

Slavery and Human Trafficking Statement 2019

For the year ending 31 December 2019

Introduction

The Modern Slavery Act 2015 is a world-leading piece of legislation devoted to tackling some of humanity's greatest evils, involving human trafficking, forced labour, domestic servitude and sexual exploitation. Its provisions apply in the United Kingdom and set an example for other countries wishing to do the same. The Act requires businesses such as the Schroders Group ('Schroders' or the 'Group') to report on the measures we have taken to eradicate modern slavery, including through the scrutiny of our supply chains. In accordance with the provisions of Section 54 of the Act, this statement is an update on the progress that Schroders made during 2019 and our plans for 2020 towards combatting modern slavery in our business and supply chains.

We aim for high standards of governance throughout the Group; corporate responsibility matters enormously to us. Accordingly, this statement and the ambitions we have to eradicate modern slavery from the entirety of our business activity go beyond just compliance with the law. Schroders recognizes and is acting on the responsibility we have towards our clients and other stakeholders, including our employees and society as a whole.

Our commitment to combat slavery and human trafficking

Schroders is utterly opposed to slavery. We will not knowingly support or conduct business with any organisation involved in such activities.

Organisational structure

Schroders is a global asset management organisation operating in 32 countries and employing over 4,900 people.

UK	54.8%
Asia	20.3%
Europe (ex-UK)	17.3%
North America	6.4%
South America	0.9%
Middle East and Africa	0.3%

We manage assets on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world. We also offer private clients wealth management services.

Schroders plc is the ultimate holding company of the Schroders Group with its head office based in London. Find out more about Schroders [here](#).

Our people

Our direct workforce consists predominantly of professionally qualified and skilled employees and we consider the risk of modern slavery occurring within our business to be low.

We are a living wage employer and we have committed to meeting the living wage for all our London-based employees. We extend the living wage principle to all our locations. Where applicable, we expect our suppliers to adopt the same principle.

All new employees of the Group are directed to our employee handbook, which sets out that we expect the highest standards of ethics and integrity and makes clear that we oppose all forms of unfair discrimination or victimisation. From 2018, this has included a specific section highlighting the firm's zero-tolerance of modern slavery and human trafficking in any part of its business.

Our ethical standards

We promote high ethical standards and have an internal Whistleblowing Policy whereby employees can raise suspected concerns regarding unethical behaviour or decisions that could indicate potential wrongdoing. A 24-hour hotline is available to employees to report anonymously any concerns and this is publicised widely. Our focus on doing the right thing for our clients, our people and wider society lies at the centre of our culture and so we are committed to delivering positive outcomes for all.

Training

We recognise that training is crucial to raising awareness of issues around slavery including how to spot signs of trafficking and where to report concerns.

We provide specific training to our procurement team and other staff involved in the management of our suppliers. We have training modules on modern slavery and human trafficking available to all employees through our online training platform.

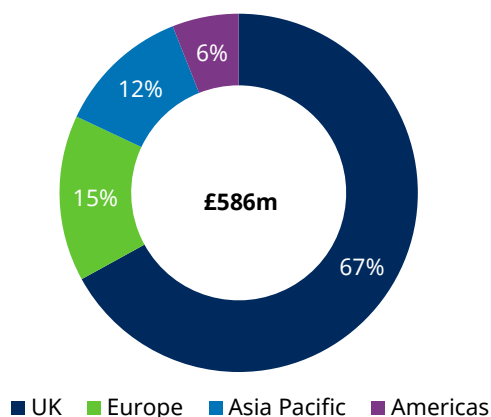
Our supply chain

We rely on third parties to support high quality, effective and efficient delivery of our services to clients. We expect all of our suppliers to operate in a responsible, ethical, open and transparent way and in compliance with all applicable laws and regulations.

In 2019 we spent close to £600m with c.5,800 suppliers globally. Our business profile results in a supply chain that is predominantly composed of business and professional services organisations in low risk countries. We have consolidated our supplier oversight policies and framework to enhance awareness and provide greater clarity of roles and responsibilities. Furthermore we have invested in people and technology in 2019 that will support improvements in our reporting capabilities, enable access to a greater breadth of data and introduce increased controls when onboarding new suppliers.

We regularly assess, review and report upon our supply chain to focus efforts on those suppliers that have the most significant potential impact across a number of criteria. Our criticality assessment includes a review of those suppliers most material with respect to (i) spend; (ii) brand risk; (iii) regulatory risk; (iv) contractual commitment; (v) business impact; (vi) service complexity; (vii) data risk. This assessment, along with a review of both the category of spend and country of service, provide us with a supplier profile which we focus our enhanced due diligence and corporate responsibility reporting against.

