature of the Private Assets & Alternatives business, which has exposure to higher risk countries for financial crime and more complex transactions, and the EU legislative requirements.

The Committee receives regular reports and recognises the importance of having a consistent global approach to managing financial crime risk and welcomed these enhancements in supporting the Group's strategy.

Business integration

The Group has made a number of acquisitions and entered into joint ventures and strategic partnerships in recent years in support of the Board's strategic aim of investing for growth. In 2020, the Committee reviewed the Group's approach to each acquisition which is determined on a case by case basis within an integration framework. The framework enables the business to balance the focus on growth alongside risk mitigation requirements, depending on the regulatory environment and the Group's risk appetite.

Elements of the Group's financial crime risk framework, information and data security procedures and the financial control environment are targeted for implementation from completion of an acquisition and the general practice is for Internal Audit to visit the acquired business within the first year. The Committee recognises that it can take time for acquired businesses to implement all of the Group's policies on a risk aware basis and there can be heightened reputational risk and risk to the internal control environment during the integration period.

The Committee recognises the importance of growing the business and will continue to have sight of the integration framework so that the risks arising from acquisitions, joint ventures and strategic partnerships are appropriately managed.

Compliance

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

During 2020, the Group's engagement with regulators across the globe increased as we discussed key issues arising from the Covid-19 pandemic including operational resilience to safeguard the interests of clients. The Committee also considered the actions being taken to enhance MiFID II transaction reporting following a review by PwC.

Internal Audit

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

The Committee also has responsibility for approving the Internal Audit budget and being satisfied that the Internal Audit function has appropriate resources and continues to be an effective and valued assurance function within the Group. The Committee satisfies itself as to the quality, experience and expertise of the function through regular interaction with the Group Head of Internal Audit, both when the Committee meets and also through other regular meetings outside the formal meeting schedule. In addition there is an external review of the Internal Audit function every five years, which provides further assurance.

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, recommendations to improve the control environment and their subsequent remediation. During 2020, the Committee agreed to proposed amendments to the Internal Audit plan as the Covid-19 pandemic led to audits taking longer to complete than would otherwise be the case with the team working remotely and unable to travel to all offices. The 2020 Internal Audit plan was continually reassessed by the Committee and Internal Audit to ensure that it remained focused on the areas of highest risk. The 2021 Internal Audit plan has been developed to take into account the impact of the pandemic.

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 50 to 55 and 57.

Evaluating the performance of the Committee

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

Priorities for 2021

As well as considering the standing items of business, the Committee will also focus on the following areas during 2021:

- Information and cyber security
- Thematic risks
- Financial crime
- Operational resilience including outsourced services
- Audit and regulatory changes
- LIBOR replacement
- Global operating strategy

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.

By order of the Board.

Rhian Davies
Chairman of the Audit and Risk Committee

3 March 2021

Paying for performance in a simple and transparent way

Structure of the Remuneration report

Committee membership

- Sir Damon Buffini (Chairman)
- Rhian Davies
- Ian King
- Matthew Westerman (from 19 November 2020)

See page 61 for meeting attendance and page 90 for a summary of the responsibilities of the Committee.

On behalf of the Board, I am pleased to present our 2020 Remuneration report. The report provides context and insight into our pay arrangements for Directors and other employees of the Group. In addition to meeting the statutory requirements, this year's report includes a particular focus on the impact of Covid-19 on remuneration, the assessment of 2020 performance and pay, and our focus on pay fairness across the workforce.

Acting as a responsible steward for all our stakeholders is at the core of our purpose. Our commitment to that purpose has not wavered during this challenging year, with Schroders being at the forefront of many corporate initiatives in response to the global pandemic, as described on pages 12-13. The Committee did not make any adjustment to the annual bonus scorecards for the executive Directors or the long term incentive plan (LTIP) performance conditions, despite these targets having been determined before the scale of the impact of the global pandemic began to be more fully understood.

We are proud of how our people responded when faced with these challenging circumstances, with our past investment in technology and our operating platform facilitating an efficient transition to remote working, helping to keep our people safe and maintain a high level of productivity. Our emphasis on supporting our employees during this period was reflected in our employee engagement scores being at a record high, with 98% of employees proud to be associated with Schroders in our 2020 employee survey. Our people's unwavering focus on our clients was reflected in our continued delivery of strong investment performance and our quick transition to digital engagement with our clients. Schroders did not furlough any employees, make any Covid-19 related redundancies or accept government assistance globally. From a shareholder perspective, the Group delivered a robust performance in 2020, maintaining our dividend in both 2019 and 2020 and delivering total shareholder returns in excess of the FTSE 100. AUM reached a record high, including significant investment returns, strong net sales and successful completion of two acquisitions.

Covid-19 impact on Directors' remuneration

The Committee and executive Directors took positive action in recognition of the societal impact of the global pandemic:

Action taken	
No adjustment to performance targets – for the annual bonus scorecard or LTIP vesting	– The Committee considered whether annual bonus scorecard or LTIP performance targets should be adjusted in light of the unforeseen pandemic and determined that no adjustment should be made to any targets set before the pandemic. – In assessing the non-financial metrics in the scorecard for the executive Directors, the Committee considered the impact of Covid-19 on the wider environment, and then further reduced their bonuses as outlined below.
Giving back to society – voluntary #CollectiveAction campaign	– The executive Directors each donated 25% of their salaries for three months. – The Group Chairman and non-executive Directors each donated 25% of their fees for three months. – Schroders matched these donations 1:1, resulting in total donations of £293,750.
LTIP awards waived – voluntary action by the executive Directors	– The executive Directors waived their 2020 LTIP awards, with a total grant date face value of £1 million. – The executive Directors intend to waive their 2021 LTIP awards, with a face value of a further £1 million. – Schroders made £2 million of charitable donations in 2020 and intends to make a further £1 million of charitable donation during 2021.
Reduction in bonuses for 2020 – with the full support of the executive Directors	– Despite strong personal performance by each executive Director, the Committee acknowledged the societal impact of Covid-19 and adjusted the non-financial element of the annual bonus scorecard accordingly. – The Committee then further reduced the 2020 bonus by £250,000 and £100,000 for the Group Chief Executive and Chief Financial Officer respectively, with the full support of each of the executive Directors. – The Group intends to make further charitable donations of £700,000.

The strong outcomes delivered in 2020 for shareholders, clients and our people, notwithstanding the extraordinary and unforeseen circumstances, were reflected in the outcomes for the financial metrics in the executive Directors' bonus scorecard for 2020. Each executive Director also performed strongly against the non-financial scorecard metrics. However, although these outcomes were reflective of performance delivered, the Committee wanted to recognise the challenging wider context and elected to reduce the non-financial scorecard outcomes below what they would have been based solely on an assessment of the pre-determined scorecard metrics. The Committee also exercised its discretion to further reduce the executive Directors' bonus outcomes, by a total of £350,000. The executive Directors fully supported these reductions, which are in addition to them voluntarily waiving their 2020 and 2021 LTIP awards, with a grant date face value totalling £1 million each year. More details can be found on pages 80-83.

Given the extensive impact of Covid-19, we felt that it was important to give back to society, as well as showing moderation as part of our remuneration decisions this year. The table on page 75 summarises the actions taken. Combining contributions from our people, including the Directors, and Schroders' matching donations, £4.3 million was raised for charities through our #CollectiveAction campaign last year, dedicated to supporting those most affected by Covid-19. The Group intends to donate a further £1.7 million following the executive Directors' decision to waive their 2021 LTIP awards and the reductions made to the executive Directors' annual bonus awards for 2020.

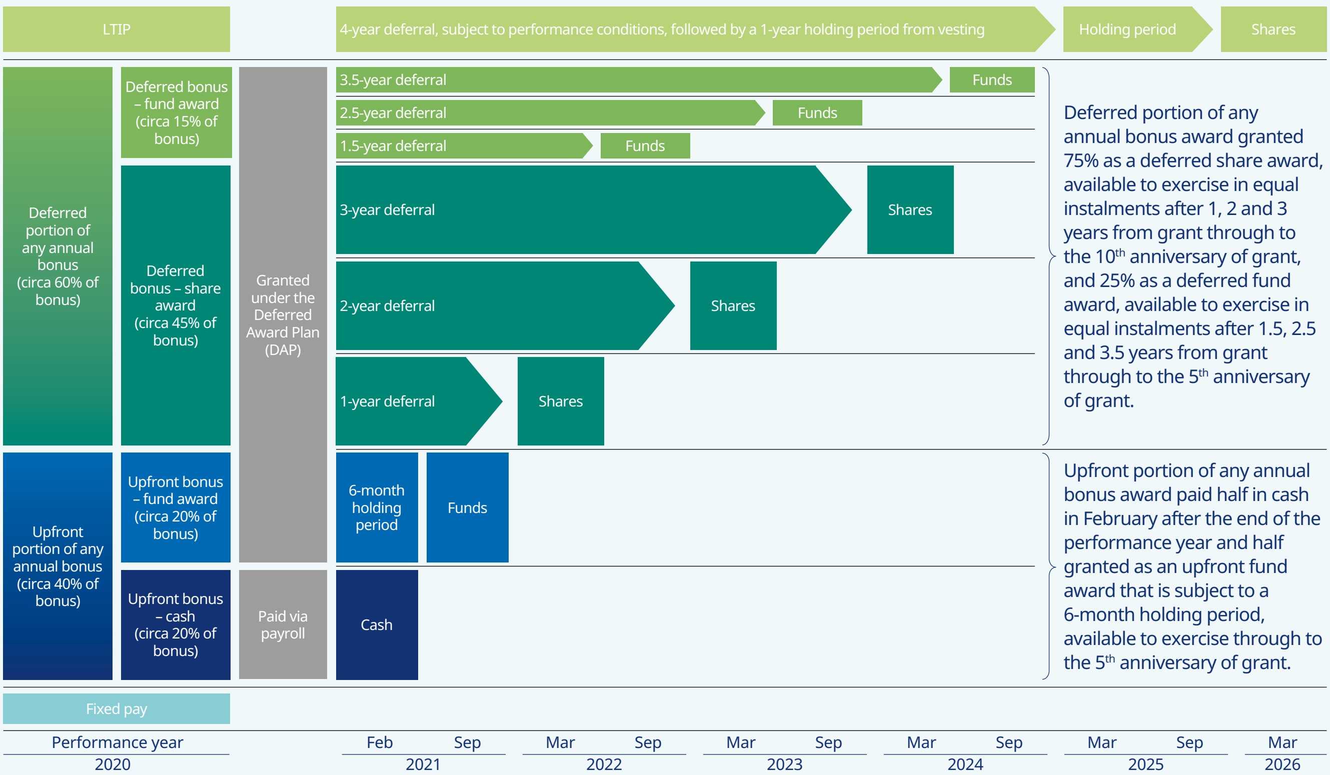
Remuneration approach for the executive Directors

Our Directors' remuneration policy was approved at our AGM in 2020 and I would like to thank our shareholders for their support, with 98% of votes cast to approve our policy (see page 78). Long-term thinking continues to govern our approach to remuneration. 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 to the progress made towards our strategic goals. Our remuneration strategy must reflect the global marketplace in which we operate, helping us to attract, motivate, reward and retain the talented individuals we need to maintain the Group's success. The diagram below illustrates the remuneration policy for the executive Directors while page 77 sets out more context on how our remuneration approach aligns with our purpose.

Executive Directors' remuneration policy illustration

The Directors' remuneration policy was approved by shareholders at our 2020 AGM and can be found on our website at www.schroders.com/directors-remuneration-policy.

The remuneration policy defines a maximum limit for the total remuneration of each executive Director each year, being £9 million for the Group Chief Executive and £4.5 million for the Chief Financial Officer. The diagram below illustrates the structure of the executive Directors' remuneration, including the timing of when they receive each component of remuneration, across the fixed components paid in the year (salary, benefits and allowances, contributions to retirement benefits or cash in lieu), any annual bonus award in respect of the year and the LTIP awards to be granted following the financial year-end.



How our remuneration aligns to our purpose:

To provide excellent investment performance to our clients through active management

How we create value for our stakeholders

Delivering returns for clients	Delivering returns for shareholders	Taking decisions to benefit our people	Taking decisions to benefit society

Our remuneration principles

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

Aligned with shareholders
A significant proportion of variable remuneration is granted in the form of deferred awards over Schroders shares, thereby aligning the interests of employees and shareholders. Executive Directors and other members of the GMC are required, over time, to acquire and retain a significant holding of Schroders shares or rights to shares.

Aligned with financial performance
We target a 65% ratio of total costs to net income through the market cycle. Within that, the total spend on remuneration is managed as a percentage of net income, the total compensation ratio. This ratio is recommended by the Committee to the Board. This approach aligns remuneration with financial performance.

Competitive
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, who know that good performance will be rewarded.

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

Designed to promote the long-term, sustainable success of the Group
The Committee designed the overall remuneration policy with this in mind and it was this overarching objective that resulted in the remuneration principles outlined to the left.

