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Slavery and Human Trafficking Statement

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For the year ending 31 December 2018

In accordance with the Modern Slavery Act 2015, this statement provides an update on the progress that the Schroders Group ('Schroders' or the 'Group') has made during 2018 and our plans for 2019 to prevent slavery and human trafficking from taking place in our business and supply chains.

We aim for high standards of governance throughout our organisation and corporate responsibility matters enormously to us. We recognise 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 strongly opposed to slavery and human trafficking. 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 different countries and employing over 5000 people.*

Global headcount by region

Country	Percentage
UK	52.5%
Asia Pacific	20.7%
Europe	18.9%
North America	6.8%

Country	Percentage
Latin America	0.9%
Middle East & Africa	0.2%

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 and over 200 subsidiaries globally. Find out more about Schroders [here \(/en/about-us/our-story/\)](/en/about-us/our-story/).

Our people

Our direct workforce is predominantly made up 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 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 are signposted 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. For 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 anonymously report any concerns and this is publicised widely.

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 employees involved in the management of our suppliers and we have training modules on modern slavery and human trafficking 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 2018 we spent over £600 million with over 6,000 suppliers globally. Our business profile results in a supply chain that is predominantly composed of business and professional services organisations in low risk countries.

Supplier spend by region 2018 (£632 million)

Country	Percentage
UK	68%
Europe	14%
Asia Pacific	12%
Americas	6%

During 2018, we analysed our top 200 suppliers, accounting for over 80% of our total expenditure. The results confirm that we have services provided from one country that we categorise as high risk, six medium risk countries and fourteen low risk.

Location risk of supply network

Location (countries)	Number of suppliers	Percentage of spend
High risk (1)	3	2
Medium risk (6)	36	5
Low risk (14)	163	73

Furthermore, we performed a sector review that isolated seven categories of spend within our global supply chain that we consider high risk. These high risk categories are as follows: cleaning, catering, office equipment, office stationery, textiles, IT desktop/laptops and IT consumables. These categories only account for 3% of our total global spend.

In these sectors, we have 16 suppliers with whom we spend in excess of £50,000. Of these, ten have clear modern slavery statements. For the remaining six we seek direct assurance and commitment to abide by Schroders Supplier Code of Conduct.

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

Additionally, 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.

Due diligence

We undertake robust due diligence on all our material suppliers and establish on-going performance measurement to monitor, review and manage these relationships. During 2018 we further adapted our due diligence process to include a specific human rights risk assessment as a measurement criteria to be used during the selection process for new suppliers.

Material suppliers are 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

Following the introduction of our Supplier Code of Conduct, we have pursued positive acknowledgement with respect to its requirements from our major suppliers during 2018. Looking ahead to the period 2019 - 2022, we intend to increase the scope to a greater number of our suppliers with the aim of securing a significant proportion who are prepared to make a positive commitment. Key areas of focus shall be to:

- Increase visibility of the country source of supply
- Capture attestation to our Supplier Code of Conduct
- Ensure access to, and assess quality of, modern slavery statements

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 play an active role through our stewardship activities in encouraging ESG considerations.

In 2018 we had more than 2,200 engagements across 52 countries, prioritising weak performers and large exposures. We covered modern slavery and human rights in addition to other topics such as climate change and bribery and corruption.

We have examined the risks across our holdings in high-risk sectors. Consumer companies are most exposed to modern slavery but those with robust supply-chain management strategies are likely to be best placed as the spotlight becomes brighter.

During 2018 we assessed the public disclosure of a number of our UK holdings against regulatory requirements for Modern Slavery disclosure and found strong levels of compliance. As attention on this topic grows and transparency improves, we will continue to strengthen our assessment of business practices and engage with companies where we believe tougher action is needed.

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 2017 Slavery and Human Trafficking Statement, please click [here](#) (</en/sysglobalassets/digital/global/corporate-responsibility/schroders-modern-slavery-statement-2017.pdf>).

Peter Harrison, Group Chief Executive, Schroders plc

* Source: Schroders, as at 31 December 2018.

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