Supplier spend by region FY19



Throughout 2019, we regularly assessed our supply chain through 3 lenses:

1. Our top 200 suppliers, accounting for 78% of our total expenditure
2. Our 20 business critical suppliers ensuring regulatory compliance (accounting for 15% of our total global spend)
3. Those suppliers providing services in sectors considered high risk; cleaning, catering, office equipment, office stationery, textiles, IT desktop/laptops and IT consumables (accounting for 4% of our total global spend)

The aggregate population of suppliers with whom we spend in excess of £50,000 and meet the above criteria is 238 suppliers, accounting for 82% of our global supplier spend.

Our assessment of these 238 suppliers confirm that we have services provided from one (1) country that we categorise as high risk, five (5) medium risk countries and sixteen (16) low risk.

Location (countries)	No. of suppliers	% of spend
High risk (1)	4	1
Medium risk (5)	43	4
Low risk (16)	191	95

For those suppliers providing services in high risk sectors, we have 28 suppliers with whom we spend in excess of £50,000. Of these, 15 are in scope and have clear modern slavery statements of their own. For all in scope suppliers we request and receive assurance and commitment to abide by Schroders Supplier Code of Conduct.

Suppliers of goods and services that fall into the high risk sectors are subject to increased scrutiny and enhanced due diligence to ensure the appropriate mitigation of risk.

All contracts we have in place with our providers of onsite catering and cleaning services in the UK now have a legally binding clause requiring them to adhere to the requirements of the Modern Slavery Act and this language is being increasingly introduced into new supplier arrangements.

Due diligence

We undertake robust due diligence on all our material suppliers and have an established framework setting out the accountability for on-going performance measurement to monitor, review and manage these relationships. Our due diligence process include a specific human rights risk assessment as a measurement criteria used during the selection process for new suppliers.

Material suppliers are formally reviewed twice a year in line with our policies and this includes assessment against service levels, operational risk, compliance with regulation, business continuity and contractual obligations.

The output from the bi-annual due diligence reports and other relevant market information is collated into a service provider risk report for review by the Board Audit and Risk Committee.

Due diligence is also undertaken before entering a new client relationship and this is enhanced in high-risk countries.

Initiatives being undertaken

In 2019 we have invested in services that will enable us to:

- Report that all in-scope incumbent suppliers have a Modern Slavery Statement
- Confirm that all in-scope incumbent suppliers have attested to our Supplier Code of Conduct
- Gain swifter access to in-scope incumbent supplier MSA statements

We have invested in people and technology that shall enable us to increase our controls with regard to onboarding new suppliers including the provision of Modern Slavery statements and compliance with our Supplier Code of Conduct.

Company engagement and ESG

Integrating Environmental, Social and Governance (ESG) analysis into our fundamental investment processes is a core part of how we generate long-term sustainable value for our clients. Modern slavery and companies' management of their workers and suppliers more broadly are becoming increasingly important to our analysis of the companies in which we invest.

We have identified and examined those sectors that we believe are most at risk of modern day slavery. Consumer companies are most exposed but those with robust supply-chain management strategies are likely to be best placed as the spotlight becomes brighter. We monitor supply chain standards and workforce metrics across all sectors and companies through our proprietary research tool, Context. In 2019 we had more than 1,750 engagements across 57 countries on ESG issues, prioritising weak performers and large exposures.

In 2019, our sustainable investment team contacted 52 companies in the FTSE 100 over their scoring in the Business & Human Rights Resource Centre's assessment of transparency statements under the modern slavery act. The purpose of the engagement was to; i) commend leaders whose statements reflected better action and more detailed disclosure; and ii) encourage companies which performed poorly to provide better and more transparent reporting. We had a 60% response rate from our engagements and saw improvements in transparency around risk management, policies and due diligence, but the engagement highlighted that further improvements are required on disclosure of supply chain monitoring effectiveness and business structure. We will continue to engage throughout 2020.

Approval

This statement has been approved by the Boards of Schroders plc, Schroder Investment Management Limited, Schroder & Co. Limited, Schroder Unit Trusts Limited, Schroder Real Estate Investment Management Limited, Schroder Investment Management North America Limited and Schroder Pension Management Limited and will be reviewed and updated annually. For our 2018 Slavery and Human Trafficking Statement, please click [here](#).

Important information:

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. All investments involve risks including the risk of possible loss of principal.

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