



SCHRODERS PLC (THE 'COMPANY')

CORPORATE GOVERNANCE GUIDELINES (ADOPTED BY THE BOARD ON 26 SEPTEMBER 2013)

1. INTRODUCTION

These Corporate Governance Guidelines (the 'Guidelines') have been adopted by the Board of Directors (the 'Board') of Schroders plc (the 'Company'); the holding company for the Schroders Group. The purpose of these Guidelines is to explain how the Company is directed and controlled through the operation of the Board and its Committees. They are designed to enable the Board and Executive Management to operate within a clear governance framework.

They outline:

- the division of responsibilities between the Board, its officers and members;
- how the authority given to the Board by shareholders has been delegated to the management of the Company; and
- how the Board oversees this.

2. THE BOARD

2.1 Role and Responsibilities

The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value, the overall leadership of the Company and its culture, values and standards. Its role includes the approval of the Group's strategy, and the monitoring of the execution of that strategy; oversight of the Group's operations, ensuring competent and prudent management and sound planning; maintenance of a sound system of internal control and risk management and Board succession planning.

The Board achieves this through its own decision making, by delegating responsibilities to the Board Committees and delegating authority to manage the business to the Chief Executive within the constraints set by the Board. A schedule of matters reserved to the Board is maintained and is reviewed periodically.

2.2 Directors' duties

The executive and Non-executive Directors of the Company have the same responsibilities as directors and are subject to the same constraints. The Directors owe both fiduciary duties and general duties of reasonable care, skill and diligence to the Company as a whole. Directors' duties and responsibilities are determined by company law, the Company's Articles of Association and, the rules of the Group's principal regulators.

2.3 Composition

The Board believes that it operates most effectively as a unitary Board, 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 should be in a position to dominate the Board's decision making.

2.4 Division of responsibilities

2.4.1 Role of Chairman

The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role through regular monitoring and evaluation.

2.4.2 Role of Chief Executive

The Chief Executive is responsible for the executive management of the Company and its subsidiaries (the 'Group'), including the creation of shareholder value over the long-term through growth in profits and the recommendation of the Group's strategy and budget.

2.4.3 Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chairman, is responsible for the evaluation of the Chairman's performance and serves as an intermediary for the other Directors as necessary. The Senior Independent Director is available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman or the executive Directors.

2.4.4 Non-executive Directors

Non-executive Directors have a responsibility to uphold high standards of integrity and probity and are expected to provide constructive challenge and help develop proposals on strategy. Non-executive Directors are also expected to monitor the performance of management in meeting agreed objectives while satisfying themselves on the integrity of financial information and that financial controls and risk management systems are robust and appropriate. The Board assesses the independence of its Non-executive Directors using the criteria set out in the UK Corporate Governance Code.

2.5 Appointments to the Board

The Board recognises that its members should collectively possess a broad range of skills, expertise and industry knowledge, and business and other experience relevant to the effective oversight of the Group's business. The Nominations Committee ensures appropriate succession plans are in place and makes recommendations to the Board in order to ensure that the composition of the Board and its Committees is appropriate. Appointments are made on merit and against objective criteria, including skills, independence, expertise, relevant knowledge, experience and with due regard to the benefits of diversity.

2.6 Other commitments, conflicts and appointments

Directors must ensure that their other commitments do not conflict or materially interfere with their responsibilities to the Company. Directors are required to notify the Company Secretary in advance of any actual or potential conflicts through other directorships or shareholdings. They must disclose to the Board any potential conflicts of interest they may have in relation to any matter under discussion by the Board and, if appropriate, refrain from participating in discussions and voting on a

matter in which they have a conflict. In accordance with the Company's Articles of Association, Directors must seek authorisation from the Board if an actual or potential conflict of interest should arise. Once authorised, conflicts of interest will be recorded in a Conflicts of Interest Register to ensure Directors' duty to avoid conflicts is not infringed. The Conflicts of Interest Register will be reviewed annually by the Board to confirm that conflicts of interest have been dealt with appropriately and that the process for dealing with them is operating effectively.

Directors hold and may wish to take up other positions with other companies or bodies. In the case of executive Directors, the Board generally supports the acceptance of one non-executive appointment (but not the chairmanship) with a major company in order to widen their skills and knowledge for the benefit of the Group. To ensure that there is no risk to the Company and that executive Directors remain fully able to discharge their responsibilities to the Group, any such Director wishing to accept an external appointment must comply with the Group's policy on external appointments adopted by the Board which includes gaining approval by the Board. In the case of Non-executive Directors, they must notify the Chairman before accepting any external appointment.

2.7 Election and re-election

Directors are required to submit themselves for election by shareholders at the first Annual General Meeting following their appointment by the Board and for re-election annually thereafter.

Independent Non-executive Directors should not normally expect to serve for more than nine years following their first election by shareholders. There may be circumstances in which Non-executive Directors will serve for longer, for example Directors who have a connection with the Company's principal shareholder group.

2.8 Board effectiveness

2.8.1 Induction

On appointment to the Board and its Committees each Director will receive a full, formal and tailored induction. The induction is co-ordinated by the Company Secretary, in consultation with the Chairman and Chief Executive.

2.8.2 On-going development

On-going development for Directors is provided through meetings with and presentations from members of staff and, on occasion, external advisers, both at Board and Committee meetings, together with the regular provision of external and selected management information.

2.8.3 Evaluation

The Board, led by the Chairman, will conduct an annual self-evaluation to determine whether the Board, its principal Committees and individual Directors are functioning effectively. At least every third year the evaluation process will be externally facilitated by an independent body recommended by the Chairman. The Senior Independent Director will lead the Directors in a review of the Chairman's performance unless this is undertaken by the external facilitator.