Our executive Director remuneration approach

- ✓ 3 and 5-year client investment performance tested in the annual bonus scorecard
- ✓ Circa 35% of bonus paid in fund awards

- ✓ Circa 45% of bonus paid in shares
- ✓ Stretching shareholding requirements
- ✓ Requirement to maintain a level of shareholding for two years on stepping down

- ✓ Financial metrics comprise 70% of annual bonus scorecard
- ✓ LTIP awards based on long-term financial performance (earnings per share and net new business)

- ✓ Competitiveness considered by reference to total compensation for comparable roles at other large international asset management firms
- ✓ Used as a frame of reference, not as a starting point / primary factor in remuneration decisions

- ✓ Circa 60% of bonus deferred over a 3 to 3.5 year period
- ✓ LTIP subject to 4-year deferral and 1-year holding period

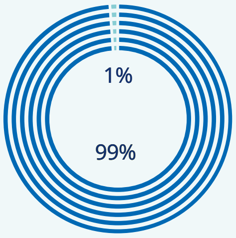
- ✓ Bonus scorecard 30% non-financial metrics, including strategic progress and sustainability
- ✓ Committee discretion to adjust scorecard outcomes, taking into account the wider social and economic context

For more detail on our purpose see page 1, and on our business model and how we create value for our stakeholders see pages 14-15.

Shareholder voting on remuneration

At the 2020 AGM, on 30 April 2020, shareholders approved the Remuneration report and Directors' remuneration policy that were published in the 2019 Annual Report and Accounts, both receiving strong votes in favour.

To approve the Remuneration report at the 2020 AGM

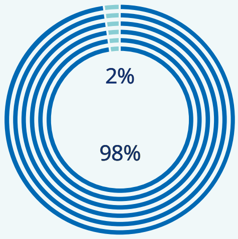


To approve the relevant Remuneration report	Votes for	Votes against
2017 AGM	95%	5%
2018 AGM	96%	4%
2019 AGM	88%	12%
2020 AGM	**99%**	**1%**

2020 AGM voting

Votes for	194,573,414		
Votes against	2,012,357	Votes withheld	3,871,165

To approve the Directors' remuneration policy at the 2020 AGM



To approve the relevant Directors' remuneration policy	Votes for	Votes against
2017 AGM	94%	6%
2020 AGM	**98%**	**2%**

2020 AGM voting

Votes for	192,427,541		
Votes against	4,157,537	Votes withheld	3,871,858

Future regulatory uncertainty

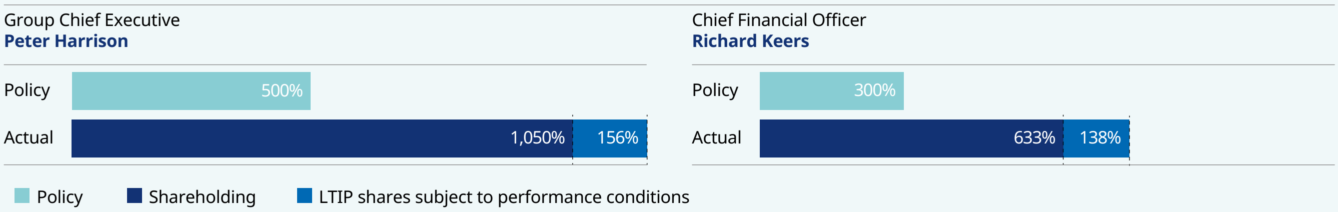
We expect to operate the current Directors' remuneration policy for three years from the 2020 AGM, though there remains the possibility that we could require a new Directors' remuneration policy sooner than we would otherwise intend to address future regulatory changes. During the latter part of 2020, we consulted with our largest shareholders on changes that we thought might have been necessary to comply with the UK's implementation of the fifth iteration of the Capital Requirements Directive (CRD V). At present Schroders is not required to comply with those parts of CRD V that would require the most fundamental policy changes and so we will continue to operate the policy that shareholders approved last year.

Regulatory uncertainty remains, particularly with the FCA and PRA due to finalise and implement the UK's new Investment Firms Prudential Regime and the bedding in of CRD V. We would consult with shareholders if regulatory changes were to mean a new policy is required.

Shareholder alignment and Directors' shareholdings (audited)

Alignment with shareholders is one of the principles underpinning our Directors' remuneration policy, as outlined on page 77. Both Peter Harrison and Richard Keers have shareholdings well in excess of the level required under our personal shareholding policy. This ensures that their interests are aligned with those of our shareholders. As outlined on page 100, a 10% share price movement equates to a change in value of the shareholdings of Peter Harrison and Richard Keers of £525,000 and £237,000 respectively, not including the value of LTIP shares that are still subject to performance conditions and therefore do not count for the purposes of the shareholding policy.

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



For more detail on the personal shareholdings policy and the basis of the figures shown in this chart see page 100. For more detail on the Directors' rights to shares and shareholdings see pages 101 and 102.

2020 performance and pay outcomes

2020 was an extraordinary year that tested our operational resilience and the resilience of our people. Despite these challenges, we delivered strong investment performance for our clients and resilient results for our shareholders, made significant progress across a number of strategically important areas, continued to enhance our operational capabilities and made sure that we continue to do the right thing for society. More detail is set out in the Group Chief Executive's statement on pages 10-13, our Strategy on pages 16-17, our Key performance indicators on pages 22-23 and our Business and financial review on pages 24-29, and considering the perspectives of other key stakeholders on pages 30-49.

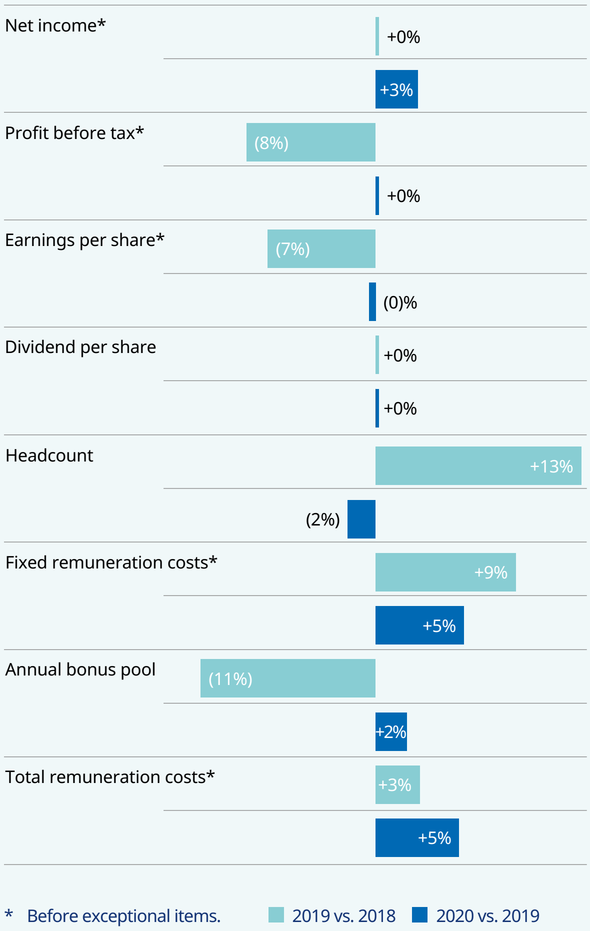
Our AUM closed 2020 at a record high of £574.4 billion (2019: £500.2 billion), through a combination of £42.5 billion of net flows, £28.4 billion of investment returns and £3.3 billion of acquisitions. We delivered strong investment performance for our clients, with 72% and 81% of assets outperforming their stated comparator over three and five years respectively (2019: 70% and 72% respectively), and with net carried interest and performance fees of £95.7 million (2019: £73.1 million). Overall, net income before exceptional items increased to £2,179.2 million (2019: £2,124.8 million). Our ratio of total costs to net income rose to 68% (2019: 67%), principally due to the impact of acquisitions, our investment in technology and infrastructure and the increase in our ratio of total compensation to net income. As a result we saw profit before tax and exceptional items of £702.3 million (2019: £701.2 million). Basic earnings per share before exceptional items was 200.8 pence (2019: 201.6 pence). The Board is recommending a final dividend of 79 pence per share, bringing the total dividend for the year to 114 pence, in line with the total dividend for 2019.

We considered the circumstances of the year and the ongoing economic and social uncertainty, and remain cognisant of the significant challenges that our industry faces. We recommended to the Board an increase in our total compensation ratio to 45% (2019: 44%), recognising the importance of sustaining the Group's success in attracting, motivating and retaining talent. This remains at the lower end of our target range of 45% to 49%, as we must manage our costs overall and continue to position the Group for the headwinds facing our industry. As a result, the annual bonus pool is up 2% on last year, following reductions in 2018 and 2019 of 7% and 11% respectively.

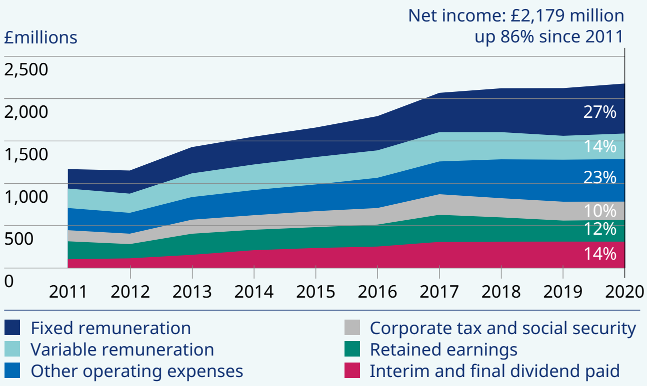
For more detail on the annual bonus pool see page 92.

The lower chart on the right shows how net income has been utilised over the 10 years ended 31 December 2020, as we have continued to invest in future growth. During that period, the percentage of net income distributed to shareholders via the interim and final dividend paid has increased by 61%, from 9% to 14%.

Key performance and remuneration metrics



Relative spend at a glance



For more detail on this chart please see page 92.

Determining the executive Directors' pay outcomes

During 2020 we managed the executive Directors' remuneration in line with the Directors' remuneration policy that shareholders approved at our 2020 AGM. This included the determination of their annual bonus awards in respect of performance during 2020, assessment of performance for the LTIP awards expected to vest on 4 March 2021 and agreeing the LTIP awards that we intend to grant to them in March 2021.

Determining the executive Directors' annual bonus awards in respect of 2020 performance

We determine the annual bonus awards for the executive Directors using a scorecard. At the beginning of the performance year, we determined the scorecard metrics, which for 2020 were weighted 70% to financial factors and 30% to non-financial factors. We also determined the level of performance required under each metric to trigger threshold, target and maximum payout, taking into account the recommendations of the Group Chairman and the Group Chief Executive, the Board-approved budget, market expectations, prior-year financial outcomes, strategic priorities and the wider economic landscape. Target payout is 65% of the maximum opportunity while for threshold performance 25% is payable, and no payment is triggered for performance below threshold. The performance metrics in the scorecard are consistent with those adopted for 2021 and are aligned to the Group's strategy, as outlined on page 88.

The Committee did not make any adjustment to the scorecard targets as a result of Covid-19, as set out on page 75. Having assessed performance against the scorecard, for the financial elements the performance achieved was sufficient to drive a 75.4% payout, as set out opposite. Profits were marginally ahead of prior year but marginally behind budget, leading to profit outcomes of 66% and 65% of maximum respectively. Client investment performance exceeded the maximum target over both 3 and 5 years, leading to a 100% payout in respect of this element. Net new business came in at £42.5 billion, which gives a 66% payout for this element; this excludes net flows from our joint ventures with the Bank of Communications in China and Axis Bank in India as these were not factored in when setting the targets.

To determine each Director's bonus, we then considered the non-financial elements of the scorecard. In doing so, the Committee assessed progress against pre-determined strategic goals, as well as achievement against sustainability goals, including targets relating to ESG, talent and governance. This was supplemented by an assessment of each individual's performance, including consideration of business performance within each individual's responsibilities and the extent to which they have met annual performance objectives. To ensure a balanced overall assessment of performance the scorecard does not have pre-determined weightings for each non-financial performance factor. Rather the Committee applied its judgement to determine an overall outcome for the non-financial aspects of the scorecard for each executive Director, taking into account performance against the relevant metrics and targets. The Group Chief Executive's recommendation was taken into account for the Chief Financial Officer.

Peter Harrison's performance in 2020 was strong, in particular the personal leadership he showed during the year in navigating the Group's response during the global pandemic. Strategic progress was also good despite the difficult economic and political background. Wealth Management, Private Assets & Alternatives and Solutions now constitute 54% of our AUM and 43% of revenues, having grown Wealth Management through a combination of organic growth and the acquisition of Sandaire and expanded our Private Assets offering through the acquisition of a majority stake in Pamfleet, organic growth and with key hires to build our capabilities. We achieved full ESG integration of our managed assets by the end of 2020 and have a comprehensive range of sustainable funds, such as our Global Climate Change strategy. Despite this strong personal performance, in recognition of the impact of Covid-19 on society more broadly, for the non-financial element of the scorecard we gave Peter a 65% outcome. With the financial outcomes, this would have resulted in a bonus of £5.678 million.