3. DELEGATED AUTHORITIES

The Board has delegated authority for the management of the business to the Chief Executive, subject to certain matters which it has reserved to itself and the Board Committees. The Chief Executive in turn delegates elements of his authority and allocates responsibility for control and risk management to his direct reports. The Chief Executive is supported in his role by the Group

Management Committee (which he chairs) comprising his direct reports and other senior executives.

4. BOARD COMMITTEES

4.1 Principal Committees

The Board has established an Audit and Risk Committee, a Remuneration Committee and a Nominations Committee, to which it delegates certain of its responsibilities. The membership, chairmanship and terms of reference of each Board Committee are determined by the Board. The terms of reference of each Committee will be reviewed periodically by the relevant Committee and the Board.

Each of these Committees should consist of at least three independent Non-executive Directors. In the case of the Audit and Risk Committee and Remuneration Committee, all of their members should be independent Non-executive Directors. Membership of the Nominations Committee comprises all of the Non-executive Directors. A Director would not usually be chairman of more than one Committee. At least one member of the Audit and Risk Committee should also be a member of the Remuneration Committee. No one other than the Committee Chairman and the Committee's members is entitled to be present at a meeting of the relevant Committee, but others may attend at the invitation of the Chairman of the Committee.

Each Committee should report to the Board, at the first Board meeting after it has met, on matters considered and any significant issues that have arisen. The agenda and minutes for each Committee meeting will usually be available to all Directors, subject to the implications of any relevant actual or potential conflicts of interest.

4.2 Other Committees

The Board may, from time to time, establish or maintain additional committees, on a permanent or ad-hoc basis and delegate to such committees such responsibilities and authorities permitted by applicable laws and the Company's Articles of Association as the Board sees fit.

4.3 Board and Committee meetings

Directors are expected to attend all Board meetings and meetings of its Committees on which they serve and to spend the time needed in preparation for such meetings. In addition, Directors should stay abreast of the Company's business and markets.

The Board will meet sufficiently regularly to discharge its duties effectively. Further meetings may take place if called by the Board, the Chairman, or the Chief Executive.

Each Committee will also meet sufficiently regularly to discharge its duties effectively.

The agenda for each Board meeting is established by the Chairman and the Chief Executive with the Company Secretary. The agenda for each Committee meeting is established by the Committee Chairman in consultation with appropriate members of the Committee, the secretary to the Committee and the Company's management.

4.4 Chairman's Committee

The Chairman's Committee, which is not a formal Committee of the Board, is comprised of the Non-executive Directors and serves as an informal forum for the discussion of such matters as the Chairman considers appropriate, including the annual evaluation of the Chief Executive, the review

of the Chief Executive's plan for management succession and the evaluation of the performance of the Board and its Committees.

5. SUPPORT FOR THE BOARD AND BOARD COMMITTEES

5.1 The Company Secretary

The Company Secretary is responsible for advising and supporting the Chairman, the Chief Executive, the Board and the Board Committees in the discharge of their duties and on all corporate governance matters for the Company.

The Company Secretary is responsible for ensuring there are appropriate information flows between the Board and its Committees and senior management.

The Company Secretary, along with the Chairman, will regularly review the Board and Company's governance arrangements with a view to ensuring they remain fit for purpose, and recommend or develop initiatives to strengthen the governance of the Company.

5.2 External advice

The Board and each Board Committee may hire legal, accounting, financial or other advisers as necessary in their best judgment in order to obtain advice with respect to the discharge of their responsibilities without the need to obtain the prior approval of any officer of the Company, although such advice would usually be coordinated by the Company Secretary.

5.3 Access to employees

Any Director may request the management of the Company to make personnel available for discussions.

6. REMUNERATION OF DIRECTORS

The remuneration policy for Directors is recommended by the Remuneration Committee to the Board for shareholder approval. Non-executive Directors' fees, including the Chairman's remuneration are determined by the Board. No Director is permitted to vote on a proposal regarding their own fees.

7. RELATIONS WITH SHAREHOLDERS

7.1 Communication with shareholders

Ongoing communication across the Company's shareholder base, including institutional investors and private and employee shareholders, is achieved mainly through the publication of the annual and half year reports and interim management statements, and the announcement of significant developments affecting the Group and the Annual General Meeting. The Company's website, www.schroders.com, contains corporate and investor information, including webcast presentations of the annual and half-year results made by the Chief Executive, Chief Financial Officer and other senior executives. This is updated on a regular basis.

The Board as a whole is responsible for ensuring that appropriate dialogue with shareholders takes place. During the year the Chief Executive, the Chief Financial Officer and other senior executives conduct a series of meetings with, and presentations to, institutional investors, analysts and prospective shareholders to review the Group's strategy and prospects and discuss corporate governance matters. The Chairman is also available to meet institutional investors, as is the

Senior Independent Director. Feedback from shareholders is given to the Board by the Chief Executive and the Chief Financial Officer.

7.2 Annual General Meeting

The Annual General Meeting provides shareholders with an opportunity to put questions to the Chairman and other Directors, including the Chairmen of the Audit and Risk and Remuneration Committees. The Annual Report and Accounts and the notice of meeting are sent to shareholders at least 20 working days prior to the date of the Annual General Meeting.

8. DIRECTORS' INSURANCE AND INDEMNITIES

The Company has purchased, on behalf of the Directors, directors' and officers' liability insurance. The Audit and Risk Committee regularly reviews the terms and level of cover provided. The Company has also granted specific indemnities to each Director. These indemnities relate to certain losses and liabilities which the Directors may incur in the course of acting as Directors.