Richard Keers also performed strongly during 2020, in a year that tested our operational resilience. Our investment in technology over the last few years enabled us to switch to remote working efficiently across our global network, with no impact on our ability to deliver for our clients over this period. The transition of the remaining tranches of the Scottish Widows mandate was completed, the last tranche entirely through remote working, on time and without any significant issues. We also relocated operational processes from Luxembourg and London to Horsham, built out our operations teams in Singapore and successfully moved to a new Transfer Agent, which was a major undertaking. Richard continued to provide highly effective global operations oversight, a strong risk and control environment and accurate and timely financial reporting. Again, despite this strong personal performance during the year, to reflect the broader societal context, for the non-financial element of the scorecard we gave Richard a 51% outcome. Together with the financial outcomes, this would have resulted in a bonus of £2.503 million.

Under our Directors' remuneration policy, the Committee may apply discretion to adjust annual bonus awards to the extent it judges that the outcomes of the annual bonus scorecard do not align with results achieved, or in light of unexpected or unforeseen circumstances. The Committee considered the extraordinary circumstances of 2020. Our resilient results delivered favourable outcomes for our clients and shareholders, as outlined on page 75. Nonetheless, given the wider context the Committee determined that the annual bonus awards for the executive Directors should be reduced further, despite the strong personal performance from each of the executive Directors.

As a result, the Committee reduced the annual bonus award for Peter Harrison by £250,000 to £5.428 million and for Richard Keers by £100,000 to £2.403 million. The executive Directors were supportive of the reductions that the Committee made to their bonuses, in light of the wider context in which we are operating.

Assessment of the executive Directors' 2020 annual bonus scorecard (audited)

These charts illustrate the executive Directors' annual bonus scorecards for 2020, the performance achieved and the resulting annual bonus awards.

Financial metrics

Performance measure	Weighting		Threshold 25% payout	Target 65% payout	Actual	Maximum 100% payout	Achievement Payout for this metric	Resulting bonus payout
Profit before tax and exceptional items (£m)	35%	vs. budget	632.7	703.0	**702.3**	773.3	**702.3** 65%	22.8%
		vs. prior year	631.1	701.2	**702.3**	771.3	**702.3** 66%	
Investment performance	20%	3-year	50%	60%	**72%**	70%	**72%** 100%	20.0%
		5-year	55%	65%	**81%**	75%	**81%** 100%	
Net new business (£bn)	15%		32.0	42.0	**42.5**	53.9	**42.5** 66%	10.0%
Total bonus payout for financial metrics					**75.4%**		**75.4%** out of 100%	**52.7%** out of 70%

Peter Harrison – Group Chief Executive

Performance measure	Weighting	Outcome	Achievement Payout for this metric	Resulting bonus payout
Strategic progress, sustainability, conduct and personal goals[1]	30%	**65%**	**65%** out of 100%	19.6% out of 30%
Overall scorecard outcome for Peter Harrison		**72.4%**		**72.4%** out of 100%

Initial scorecard outcome for Peter Harrison (£000)	**5,678**
Discretionary Covid-19 reduction in annual bonus award (£000)	(250)
Annual bonus award for Peter Harrison (£000)	**5,428**

Richard Keers – Chief Financial Officer

Performance measure	Weighting	Outcome	Achievement Payout for this metric	Resulting bonus payout
Strategic progress, sustainability, conduct and personal goals[1]	30%	**51%**	**51%** out of 100%	15.4% out of 30%
Overall scorecard outcome for Richard Keers		**68.1%**		**68.1%** out of 100%

Initial scorecard outcome for Richard Keers (£000)	**2,503**
Discretionary Covid-19 reduction in annual bonus award (£000)	(100)
Annual bonus award for Richard Keers (£000)	**2,403**

1. The Committee assessed the non-financial element of each executive Director at these levels, despite their personal performance, to reflect the impact of Covid-19 on society more broadly.

For more detail on the non-financial outcomes for each executive Director see pages 82-83.

The non-financial outcomes in the annual bonus scorecard for each executive Director

The annual bonus scorecard that the Committee used in determining the annual bonus awards for the executive Directors, along with the Committee's assessment of performance against the scorecard, is outlined on pages 80-81. The tables that follow outline the Committee's assessment of the non-financial elements of the scorecard.

In making its performance assessment for 2020, the Committee acknowledged the strong personal performance achieved by each of the executive Directors during the year and significant progress against strategic and sustainability goals. However, in applying its judgement to the overall non-financial outcome for 2020, the Committee took into account the broader stakeholder experience, in particular the impact of Covid-19 on society more broadly. As a result, the Committee marked the scorecard for the non-financial outcomes below the level that would otherwise be expected if based on the executive Directors' performance against the pre-determined scorecard targets.

Group-wide factors considered when assessing the non-financial elements of the annual bonus scorecards

Criteria	Target	Performance in 2020
Strategic factors		
Progress in identified strategic opportunities	Grow Asset Management	– Grew the Asset Management business via a range of initiatives, including market-leading ESG insights, significant growth in the Group's range of thematic strategies, continuing to grow and leverage a powerful Data Insights Unit and being granted a fund management licence in China to enable Schroders to provide solutions to retail customers there. – Expanded the Group's partnership network globally, via the partnership and joint venture with Lloyds Banking Group (LBG) and partnerships with Axis in India, Nippon Life in Japan and Bank of Communications in China, including agreement with the latter to form a new wealth management company joint venture during 2022.
	Build closer relationships with end clients	– Grew the Wealth Management business through both net inflows and the acquisition of Sandaire, a London-based multi-family office, providing an exceptional opportunity to grow Cazenove Capital's leading position in the UK's ultra high-net-worth segment. – Schroder Personal Wealth laid the foundations for future growth with new leadership and improved IT infrastructure but referrals from LBG were impacted by Covid-19.
	Expand Private Assets & Alternatives	– Expanded private markets capabilities via the acquisition of Pamfleet, a Hong Kong-based real estate manager, and via key hires to build capabilities organically and broaden the dedicated Private Assets sales team. – Overall growth in Private Assets & Alternatives was relatively modest.
	Strategy formulation and overall strategic outcome	– 2020 saw progress across strategic objectives, as outlined above. – Key strategic growth areas of Wealth Management, Private Assets & Alternatives and Solutions now constitute 54% of AUM and 43% of revenues.
Sustainability goals		
ESG integration	Integrate ESG into the investment process for all Schroders managed assets	– Full integration was achieved across Schroders managed assets in December 2020, having started the year with ESG integration for just over 50% of managed assets.
Talent retention[1] and succession planning	Retention of at least 90% of key talent Identify and implement succession plans for key employees	– Retention of key talent remains above target, at 94% (2019: 94%). – Succession plans for key employees were reviewed by the Board in July 2020.
Diversity and inclusion	33% female representation within senior management by the end of 2020	– Met the Group's original target of 30% representation by the end of 2019 and increased this to 33%. During 2020, achieved the 33% target. More needs to be done and the new target is 35% by the end of 2023 (see page 87).
Reduce and offset emissions	Move to operate on a carbon net-neutral basis	– For Schroders' business operations, business travel is the largest source of greenhouse gas emissions and has significantly reduced during the Covid-19 pandemic. Since 2019, the Group has partnered with Climate Care to develop an environmentally credible carbon offset programme that will predominantly support the protection and generation of natural carbon sinks (see page 43).
Governance goals		
Appropriate governance of the Group	Oversight of the Group's activities within an effective governance framework	– The executive Directors steered the Group well through the challenges posed by the pandemic, with appropriate consideration of stakeholder interests.

1. Included in the key performance indicators on pages 22-23.

Individual factors considered when assessing the non-financial elements of the annual bonus scorecards

Executive Director	Criteria	Performance in 2020
Peter Harrison – Group Chief Executive	Strategic progress	In 2020, the Group achieved significant progress against its strategic objectives, which the Board believes will drive the future growth of the business, as outlined on the previous page.
	People and talent	Employee engagement is high, with 98% of employees proud to be associated with Schroders in the Group's 2020 employee survey results and 96% responding that Schroders is interested in the wellbeing of its employees. Peter Harrison actively champions inclusion and diversity across the firm. Key talent across Schroders has been stable with low voluntary turnover. There remains further work to be done on succession planning.
	Risk and reputation	During the pandemic, Schroders' reputation has remained strong with all stakeholders, including clients, shareholders, governments, regulators and industry associations. Peter Harrison takes personal accountability for this and his work internally and externally in this regard is well respected. The risk and control framework has delivered what is required to ensure good governance under the Senior Managers and Certification Regime.
Richard Keers – Chief Financial Officer	Global operations oversight	Operational efficacy remained high throughout the pandemic, with considerable on-boarding activities throughout the year, as well as high volumes. Despite the challenging external environment, the Group's operations platform performed well in what was a key year, including the completion of the on-boarding of the Scottish Widows mandate. Richard Keers has also delivered successfully the majority of the Group's global operating strategy transformation, reducing complexity, improving resilience and providing enhanced scalability.
	Oversee a strong risk and control function	The financial crisis earlier in the year demonstrated that the Group's risk assessments and cash management processes were robust. All regulatory capital and liquidity papers have satisfied regulators and Richard Keers has played an active role in the Regulatory College assessments. The Group Risk and Capital Committees continued to operate well under Richard Keers's leadership. No significant issues were reported in the year. The Audit and Risk Committee report provides more information (from page 69).
	Accurate, appropriate, clear and timely reporting and oversight of the Group's financial position	As above, Richard Keers has overseen the Group's financial position during the crisis, playing a key role in the management of the Group's investment capital. He received positive feedback from the Audit and Risk Committee, analysts, shareholders and other industry bodies.

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

Determining the executive Directors' LTIP awards to be granted in March 2021

Each year the executive Directors are considered for an LTIP award. The Committee agreed to grant LTIP awards over shares with the following values to the executive Directors in March 2021:

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

The executive Directors have subsequently indicated that they intend to give up their 2021 LTIP awards, as they did those granted to them in March 2020. If those awards are not actively accepted by the respective executive Directors then under the rules of the LTIP they will lapse.

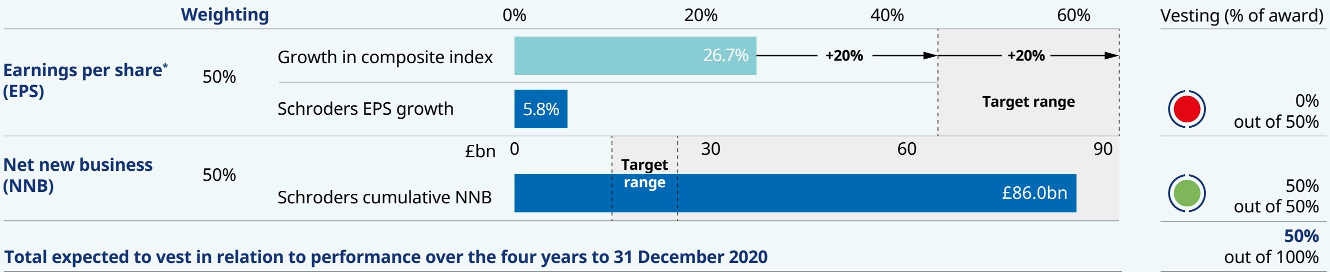
Corporate charitable donations

As outlined earlier, the Committee reduced the annual bonus awards for Peter Harrison and Richard Keers by £250,000 and £100,000 respectively and the executive Directors have also indicated that they intend to give up their 2021 LTIP awards, with a face value at grant of £600,000 and £400,000 respectively. The Board has subsequently resolved that the Group will make donations totalling £1.7 million to our Schroders Giving #CollectiveAction campaign. With the £4.3 million already donated during 2020, this will bring the total donated to £6.0 million.

Determining the vesting of LTIP awards granted to the executive Directors in 2017 (audited)

The LTIP performance conditions remain highly demanding and, in March 2021, we expect LTIP awards granted in 2017 to vest at 50%, based on net new business. The earnings per share target, which requires 20% outperformance against the growth in a composite index, will again not be met. This vesting outcome is illustrated in the chart below.

Vesting of LTIP awards granted to the executive Directors in 2017



* Before exceptional items. Criteria met Partially met Not met

For more detail on the basis on which the Committee determined the vesting of LTIP awards granted in March 2017 see page 96.

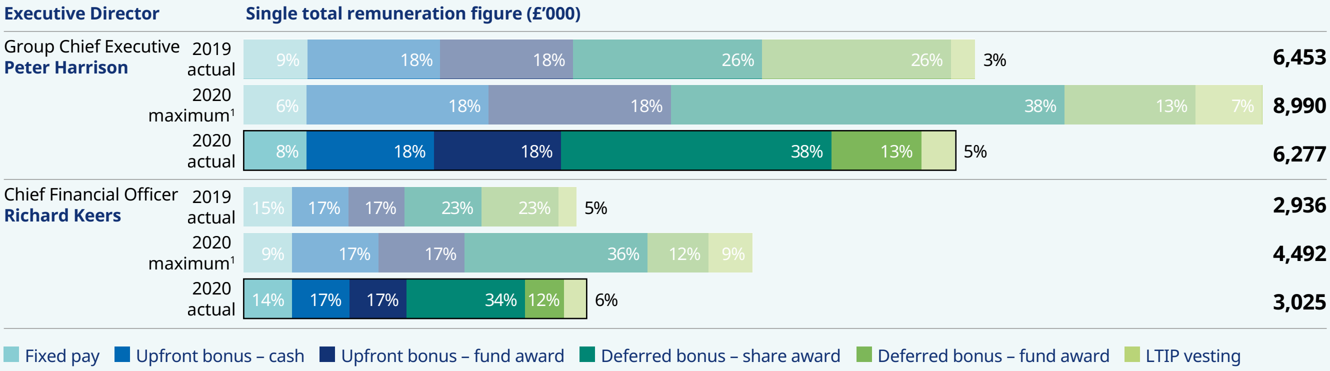
No increases to the executive Directors' salaries

We review base salaries annually but for the executive Directors, like other more highly-paid employees, we adjust them infrequently. Neither of the executive Directors received a base salary increase in 2020 or in 2021. We last increased the level of base salary for the executive Directors in 2014.

Executive Directors' single total remuneration figures

The chart below compares the single total remuneration figures for 2020 for each executive Director with the maximum total remuneration that could be awarded under the Directors' remuneration policy and the single total remuneration figures for 2019. The Group Chief Executive single figure has decreased 3% on prior year whilst the Chief Financial Officer single figure outcome increased by 3%.

Single total remuneration figures

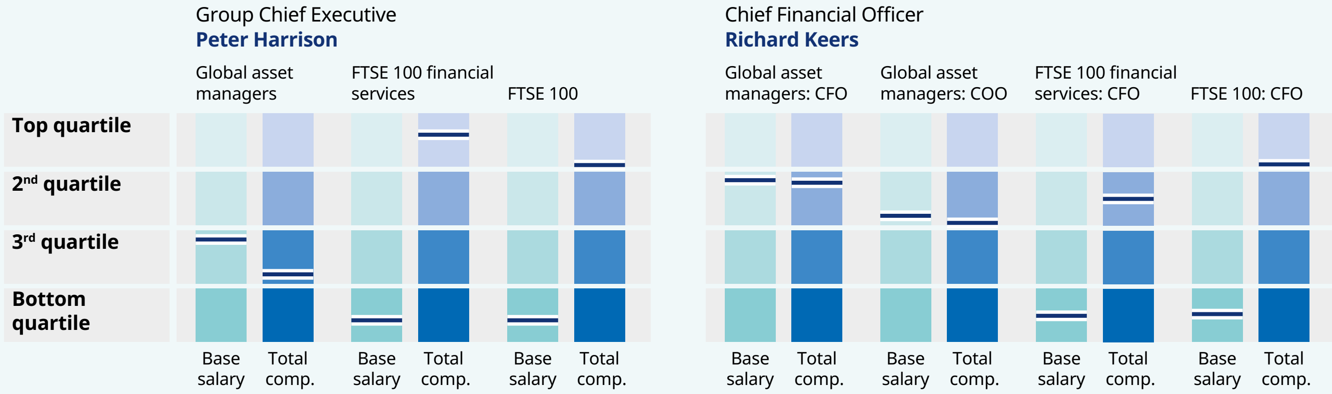


1. The 2020 maximum above is based on the LTIP expected to vest in 2021, as shown on page 97, but assuming the performance conditions were met in full (i.e. 100% vesting rather than the 50% vesting that is expected). The maximum total remuneration under the Directors' remuneration policy is defined as £9 million and £4.5 million for the Group Chief Executive and Chief Financial Officer respectively, based on the face value of LTIP to be granted in 2021 as described on page 76.

For more detail on the single total remuneration figures for the executive Directors see pages 94 to 97.

We compete for talent in a global marketplace. Most of our key competitors are headquartered outside the UK, particularly in the US. Many are not publicly listed and therefore are subject to lower standards of transparency. It is against this backdrop that the Committee determines our pay structures and levels of pay, to ensure that we are able to attract, motivate, reward and retain the best talent. The upper charts on the page opposite illustrate the competitive positioning of pay for each executive Director, including commentary on the remuneration benchmarking approach in each case. The market data used in benchmarking these roles was provided independently by external advisers and reflects competitor pay for 2019, which is the most up-to-date data available, whereas the position shown for Schroders in each case reflects the single total remuneration figure for 2020. The lower chart compares the Group Chief Executive's single total remuneration figure for the last 10 years with returns to Schroders shareholders over the same period.

Pay competitiveness for the executive Directors



Group Chief Executive benchmarking commentary

Approximately half of the global asset manager comparator roles are from non-listed businesses, including firms owned by a bank or insurance group and privately-owned businesses, whereas Schroders is an independent publicly listed company. Schroders differs from most of the global asset managers as it also includes a wealth management business within the Group Chief Executive's remit, alongside Asset Management. As a result, the Schroders Group Chief Executive role sits among the more complex of the roles making up this competitive benchmark.

Chief Financial Officer benchmarking commentary

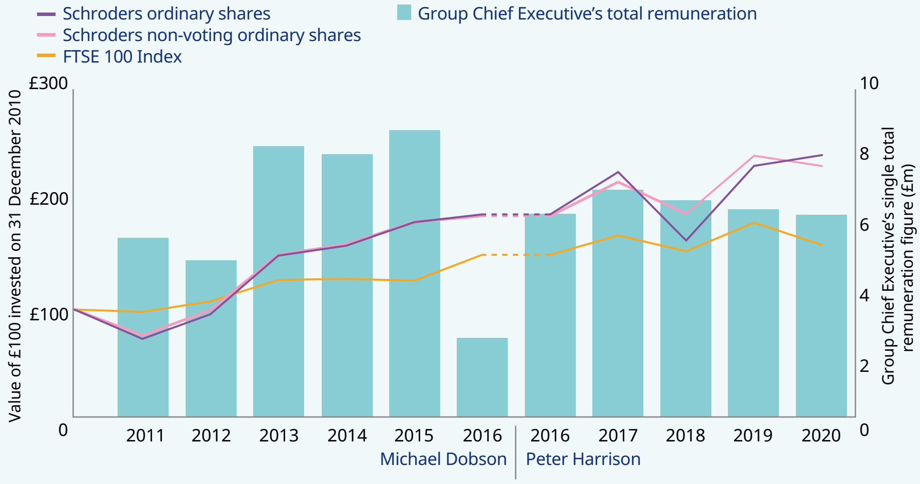
The Schroders Chief Financial Officer has wider responsibilities than the market norm, with firm-wide operational oversight and coordination, direct responsibility for a range of operations teams, as well as financial management, risk management, human resources, capital and treasury. A comparison is also shown against the rates of pay for the Chief Operating Officer (COO) role at other global asset management firms, as an additional reference point to reflect these wider responsibilities. The wealth management business adds complexity compared to most comparators.

The Group Chief Executive's total remuneration history vs. Schroders total shareholder return

The graph on the right shows the Group Chief Executive's single total remuneration figure over the 10 years ended 31 December 2020.

Overlaid on that is a comparison of the total shareholder return of Schroders shares with that of the FTSE 100, of which Schroders is a long-standing constituent. Over the past 10 years, the index has returned 60%, compared with a 144% return for Schroders ordinary shares and a 134% return for Schroders non-voting ordinary shares.

For more detail on the Group Chief Executive's total remuneration over the last 10 years see page 95.



Focusing on pay fairness across the workforce

The global pandemic has had a profound impact on all our employees. Treating our employees fairly remains a priority, as reflected in our decisions to not furlough any of our staff, take any government support or make any redundancies as a result of Covid-19.

As in prior years, we set a firm-wide salary budget for the year-end compensation review and sought to target this towards increases for our lower earners, for whom fixed compensation generally comprises a more significant portion of total compensation, as well as those whose salaries were below market or who had taken on more responsibilities. Prompted by market data on salary increases across the industry, we undertook an additional review of salary competitiveness amongst our lower earners, to ensure they were paid favourably. A number of additional increases were approved for this population, which contributed to the Group-wide cost of salary increases coming in slightly ahead of the original budget.

Ensuring pay fairness across our workforce

	Our commitment	Actions taken in 2020
Salaries	– Pay a fair, market competitive rate of pay to all our employees, based on role and geography. – Target salary increases towards lower-paid employees, employees whose roles and responsibilities have increased or where salary is below market rates. – Ensure the balance between fixed and variable is appropriate for employees, in particular for lower-paid employees and those in support and control functions.	– No employees furloughed, even where Covid-19 meant individuals were not able to perform their duties in full. – Additional salary budget was provided to ensure competitiveness of salaries amongst lower paid employees in particular. Resulting distribution of salary increases is heavily in favour of lower-paid populations. – The balance between fixed and variable remuneration was reviewed for all support roles, with a handful of adjustments made as a result.
Benefits	– Offer market-facing benefits to employees in all markets. – Used to help recruit, reward and retain talent, support employee health and wellbeing and reflect local market practice.	– Maintained employee access to benefits to support mental health and wellbeing throughout the pandemic, moving support services to virtual delivery wherever possible. – Launch of the Schroders Flexible Working Charter, to apply permanently beyond any Covid-19 restrictions. – Engaged a global benefits management system provider to use analytics to drive improved global benefit decisions.
Variable pay	– All permanent employees eligible to receive an annual bonus award. – Ensure pay decisions reflect the performance of individuals and the business they work in, as well as the conduct and behaviours of each individual.	– Staff who were not able to perform their duties in full due to Covid-19 (e.g. in facilities management) were still eligible for and received bonuses. This recognised that their 'underemployment' was through no fault of their own and recognised the loss of overtime payments experienced this year compared to prior years. – The Group's control functions reviewed potential conduct or cultural issues to identify any instances where performance or behaviours have fallen short of our expectations. For 2020 there were 8 cases where this resulted in a direct impact on individual performance ratings and remuneration outcomes (2019: 8 cases). See page 102 for more information on conduct, compliance and risk management in remuneration.
Pay administration	– Provide reliable and transparent pay administration.	– We moved to online compensation statements from this year, providing greater flexibility for employees and supporting remote working.

We provide benefits to all our employees, which vary between jurisdictions to reflect local market practice. The flexible benefits offering available to London-based employees is the same as for the executive Directors, including private healthcare, life assurance, personal accident insurance and retirement savings, amongst others. Pension contributions (or cash in lieu) are based on pensionable salary, which is capped at £250,000, and as a result the executive Directors' effective contribution rates as a percentage of their actual salary are 8-9% for the Group Chief Executive and 11-12% for other executive Directors, compared to 16-18% for most UK employees.

The Group Chief Executive allocates the overall annual bonus pool between the divisions or functions headed by GMC members, taking into consideration both financial and non-financial performance. Each year, the Committee reviews the allocation of the bonus pool between different areas of the business. The Group Chief Executive outlines the rationale for those allocations, in light of each area's relative performance and any other commercial factors.

The Committee considered the distribution of year-on-year bonus outcomes for employees in each area of the firm to consider whether these are reasonable in light of the performance of each business area and of the Group as a whole, and the resulting constraints of affordability. Remuneration outcomes for individual employees other than for the Group Chief Executive and his direct reports are recommended to the Group Chief Executive by members of the GMC, taking account of individual performance, the performance of the relevant business area and the levels of reward for comparable roles in the market. For 2020, the Committee was satisfied that the year-end process was rigorous and that the allocation of the pool and the individual bonus awards took account of both financial and non-financial performance, including conduct and behaviours as described on page 102.

The Committee reviews the Group-wide compensation review outcomes before determining executive Director compensation for the year. The annual bonus award for the Group Chief Executive for 2020 performance was 4% down year-on-year, while his single total remuneration figure decreased by 3%. For the Chief Financial Officer, the 2020 annual bonus award was 2% up year-on-year, while his single total remuneration figure increased by 3%. For employees who worked in the Group for all of 2019 and 2020, the median year-on-year change in bonus was 0% and the median change in total compensation was up 2%. The Group Chief Executive's total remuneration is 42 times the mean full-time equivalent total remuneration for UK employees of the Group (2019: 43 times) and 70 times the median (2019: 72 times), representing slight reductions on prior year.

For more detail on pay in the wider workforce see page 93. For more detail on our UK pay ratios see page 95.

Diversity and our gender pay gap

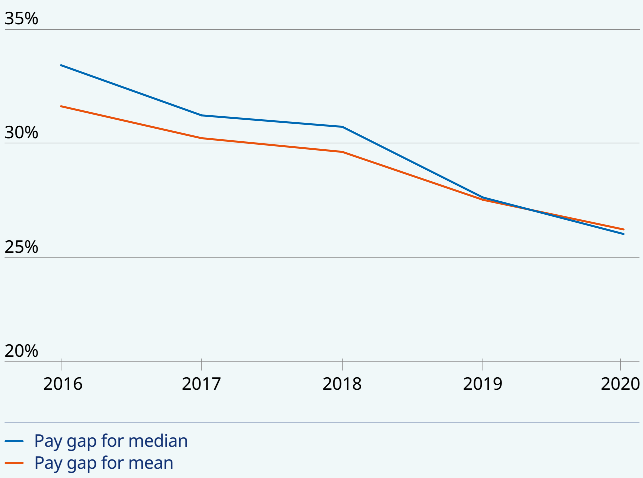
Individuals' pay reflects their role, responsibilities, behaviours and contribution. Gender, age, race, sexual orientation, disability, religion, socio-economic background or other characteristics are irrelevant when it comes to pay determination; we celebrate and value talented individuals regardless of their characteristics. Our analysis of comparable roles continues to show that we reward diverse talent fairly for similar work.

During the year-end compensation review, the management team considers salary, bonus and total compensation outcomes through different diversity lenses, based on the data that our people have provided, to screen for unconscious bias. Last year, we introduced more granular analysis of pay outcomes by ethnicity within each of our regions and we built on this further this year. Using this, we identified certain populations where pay outcomes warranted further investigation. The HR team, supported by senior management, was then able to review the pay outcomes with local managers to understand the context and ensure any differentials were justified by robust and appropriate factors. By doing this, we were able to satisfy ourselves that the individual pay outcomes were appropriate and fair.

This year we have continued working to increase female representation in senior management roles. Having started with 25% female representation in senior management at the end of 2015, we were targeting 33% representation by the end of 2019. We fell slightly short of that target last year but achieved it during 2020. Female representation on the GMC has also been increased, from 7% to 29% since the end of 2015.

The chart below illustrates how our global gender pay gaps for hourly fixed pay have narrowed since 2016, when we first calculated and published this data.

Our global gender pay gap



For more detail on female representation and our gender pay gap see page 93.

It is the progress that we have made over time to improve gender diversity in senior management and other more highly paid roles across the Group that has been key to reducing our gender pay gaps. We are proud of what we have achieved so far but more needs to be done and so our focus on increasing representation of diverse talent continues.

Our commitment to creating a truly inclusive culture is at the centre of our people strategy. We are now targeting 35% female representation in senior management by the end of 2023. We are purposefully broadening our pledges to reflect our wider commitment to ethnicity and disability, as well as to greater gender balance. During 2020 we continued to encourage our people to complete their diversity profiles, to allow us to begin reporting on other measures of diversity, including ethnicity and disability, and we will continue to do so during 2021. We remain committed to publishing our ethnicity pay gap once 80% of our employees have completed their diversity profiles and we are already at over 70% completion. Diversity and inclusion remains a priority for the Board in 2021 and we will publish our targets later this year. We have published more information on diversity and gender pay on our website at schroders.com/inclusion.

Complying with the CRD V remuneration rules

The CRD V remuneration rules came into effect in December 2020. These rules apply to Schroder & Co. Limited, our main UK Wealth Management operating entity. Roles in Schroders that are material risk takers in respect of Schroder & Co. Limited are subject to the CRD V remuneration requirements. This includes a range of measures including requirements on how the Remuneration Committee should be able to risk-adjust remuneration, such as extended clawback periods and specific malus and clawback triggers. In some cases this includes a 'bonus cap', limiting variable pay to up to 200% of fixed pay.

Our remuneration approach for many years has been to keep our fixed remuneration relatively low, ensuring we are able to control our cost base when times are challenging. However, to ensure we can continue to pay competitively to attract, retain, motivate and reward the talent we need to deliver our strategy, the CRD V bonus cap left us with no choice but to increase fixed remuneration for a small number of impacted roles. The bonus cap does not currently apply to the executive Directors of Schroders plc.

Annual report on remuneration

This statement from the Remuneration Committee Chairman, together with the Remuneration focus in 2021 section on pages 88-89, the Remuneration governance section on pages 90-91 and the notes on pages 92-102, 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.

By order of the Board.

Sir Damon Buffini
Chairman of the Remuneration Committee

3 March 2021

Remuneration focus for 2021

The Remuneration Committee's priorities for 2021

As well as considering the standing items of business, the Committee will also focus on the following areas during 2021:

- Regulatory developments and the potential impact on the structure of remuneration at Schroders
- Pay fairness across the workforce
- Conduct, compliance and risk management in remuneration

Implementation of the remuneration policy for 2021

Executive Directors' salaries

The Committee did not increase the executive Directors' salaries during the 2020 compensation review, which are £500,000 for the Group Chief Executive and £375,000 for the Chief Financial Officer.

Executive Directors' maximum total remuneration for 2021

The remuneration policy defines a maximum limit for the total remuneration of each executive Director each year, being 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. The maximum total remuneration for the current Group Chief Executive and Chief Financial Officer will be unchanged, at £9 million and £4.5 million respectively.

Basis for determining executive Directors' annual bonus awards for performance in 2021

The Committee will determine executive Directors' bonuses for performance in 2021 based on an annual bonus scorecard across a range of metrics. In considering the metrics and the range of targets for each metric, the Committee takes into account the recommendation of the Group Chairman and Group Chief Executive, the Board-approved budget, market expectations, prior-year achievement, strategic priorities and the wider economic landscape.

In line with 2020, financial performance factors make up 70% of the scorecard. The remaining 30% of the scorecard is based on a combination of non-financial factors, namely strategic progress, sustainability, people and talent, risk and conduct and each executive Director's individual objectives for the year. The table below sets out the annual bonus scorecard metrics and weightings for 2021 and the rationale for selecting these metrics.

How the executive Directors' annual bonus awards for performance year 2021 will be determined

Annual bonus scorecard measures	Rationale for inclusion	Link to strategy
Financial (70% weighting)		
Profit before tax and exceptional items (35%)	A long-standing measure of the Group's financial performance, which is recognised by our stakeholders. The Committee will consider the impact of exceptional items during the period and will have the discretion to make adjustments as appropriate.	
Client investment performance over 3 and 5 years (20%)	Central to our purpose. Represents a core output of our business. Helps our clients achieve their long-term financial goals.	
Annual net new business (15%)	Net new business is a long-standing Group-wide key performance indicator. A key driver of AUM and revenues.	
Non-financial (30% weighting)		
Strategic progress Sustainability People and talent Risk and conduct Personal goals	The Committee will set targets to assess strategic progress, sustainability, retention of key talent, conduct and risk metrics. These are all fundamental to the Group's long-term success. Performance of each executive Director against their agreed annual objectives for 2021 will also be considered.	

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

For more detail on our strategy see pages 16-17.

The Committee has adopted a robust process for setting targets, in light of budgeted performance, prior-year actual performance and the Group's strategic plans. The Committee and the Board assess subjectively how achievable the budget is as part of the Committee's work to ensure that targets are appropriately stretching. Targets are commercially sensitive and so the target range and the actual performance achieved for each metric will be disclosed retrospectively in the annual report on remuneration in respect of 2021, together with commentary for the non-financial factors.

The Committee may apply discretion to adjust annual bonus awards to the extent it judges that the results of the annual bonus scorecard do not align with results achieved, or in light of unexpected or unforeseen circumstances. In assessing profit performance, the Committee will consider the impact of exceptional items during the period and will have the discretion to make adjustments as appropriate.

The Committee is able to consider corporate performance on ESG issues when setting remuneration of the executive Directors and is satisfied that the Directors' remuneration policy and its implementation do not raise ESG risks by inadvertently motivating the wrong behaviours in the executive Directors. The annual performance objectives for the Group Chief Executive include goals relating to sustainability and ESG as an asset manager, as well as goals related to the sustainability of Schroders' own business policies and practices. Schroders has achieved full ESG integration across our managed assets and so our client investment performance is derived from ESG-integrated investment processes, which is another mechanism through which sustainability and sustainability risks are integrated into remuneration.

The executive Directors' upfront fund awards and deferred share and fund awards, in respect of performance in both 2020 and in 2021, will be granted under the DAP, which shareholders approved at the 2020 AGM.

LTIP awards to be granted in 2021

Page 83 sets out the LTIP awards that the Committee intends to grant to the executive Directors in March 2021, in accordance with the Directors' remuneration policy. These awards will be granted under the LTIP rules that were approved by shareholders in 2020.

As outlined on page 83, the executive Directors have indicated that they intend to give up their 2021 LTIP awards, as they did those granted to them in March 2020. If those awards are not actively accepted by the respective executive Directors then under the rules of the LTIP they will lapse.

At the time that they are granted, the vesting of these awards will be based on the same EPS and NNB performance conditions and targets as the awards that are expected to vest on 4 March 2021, outlined on page 96, save that the Committee has updated the weightings of the indices that make up the composite index against which EPS performance will be measured. The rationale for selecting these metrics is set out below.

How the vesting of LTIP awards to be granted to the executive Directors in March 2021 will be determined

LTIP measures over four years	Rationale for inclusion	Link to strategy
Earnings per share growth (50% weighting)	Basic earnings per share (EPS) is a Group-wide key performance indicator and supports long-term financial sustainability. We aim to grow earnings per share consistently, recognising the potential impact of market volatility on results in the short term. For the LTIP, we target adjusted EPS growth over the four-year performance period to be 20-40% higher than the growth in a composite index that the Committee believes is a reasonable proxy for the market movement of Schroders assets under management.	
Cumulative net new business (50% weighting)	Net new business (NNB) is a Group-wide key performance indicator and is a key driver of assets under management, and in turn of revenue and profit. We seek to generate positive net new business across the Group. For the LTIP, we target cumulative NNB of £15-25 billion across the four-year performance period.	

Read more about the LTIP awards that the Committee intends to grant to the executive Directors in March 2021 on page 83.

The Committee reviewed the make-up of Schroders assets under management at 31 December 2020 to determine the indices and weightings that will make up the composite index, as a proxy for the market movement of Schroders assets under management. For awards to be granted in March 2021, the following weighted basket of indices will be used:

Index	Weighting %
Morgan Stanley Capital International (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

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 Chairman 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 Heads of Compliance, Risk, 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, of other deferred remuneration plans and of employee carried interest-sharing arrangements
- Overseeing any major change in the employee benefits structure throughout the Group
- Reviewing remuneration disclosures and ensuring 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 schroders.com/ir.

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 pages 58-59.

Key areas of focus during the year

The table below summarises the key issues that the Committee considered at each of its meetings during 2020. Remuneration packages for new hires or severance arrangements for roles subject to the Committee's oversight and regulatory developments were reviewed at each meeting as required.

Meeting date	Key issues considered	
January	– Compensation outcomes for 2019	
February	– Compensation outcomes for 2019 – Conduct review – Remuneration disclosures – Forecast vesting of 2016 LTIP grants – New deferred incentive plan rules	– Executive Directors' annual bonus scorecards for 2020 – Performance conditions for 2020 LTIP grants – Remuneration arrangements and carried interest-sharing arrangements in particular business areas
2 March	– Executive Directors' remuneration policy and shareholder voting expectations	
25 March	– Covid-19 and the approach to pay and conditions for the wider workforce	– Covid-19 and Directors' remuneration
May	– CRD V remuneration implications – Review of advisers to the Committee	– Shareholder and voting agency feedback on remuneration – Remuneration Committee best practice
July	– CRD V remuneration implications	– Potential executive Directors' remuneration policy changes
September	– CRD V remuneration implications – Executive Directors' remuneration policy	– CRD V remuneration policy for material risk takers other than the executive Directors
October	– CRD V remuneration implications – Compensation review 2020 – Gender and ethnicity pay data – Approval of deferred remuneration grants for sustained high performance and potential	– Executive Directors' annual bonus scorecards for 2020 – Remuneration arrangements in particular business areas – Material risk taker framework and population – Internal audit of remuneration compliance
December	– CRD V remuneration implications – Executive Directors' remuneration policy – CRD V remuneration policy for material risk takers other than the executive Directors – Compensation review 2020 – Sustainability of earnings – Risk, legal, compliance and internal audit matters – Pay and conditions for the wider workforce	– Executive Directors' annual bonus scorecards for 2020 – Executive Directors' annual bonus scorecards for 2021 – Forecast vesting of 2017 LTIP grants – Remuneration arrangements and carried interest-sharing arrangements in particular business areas – Remuneration benchmarking – Group risk adjustment framework for remuneration – Total compensation ratio target for 2021

Internal advisers

At the invitation of the Committee Chairman, the Group Chairman attended nine meetings, the Group Chief Executive attended seven meetings and the Chief Financial Officer attended eight meetings.

The Group Head of Risk, the General Counsel, the Global Head of Compliance and the 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, the Head of Compensation and Benefits and the Head of Compensation attended meetings to provide advice and support the Committee.

To avoid conflicts of interest, no Director or employee participates in decisions determining his or her own remuneration.

External advisers

The Committee appointed PricewaterhouseCoopers LLP (PwC) and McLagan (Aon) Limited (McLagan) to provide advice on executive Director pay during 2020. Advisers were selected on the recommendation of the Global Head of Human Resources and the Head of Compensation and Benefits. 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 eight meetings as independent Remuneration Committee advisers. The Committee retained PwC in this role as their team are among the market leaders in this area, with a good understanding of the Group. 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 2020 on executive Director pay totalled £99,000. 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 including tax, consulting, regulatory compliance, support for corporate acquisitions and other advice to the Group.

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 their directors' remuneration. The total fees paid for advice to the Committee during 2020 on executive Director pay totalled £2,000. 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.

Neither PwC nor McLagan has a connection to the Company or any individual Director, save as outlined above.

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 on the Committee was wholly positive. It is chaired effectively, reports to the Board are seen as high quality and there was recognition that the adoption of the new Directors' remuneration policy was well managed.

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

The Code requires a description of how the Remuneration Committee has addressed the following factors:

Code requirements	How the Committee has addressed the requirement
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	– Prospective disclosure of bonus and LTIP metrics (pages 88-89) – Full retrospective disclosure of financial targets and non-financial factors (pages 81-84) – Consultation with shareholders regarding possible policy changes (page 78)
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	– Executive Directors incentivised via annual bonus with deferral and LTIP (page 76) – Clear disclosure of rationale and operation of each element (see Directors' remuneration policy)
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	– Defined maximum limit for annual total remuneration (page 76) – Significant deferral, providing alignment to clients and shareholders (page 76) – Committee discretion to adjust formulaic bonus or LTIP outcomes (page 80) – Extensive malus and clawback provisions (see Directors' remuneration policy)
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	– Scenario charts and key Committee discretions outlined (see Directors' remuneration policy) – 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	– Annual bonus and LTIP performance measures reviewed annually against strategic priorities (pages 88-89) – Significant deferral, providing alignment to clients and shareholders (page 76) – Extensive malus and clawback provisions (see Directors' remuneration policy)
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	– Remuneration principles aligned to our purpose (page 77) – Executive Director remuneration considered in the context of employee outcomes (pages 85-86) – Commitment to pay fairness across the workforce (page 86)

Notes to the annual report on remuneration

The notes set out on pages 92-102 supplement the information set out in the main narrative on pages 75-87, combining both statutory and voluntary disclosures, including additional detail on matters within the narrative and other elements that do not fit within that narrative.

Annual bonus pool and annual bonus award allocations across the Group – additional detail

The table below compares the annual bonus pools for performance years 2020 and 2019, divided into amounts paid in cash, upfront fund awards and amounts deferred into share awards and fund awards. The 2019 figures are shown after adjustment to reflect the foreign exchange rates used during the 2020 compensation review, to provide a better comparison of what was awarded to employees each year. The bonus pool is shown on the basis of the amounts awarded to employees in respect of performance each year, rather than the costs charged to each year's income statement, and includes amounts that are reported as exceptional items as they relate to cost-reduction programmes.

	2020	2019[1]
Total compensation ratio	**45%**	**44%**
	£m	£m
Annual bonus awards:		
– paid in cash	178.8	179.2
– granted in upfront fund awards	29.1	27.0
– deferred into share awards	51.8	48.0
– deferred into fund awards	44.3	44.0
Bonus pool	**304.0**	**298.2**
Proportion of bonus pool that is deferred	32%	31%
Number of bonus-eligible employees	4,663	4,365
Mean annual bonus award per bonus-eligible employee	£65,188	£68,319
Median annual bonus award per bonus-eligible employee	£14,000	£15,500
Group Chief Executive's bonus as a % of the bonus pool	1.8%	1.9%
Aggregate bonuses to executive Directors as a % of the bonus pool	2.6%	2.7%

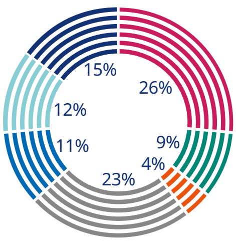
1. Adjusted to the same foreign exchange rates as those used for the 2020 figures.

The employee mean and median figures in the table above 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 both years.

Relative spend on pay chart – additional detail

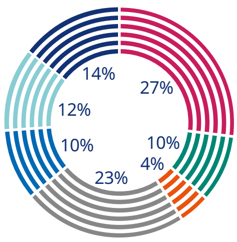
The charts below illustrate the relative spend on pay for 2020 compared with 2019. The values are taken from the financial statements and show how remuneration costs before exceptional items compare with shareholder distributions, taxes arising and earnings retained, to illustrate how net income is utilised.

2019



		vs. 2018
Fixed remuneration	£562.9m	+9%
Variable remuneration – upfront	£200.1m	(8)%
Variable remuneration – deferred	£82.0m	(20)%
Other operating expenses	£496.3m	+8%
Corporate tax and social security[1]	£222.8m	(2)%
Retained earnings	£248.2m	(13)%
Interim dividend paid and final dividend recommended	£312.5m	+0%

2020



		vs. 2019
Fixed remuneration	£589.9m	+5%
Variable remuneration – upfront	£207.8m	+4%
Variable remuneration – deferred	£94.5m	+15%
Other operating expenses	£502.2m	+1%
Corporate tax and social security[1]	£216.0m	(3)%
Retained earnings	£256.8m	+3%
Interim dividend paid and final dividend recommended	£312.0m	0%

1. Corporate tax and social security includes employer's social security costs, which for 2020 was equal to 4% of net income (2019: 4%).

Governance

Pay in the wider workforce – additional detail

The table below compares, for each of base salary or fees, benefits and annual bonus award, the percentage change from performance year 2019 to 2020 for each of the Directors with the average year-on-year percentage change across employees of the Group taken as a whole. The outcome for employees of Schroders plc is also included as this is a statutory requirement but is shown as not applicable as the legal entity Schroders plc 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 94 while those shown for the non-executive Directors are based on those shown in the non-executive Directors remuneration table on page 98. The employee mean and median figures in this table represent the change experienced for individual employees who were employed by Schroders both years, as outlined in the notes to the table.

	2020		
	Base salary / fee	Benefits	Bonus
Executive Directors			
Peter Harrison[1]	+0%	–45%	–4%
Richard Keers[1]	+0%	–3%	+2%
Non-executive Directors			
Michael Dobson	+0%	–35%	n/a
Sir Damon Buffini[2]	+20%	n/a	n/a
Rhian Davies[2]	+13%	n/a	n/a
Claire Fitzalan Howard	n/a	n/a	n/a
Rakhi Goss-Custard	+0%	n/a	n/a
Ian King	+0%	n/a	n/a
Leonie Schroder[2]	+24%	n/a	n/a
Deborah Waterhouse[2]	+47%	n/a	n/a
Matthew Westerman	n/a	n/a	n/a
Former Directors			
Philip Mallinckrodt	–67%	n/a	n/a
Employees			
Employees of Schroders plc	n/a	n/a	n/a
Employees of the Group[3,4,5]			
– Mean	+4%	+2%	+7%
– Median	+2%	+3%	+0%

1. The value of benefits for Peter Harrison and Richard Keers decreased by 45% and 3% respectively, principally reflecting reduced usage of a car and driver and slightly lower income protection and life assurance costs after these were renegotiated effective 1 May 2019.
2. The fee increases shown for Damon Buffini, Rhian Davies, Leonie Schroder and Deborah Waterhouse reflect the timing of their appointment to the Board and appointment to roles on Board Committees, as set out on page 98. The fees for the non-executive Directors were not changed in 2020.
3. For base salary, employees of the Group are those who were in employment for the full year to 31 December 2020 and represents the mean and median salary increase during 2020. Salary increases across the Group during 2020 were targeted at employees whose roles had increased in scope materially during the year and those whose fixed pay significantly lagged behind market rates. Particular attention was also given to those on lower salaries, for whom fixed pay forms a greater proportion of total remuneration.
4. 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 2020 and 2019 and represents the average change in benefits value during 2020, while the median is the median percentage change of individual employees within the same population. The increase principally reflects salary increases over the period, offset for those in the UK by slightly lower income protection and life assurance costs after these were renegotiated effective 1 May 2019.
5. 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 2020 and 2019. More commentary on the annual bonus award for each executive Director can be found on pages 80-83.

Female representation and gender pay – additional detail

Schroders is committed to promoting diversity of thought and ensuring Schroders is an inclusive place to work. That commitment is broader than gender and the Our people section on pages 34-37 provides more information on the Group's approach to inclusion and diversity.

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

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

Top quartile of employees based on hourly fixed pay	26% females, 74% males
2nd quartile	38% females, 62% males
3rd quartile	49% females, 51% males
Bottom quartile	55% females, 45% males
Total workforce	**42% females, 58% males**

Analysis of pay levels for comparable roles across Schroders shows that male and female employees are paid fairly for similar work. However, the lower representation of women at senior levels within the Group, which is an issue across the financial services sector, is reflected in the gender pay gaps shown below. This looks across the total workforce and sets out the gender pay gap for both hourly fixed pay and total variable pay, consisting of the annual bonus awarded in respect of 2020 plus any other incentive awards during the year.

		Schroders globally
Hourly fixed pay	The amount by which the male median exceeds the female median, as a % of the male median	26% (2019: 27%)
	The amount by which the male mean exceeds the female mean, as a % of the male mean	26% (2019: 27%)
Total variable pay	The amount by which the male median exceeds the female median, as a % of the male median	46% (2019: 50%)
	The amount by which the male mean exceeds the female mean, as a % of the male mean	57% (2019: 58%)
	The proportion of female and male employees who received variable pay	93% of females, 94% of males (2019: 92% / 91%)

These statistics, and the chart on page 87 showing how our gender pay gaps have narrowed since we first published them in 2016, demonstrate the continued improvement in our gender pay gaps, although there remains more to do.

For more information on diversity and inclusion at Schroders, including our UK gender pay gap disclosures, see our website at schroders.com/inclusion

Single total remuneration figure for each executive Director – additional detail (audited)

The total remuneration of each of the executive Directors for the years ended 31 December 2020 and 31 December 2019 is set out below.

2020 (£'000)	Base salary	Benefits and allowances	Retirement benefits	Total fixed pay	Initial scorecard outcome	Discretionary annual bonus reduction	Annual bonus award	LTIP vested	Total variable pay	Total remuneration
Peter Harrison	500	9	45	554	5,678	(250)	5,428	295	5,723	6,277
Richard Keers	375	6	45	426	2,503	(100)	2,403	196	2,599	3,025
Total	**875**	**15**	**90**	**980**	**8,181**	(350)	**7,831**	**491**	**8,322**	**9,302**

2019 (£'000)	Base salary	Benefits and allowances	Retirement benefits	Total fixed pay	Initial scorecard outcome	Discretionary annual bonus reduction	Annual bonus award	LTIP vested	Total variable pay	Total remuneration
Peter Harrison	500	16	45	561	–	–	5,680	212	5,892	6,453
Richard Keers	375	7	45	427	–	–	2,350	159	2,509	2,936
Total	**875**	**23**	**90**	**988**	**–**	**–**	**8,030**	**371**	**8,401**	**9,389**

The methodology for determining the single total remuneration figure is set out below. A chart illustrating the figures above can be found on page 84.

Base salary	Represents the value of salary earned and paid during the financial year, before any donations to charity (see page 75).
Benefits and allowances	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.
Retirement benefits – see page 97	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. Page 97 shows how the retirement benefits figures above are comprised for each Director.
Annual bonus award – see pages 80-83 plus additional detail on page 96	Represents the total value of the annual bonus award for performance during the relevant financial year. The column headed 'Initial scorecard outcome' represents what the annual bonus award would have been based solely on the annual bonus scorecard. In determining this, the Committee acknowledged the societal impact of Covid-19 and marked the non-financial elements of the scorecard below the level that would otherwise be expected based on the executive Directors' performance against the pre-determined scorecard targets. The column headed 'Discretionary annual bonus reduction' shows the Committee's further one-off reduction from that initial scorecard outcome for 2020, given the extraordinary circumstances of 2020, to reach the actual annual bonus award for each executive Director. Pages 80-83 set out the basis on which annual bonus awards for 2020 were determined. Page 96 breaks down the annual bonus awards for 2020 into cash paid through the payroll in February 2021 and the upfront fund awards, deferred fund awards and deferred share awards that will be granted in March 2021.
LTIP vested – see page 84 plus additional detail on pages 96-97	Represents the estimated value that is expected to vest on 4 March 2021 from LTIP awards granted on 6 March 2017, using the average closing mid-market share price over the three months ended 31 December 2020 and the percentage of the awards that is expected to vest. The comparative value shown for 2019 represents the actual value that vested on 5 March 2020 from LTIP awards granted on 7 March 2016. The 2019 LTIP vested values disclosed last year were estimates, as the Annual Report and Accounts was finalised prior to the vesting date. Page 84 sets out the performance achieved and how vesting will be determined, with further detail on page 96, and page 97 shows how the value shown above has been calculated, including how much of the value is attributable to share price movement during the period from grant to vesting. Page 99 sets out information on LTIP awards granted to the executive Directors during 2020, which the Directors subsequently waived. These awards are not reflected above. Page 83 sets out information on LTIP awards to be granted to the executive Directors in March 2021. The executive Directors have indicated that they intend not to accept these awards. Again, these are not reflected above.

The Group Chief Executive's total remuneration over the last 10 years – additional detail

The table below sets out the Group Chief Executive's single total remuneration figure over the 10 years ended 31 December 2020, as well as showing how variable pay plans have paid out each year. A chart illustrating the single total remuneration figures over this period, and comparing them to the total shareholder return of Schroders shares and of the FTSE 100, is shown on page 85.

Financial year	2011	2012	2013	2014	2015	2016[3]	2016[4]	2017	2018	2019	2020
						Michael Dobson	Peter Harrison				
Single total remuneration figure (£'000)	5,570	4,870	8,414	8,155	8,905	2,451	6,311	7,059	6,735	6,453	6,277
Annual bonus award (outcome as a % of maximum, or actual award as a % of 10-year highest bonus)[1]	65%	56%	81%	87%	100%	25%	70%	82%	78%	72%	69%
LTIP (vesting as a % of maximum)[2]	n/a	n/a	100%	50%	50%	50%	50%	n/a	0%	50%	50%

1. For 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 10 years, as no maximum annual bonus opportunity was in place.
2. 2011 and 2012 are shown as 'n/a' as the LTIP was introduced in May 2010 and so there was no LTIP vesting outcome in those years. 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.
3. The 2016 remuneration for Michael Dobson reflects the actual remuneration that he received for the portion of 2016 that he served as Chief Executive.
4. Peter Harrison was appointed Group Chief Executive on 3 April 2016. The 2016 remuneration value above reflects his full-year single total remuneration figure.

UK pay ratios – additional detail

The table below compares the Group Chief Executive's single total remuneration figure for 2020 to the remuneration of the Group's UK workforce as at 31 December 2020, along with the comparative figures for the previous year.

	Method	Pay ratio to upper quartile UK employee	Pay ratio to median UK employee	Pay ratio to lower quartile UK employee
2020	Option A	42: 1	70: 1	110: 1
2019	Option A	42: 1	72: 1	117: 1

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 2020 plus any annual bonus award in respect of 2020 and any other incentive awards granted during 2020. In calculating these ratios, salary and any annual bonus award for employees who work part time have been pro-rated up to a full-time equivalent. We have not included any 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.

		Upper quartile UK employee		Median UK employee		Lower quartile UK employee	
£	Method	Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2020	Option A	150,310	122,500	89,541	58,000	57,205	45,000
2019	Option A	154,667	85,000	89,743	68,000	55,400	50,000

Comparing the ratios for 2020 with those for 2019, the pay ratio to the upper quartile UK employee is unchanged, while the pay ratio to the median employee has reduced slightly and to the lower quartile employee has reduced more significantly. In part this is attributable to the reduction year-on-year in the Group Chief Executive's single total remuneration figure, which is 3% lower for 2020 compared to 2019. The upper quartile employee total remuneration is also 3% lower for 2020 compared to 2019 and so the pay ratio to the upper quartile employee is consistent year-on-year. The median UK employee total remuneration is down only marginally year-on-year, by less than half of 1%, and so the reduction in the median pay ratio is largely attributable to the reduction in the Group Chief Executive's remuneration. The lower quartile UK employee total remuneration is 3% higher for 2020 compared to 2019. This increase combined with the reduction in the Group Chief Executive's remuneration drives the reduction in the pay ratio to the lower quartile employee.

As well as new hires and leavers in the normal course of business, the changes to the total pay for the upper quartile, median and lower quartile UK employee also reflect some structural changes to our workforce, including moving some contractors into employee roles and the relocation of some operational roles that were based in London and Luxembourg to our Horsham campus. The slight narrowing of the median pay ratio and more significant narrowing of the pay ratio to the lower quartile UK employee is consistent with the Group's focus on pay fairness across the workforce, particularly for the Group's lower-paid employees, as outlined on pages 85-86, and as such the Group believes these outcomes to be consistent with the pay and reward policies for the Group's UK employees as a whole.

Variable pay – annual bonus award – additional detail (audited)

The table below sets out details of how the annual bonus award for each executive Director for performance during 2020 was structured. The total annual bonus award values are reflected in the single total remuneration figure for each executive Director on page 94. The table also shows the face value of the LTIP award granted during 2020 (see page 99) and the percentage of variable pay deferred across annual bonus and LTIP combined.

		DAP award						LTIP award	
2020 (£'000)	Upfront cash bonus award	Upfront fund award	Deferred share award	Deferred fund award	Total DAP award	Total annual bonus award	Percentage deferred[1]	LTIP granted during 2020	Percentage of total variable pay deferred[1]
Peter Harrison	1,123	1,123	2,387	795	4,305	5,428	59%	600	63%
Richard Keers	506	506	1,043	348	1,897	2,403	58%	400	64%

1. 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 after 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 after 1.5, 2.5 and 3.5 years from grant.

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

The LTIP awards granted on 6 March 2017, covering the 2017 to 2020 performance period, are expected to vest on 4 March 2021. The criteria for determining the extent of vesting are set out below. Despite the strong performance of Schroders since these awards were granted, the very demanding EPS target will not be met.

Performance measure	Maximum % of award	Performance achieved	Vesting % of award
EPS If the growth of adjusted EPS in the fourth year compared with the year prior to grant exceeds the defined composite index by: – less than 20%: no vesting – equal to 20%: 12.5% vests – between 20-40%: straight-line basis – 40% or greater: 50% vests	50	The four-year growth in the composite index was 26.7% (see below). Four-year growth in adjusted EPS was 5.8%, which is less than the composite index and is insufficient to trigger any vesting of this part of the LTIP awards.	0
NNB cumulative over the four-year performance period: – less than £15 billion: no vesting – equal to £15 billion: 12.5% vests – between £15-25 billion: straight-line basis – £25 billion or greater: 50% vests	50	The four-year cumulative NNB from 2017 to 2020 was £86.0 billion, which is sufficient to trigger full vesting of this part of the LTIP awards.	50
Total expected to vest in relation to 2017 to 2020 performance			50

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	15.0%	47.1%
MSCI All Countries World	15.0%	52.6%
MSCI Emerging Markets	7.5%	48.5%
FTSE All Share	7.5%	10.0%
MSCI Europe	5.0%	26.0%
Bloomberg Barclays Global Aggregate	50.0%	12.0%
Composite index (calculated as a weighted average)		26.7%

Variable pay – estimated value vesting from prior LTIP awards – additional detail (audited)

The following table shows, for each Director, the estimated value expected to vest on 4 March 2021 from LTIP awards granted on 6 March 2017, based on the average closing mid-market share price over the three months ended 31 December 2020 and the expected vesting percentage shown on page 96. For each executive Director, the total value expected to vest is reflected in the single total remuneration figures on page 94. Awards are over ordinary shares.

			Value of shares expected to vest (£'000)				
Individual	Grant-date face value of LTIP award £'000	Proportion expected to vest in relation to 2017-2020 performance	Face value at time of grant	Impact of dividend equivalents since grant[1]	Impact of share price movement since grant	Total estimated value vesting	Number of shares expected to vest
Peter Harrison	600	50%	300	–	(5)	295	9,768
Richard Keers	400	50%	200	–	(4)	196	6,512

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.

Fixed pay – retirement benefits – additional detail (audited)

The following table shows details of retirement benefits provided to executive Directors for the years ended 31 December 2020 and 31 December 2019. For the executive Directors, the sum of employer contributions and cash in lieu each year is reflected in the single total remuneration figures on page 94. 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	**2020 employer contributions**	**2020 cash in lieu of pension[1]**	**2020 retirement benefits total**	2019 employer contributions	2019 cash in lieu of pension[1]	2019 retirement benefits total	Accrued DB pension at 31 December 2020	Normal retirement age[2]
Peter Harrison	10	35	45	10	35	45	–	60
Richard Keers	–	45	45	–	45	45	–	60

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

Fees from external appointments

The executive Directors are permitted to retain for their own benefit fees they receive from any external non-executive directorships, provided the directorships do not relate to any interest held by the Group. Neither Peter Harrison nor Richard Keers received any fees in respect of external non-executive roles during 2020.

Non-executive Directors' remuneration (audited)

The total remuneration of each of the non-executive Directors for the years ended 31 December 2020 and 31 December 2019 is set out below, based on the structure of non-executive Directors' fees set out below the table.

	2020						2019					
£'000	Basic fee	Committee chairman	Committee member	SID	Taxable benefits	Total	Basic fee	Committee chairman	Committee member	SID	Taxable benefits	Total
Michael Dobson	625	–	–	–	11	636	625	–	–	–	17	642
Sir Damon Buffini	80	25	20	–	–	125	80	4	20	–	–	104
Rhian Davies	80	25	40	–	1	146	80	25	23	–	–	128
Claire Fitzalan Howard	53	–	–	–	1	54	–	–	–	–	–	–
Rakhi Goss-Custard	80	–	20	–	2	102	80	–	20	–	–	100
Ian King	80	–	20	20	1	121	80	–	20	20	–	120
Leonie Schroder	80	–	–	–	1	81	65	–	–	–	–	65
Deborah Waterhouse	80	–	20	–	1	101	65	–	3	–	–	68
Matthew Westerman	65	–	19	–	–	84	–	–	–	–	–	–
Philip Mallinckrodt	27	–	–	–	–	27	80	–	–	–	–	80

The fees shown in each Director's case reflect the portion of 2019 and 2020 that they each served in their respective roles, and are shown before any donations to charity (see page 75).

- Leonie Schroder and Deborah Waterhouse were appointed to the Board with effect from 11 March 2019. Matthew Westerman was appointed to the Board with effect from 9 March 2020. Claire Fitzalan Howard was appointed to the Board with effect from 30 April 2020. In each case, on appointment as non-executive Directors their fees were set at the same level as for other non-executive Directors.
- On 6 November 2019, Sir Damon Buffini was appointed Chairman of the Remuneration Committee, Rhian Davies was appointed a member of the Remuneration Committee and Deborah Waterhouse was appointed a member of the Audit and Risk Committee. Matthew Westerman was appointed a member of the Audit and Risk Committee from his appointment to the Board on 9 March 2020 and was appointed a member of the Remuneration Committee on 19 November 2020.
- Philip Mallinckrodt retired from the Board at the conclusion of the 2020 AGM, on 30 April 2020. His fee ceased on the date he retired.

The benefits for Michael Dobson were 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 Rhian Davies, Claire Fitzalan Howard, Rakhi Goss-Custard, Ian King, Leonie Schroder and Deborah Waterhouse were travel expenses.

The fees for the non-executive Directors were not changed in 2020, having last been reviewed during 2019. The structure of non-executive Directors' fees is shown below. Fees are usually reviewed biennially.

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

1. In addition to the Committee membership fee.

DAP and LTIP awards granted during 2020 (audited)

The following awards under the DAP were granted to Directors on 11 March 2020 in respect of deferred bonuses for performance during 2019. 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 2019 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 94. They are also shown in the tables of Directors' rights under fund and share awards on pages 100-101.

		Face value at grant (£'000)						
Individual	Basis of DAP award granted	Upfront fund awards	Deferred share awards	Deferred fund awards	Total DAP award	Share price at grant	Number of shares	Performance conditions
Peter Harrison	Deferral of bonus awarded for performance in 2019	1,173	1,667	1,667	4,507	£23.61	70,584	Awarded for performance in 2019. No further performance conditions apply.
Richard Keers		495	680	680	1,855	£23.61	28,801	

The following awards under the LTIP were granted to Directors on 11 March 2020 as nil-cost options. Each executive Director subsequently elected not to accept their respective awards and so each award was void and took no effect. As a result, they are not reflected in the table of Directors' rights under share awards on page 101. These awards do not appear in the single total remuneration figure on page 94.

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	£23.61	25,412	31 December 2023
Richard Keers		400	100	25	£23.61	16,941	31 December 2023

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 2020 was subject to the same performance conditions as applied to awards expected to vest following the end of 2019, which are set out on page 96, save that the composite index for the measurement of EPS performance for these awards was as follows:

Index	Weighting %
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

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 9 a.m. and 5 p.m. 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 2020. No other payments were made to former Directors during 2020.

Personal shareholding policy – additional detail (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 shareholding is equivalent to 500% of base salary for the Group Chief Executive, 300% of base salary for other executive Directors and 150-300% of base salary for other members of the GMC depending on their role. Each executive Director and GMC member undertakes not to sell any Schroders shares until their share ownership target has been reached, subject to some limited exceptions. The executive Directors' service contracts provide that, on stepping down as an executive Director, the level of shareholding required while an executive Director must be maintained for a further two years, or the actual level of shareholding on stepping down if lower.

For the purposes of the personal shareholding policy, rights to shares 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 101) and of vested DAP or LTIP awards (shown as 'Vested but unexercised share awards' on page 101) but do not include unvested LTIP awards as these rights to shares are subject to performance conditions.

The charts on page 78 compare the value of each executive Director's shareholdings as at 2 March 2021 with the shareholding required under the personal shareholding policy, as a percentage of salary, including the LTIP awards expected to vest on 4 March 2021 (see pages 96-97) and DAP deferred share awards to be granted in respect of performance in 2020 (see page 96).

Executive Directors' alignment to share price

The table below shows the number of shares currently owned by each executive Director, the number of shares over which they have been or will be granted rights under the Group's incentive plans and the estimated after-tax value of those shares, on the same basis as outlined above.

	As at 31 December 2020						Estimated after-tax value (£'000)			
Individual	Shares owned	Rights to shares	SIP shares acquired in January and February 2021	LTIP shares expected to vest 4 March 2021	Total share exposure	Rights to shares to be granted under the DAP in March 2021 (£000)	At the 2 March 2020 share price	At the 2 March 2021 share price	Difference	Impact of a 10% share price movement
Peter Harrison	4,868	193,446	13	9,768	208,095	2,387	4,458	5,250	793	525
Richard Keers	830	88,900	13	6,512	96,255	1,043	2,011	2,373	362	237

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

This section outlines Directors' rights during 2020 from fund and share awards granted under the Group's incentive plans. It goes on to set out the total interests in shares of the Directors and their connected persons at 31 December 2020.

Directors' rights under fund awards (audited)

Directors had the following rights under fund awards granted 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 2019	4,440	–	4,440
	Granted	1,667	1,173	2,840
	Vested	(2,593)	2,593	–
	Exercised	–	(3,766)	(3,766)
	At 31 December 2020	3,514	–	3,514
Richard Keers	At 31 December 2019	1,882	267	2,149
	Granted	680	495	1,175
	Vested	(1,112)	1,112	–
	Exercised	–	(1,874)	(1,874)
	At 31 December 2020	1,450	–	1,450
Philip Mallinckrodt[1]	At 31 December 2019	419	456	875
	Vested	(419)	419	–
	Exercised	–	(456)	(456)
	At 31 December 2020	–	419	419

1. Philip Mallinckrodt was an executive Director of Schroders until he moved to a non-executive role on 1 March 2017. During his period in an executive role he received part of his annual bonus awards in fund awards, in line with the remuneration policy for executive Directors at that time.

Directors' rights under share awards (audited)

Directors had the following rights to shares under the Group's incentive plans, in the form of nil-cost options, 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 2019	76,318	163,664	25,429	265,411
	Granted	25,412	70,584	–	95,996
	LTIP award granted but not accepted	(25,412)	–	–	(25,412)
	Dividend-equivalent accrual	–	7,847	2,159	10,006
	Vested	(7,621)	(94,051)	101,672	–
	Lapsed where LTIP conditions were not met	(7,622)	–	–	(7,622)
	Exercised	–	–	(83,858)	(83,858)
	At 31 December 2020	61,075	148,044	45,402	254,521
Richard Keers (Ordinary shares)	At 31 December 2019	52,149	69,645	8,247	130,041
	Granted	16,941	28,801	–	45,742
	LTIP award granted but not accepted	(16,941)	–	–	(16,941)
	Dividend-equivalent accrual	–	3,605	623	4,228
	Vested	(5,716)	(40,536)	46,252	–
	Lapsed where LTIP conditions were not met	(5,716)	–	–	(5,716)
	Exercised	–	–	(27,737)	(27,737)
	At 31 December 2020	40,717	61,515	27,385	129,617
Philip Mallinckrodt[3] (Non-voting ordinary shares)	At 31 December 2019	4,252	21,272	26,827	51,110
	Dividend-equivalent accrual	–	–	1,188	1,188
	Vested	(2,126)	(21,272)	23,398	–
	Lapsed where LTIP conditions were not met	(2,126)	–	–	(2,126)
	Exercised	–	–	(26,827)	(26,827)
	At 31 December 2020	–	–	24,586	24,586

1. These awards will only vest to the extent that the relevant performance conditions are met. Includes LTIP awards granted on 6 March 2017, which were unvested as at 31 December 2020. These awards are expected to partially vest on 4 March 2021 (see pages 96-97) and any balance will lapse.
2. No performance conditions apply for these awards. As well as awards granted under the DAP, this includes awards granted under the Equity Compensation Plan, which was used for deferred bonus awards granted to the executive Directors until 2018, and the Equity Incentive Plan (EIP), used very selectively in the past to reward high potential employees and sustained high performance. Although executive Directors were not eligible to receive EIP awards, Peter Harrison received an EIP award in December 2013, prior to his appointment as an executive Director in May 2014.
3. Philip Mallinckrodt was an executive Director of Schroders until he moved to a non-executive role on 1 March 2017. During his period in an executive role he received part of his annual bonus awards in share awards and received LTIP awards, in line with the remuneration policy for executive Directors at that time.

During 2020, the aggregate gain on nil-cost options for the Directors, which were settled in shares, was as follows:

- Peter Harrison received £2,306,000 from exercising nil-cost options over 83,858 ordinary shares, in part granted as an element of his annual bonus award for performance in 2016, in part being the vested element of the LTIP award granted to him in 2016 and in part granted as an Equity Incentive Plan award granted to him in December 2013, prior to his appointment as an executive Director in May 2014.
- Richard Keers received £793,000 from exercising nil-cost options over 27,737 ordinary shares, in part granted as an element of his annual bonus award for performance in 2016 and in part being the vested element of the LTIP award granted to him in 2016.
- Philip Mallinckrodt received £508,000 from exercising awards over 26,827 non-voting ordinary shares, granted as part of his annual bonus award for performance in 2015.

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 2020	
	Ordinary shares	Non-voting ordinary shares
Executive Directors		
Peter Harrison	4,868	–
Richard Keers	830	–
Non-executive Directors		
Michael Dobson	79,965	196,165
Sir Damon Buffini	–	5,000
Rhian Davies	–	1,000
Claire Fitzalan Howard[1]	80,942,658	6,263,708
Rakhi Goss-Custard	669	–
Ian King	–	2,641
Leonie Schroder[1]	90,422,110	7,671,700
Deborah Waterhouse	–	–
Matthew Westerman	2,000	–
Former Directors		
Philip Mallinckrodt[2]	80,985,757	6,363,370

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 Philip Mallinckrodt refer to the position as at 30 April 2020, the date he stepped down as a Director of the Company. They include his personal holdings and beneficial interests that were held by him and his connected persons in their capacity as members of a class of potential beneficiaries under certain settlements made by members of the Schroder family.

Between 31 December 2020 and 2 March 2021, the only movements in the Directors' share interests were the acquisition under the Share Incentive Plan of 13 ordinary shares by Peter Harrison and 13 ordinary shares by Richard Keers.

Conduct, compliance and risk management in remuneration
Schroders' core values are excellence, innovation, teamwork, passion and integrity. We expand on these in our guiding principles to more clearly articulate the behaviours that we expect from our employees. Pages 34-37 provide more information on key elements of our people strategy.

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

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

We identify employees whose professional activities can have a particular risk impact on the Group, or on certain regulated subsidiaries. Our approach to identifying these 'material risk takers' takes account of the different regulatory requirements and guidance that apply across the Group. Our material risk takers are subject to enhanced scrutiny and oversight, including enhanced control function oversight of their activities and direct oversight of their remuneration by the Committee. Some material risk takers, specifically those identified under the UCITS Directive or AIFMD, are subject to higher levels of bonus deferral and a higher proportion of remuneration in fund awards, creating greater alignment with shareholders and clients. Information on remuneration changes for certain material risk takers identified under the UK implementation of CRD V is set out on page 87; this does not include the executive Directors.

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

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

The information contained in the sections of this Annual Report and Accounts identified below forms part of this Directors' report:
- Strategic report
- Board of Directors
- Corporate governance report, including the Nominations Committee report and the Audit and Risk Committee report
- The Statement of Directors' responsibilities.

Share capital

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

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

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

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

At the 2020 AGM, shareholders renewed the Directors' authority to issue 5,000,000 non-voting ordinary shares in order to provide the Directors with the flexibility to issue non-voting ordinary shares or to grant rights to subscribe for, or convert securities into, non-voting ordinary shares. Shareholders also gave approval for the Company to buy back up to 5,000,000 non-voting ordinary shares and gave authority for the disapplication of pre-emption rights in relation to the issue of up to 5,000,000 non-voting ordinary shares. Renewal of these authorities to a maximum of 5,000,000 non-voting ordinary shares will be sought at the 2021 AGM.

Under the terms of the Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust, ordinary and non-voting ordinary shares are held on trust on behalf of employee share plan participants. The trustees of these trusts may exercise the voting rights in any way they think fit. In doing so, they may consider the financial and non-financial interests of the beneficiaries and their dependants. As at 2 March 2021, being the latest practicable date before the publication of this Annual Report and Accounts, the Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust together held 8,596,186 ordinary shares and 38,843 non-voting ordinary shares.

Under the terms of the Share Incentive Plan, as at 2 March 2021, 860,068 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.

Articles of Association

A special resolution to adopt new Articles of Association will be considered by the shareholders at the 2021 AGM.

2021 Annual General Meeting

The 2021 AGM will be held on Thursday 29 April 2021 at 11.30 a.m. All resolutions are voted on separately and the final voting results are published as soon as practicable after the meeting. Together with the rest of the Board, the Chairmen of the Nominations, Audit and Risk, and Remuneration Committees will be present to answer questions.

Substantial shareholdings

The table below shows the holdings of major shareholders in the voting rights of the Company, as at 31 December 2020, as notified and disclosed to the Company in accordance with the Disclosure Guidance and Transparency Rules. On 15 January 2021, Harris Associates L.P., notified the Company that their holding had decreased to 11,293,745 ordinary shares, which is 4.99% of voting rights held.

Member	Class of shares	No. of voting rights held	% of voting rights held
Vincitas Limited[1]	Ordinary	60,724,609	26.87
Veritas Limited[1]	Ordinary	36,795,041	16.28
Flavida Limited[2]	Ordinary	60,951,886	26.97
Fervida Limited[2]	Ordinary	39,724,396	17.58
Lindsell Train Limited[3]	Ordinary	22,507,143	9.958
Harris Associates L.P.[3]	Ordinary	11,443,978	5.06

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

Relationship Agreement

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

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

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

In accordance with Listing Rule 9.8.4(14), the Board confirms that for the year ended 31 December 2020:

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

Dividends

The Directors are recommending a final dividend of 79 pence per share, which if approved by shareholders at the AGM, will be paid on 6 May 2021 to shareholders on the register of members at close of business on 26 March 2021. Details of the Company's dividend policy are set out on page 29. Dividends payable in respect of the year, subject to this approval, along with prior year payments, are set out below.

Ordinary shares and non-voting ordinary shares	2020		2019	
	pence	£m	pence	£m
Interim	35.0	95.7	35.0	95.8
Final*	79.0	216.3	79.0	216.7
Total	114.0	312.0	114.0	312.5

* Subject to approval by shareholders at the 2021 AGM.

The Schroders Employee Benefit Trust and the Schroder US Holdings Inc. Grantor Trust have waived their rights to dividends paid on both the ordinary and non-voting ordinary shares in respect of 2020 and future periods. See notes 7 and 22 to the financial statements.

Corporate responsibility

Details of the Company's employment practices, including diversity and employee involvement, can be found in the Strategic report from page 30.

We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. See page 46 for more details on our total CO_2e emissions data.

Indemnities and insurance

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

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

Under the Trust Deed & 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

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 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.

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 (2019: nil) and there is no intention to make or incur any in the current year.

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

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

Applicable sub-paragraph within LR 9.8.4	Disclosure provided
(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 75
(6) Where a director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review;	See page 75
(12) Details of any arrangements under which a shareholder has waived or agreed to waive any dividends.	See pages 104 121 and 146
(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 104, 121 and 146
(14) A statement made by the Board that the Company has entered into an agreement under LR 9.2.2A, that the Company has, and, as far as it is aware, the other parties to the agreement have, complied with the provisions in the agreement.	See page 104

Going concern

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

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

Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for 12 months from the date the Annual Report and Accounts is signed. They therefore continue to adopt the going concern basis in preparing the Annual Report and Accounts.

In addition, the Directors have assessed the Company's viability over a period of five years. The results of this assessment are set out on page 56.

By order of the Board.

Graham Staples
Company Secretary

3 March 2021

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 Company financial statements in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 and the Group financial statements in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies to the European Union. Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make estimates and judgements that are reasonable and prudent.
- State that the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies to the European Union, subject to any material departure disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

The Directors are responsible for keeping proper books of accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006. 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies to the European Union, 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 103, includes a fair review of the development and performance of the business and the position of the Company and the Group and a description of the principal risks and uncertainties that they face.

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

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

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

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

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

Forward-looking statements

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