

SCHRODERS PLC (THE 'COMPANY')**MATTERS RESERVED TO THE BOARD
(ADOPTED BY THE BOARD ON 26 SEPTEMBER 2013)**

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 has delegated the whole of the executive management of the Company's business to the Chief Executive, with the exception of the following matters which are reserved to the Board and any matter which is the subject of a delegation to a Board Committee. The Board may decide to adapt, amend or extend the matters from time to time or to review or extend the delegation of certain of them to a Board Committee or to a member of the Board as it considers appropriate to facilitate the good and effective governance of the Company.

Unless otherwise expressly stated, the reserved matters are expected to apply to the affairs of the Company and its subsidiaries through (and to the extent of) the control which the Company properly exercises over the affairs of its subsidiaries. Where relevant, the materiality of a particular issue is to be judged by reference to the business of the Company and its subsidiaries, taken as a whole.

The following matters are reserved to the Board.

1. STRATEGY AND MANAGEMENT

- 1.1 Approval of the Group's strategy, as proposed by the Chief Executive, and the Group's long-term objectives and consideration of risks to the Group's strategy;
- 1.2 Approval of the annual budget and business plan, capital management policies and any material changes to them;
- 1.3 Review of performance in light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken;
- 1.4 Approval of the Group's risk management framework, risk appetite and risk tolerance limits and the semi-annual review of the Group's key risks;
- 1.5 Maintenance of a sound system of internal control (following consideration by the Audit and Risk Committee) and risk management;
- 1.6 Any decision to extend the Group's activities into new business or geographic areas or material expansion of existing activities;
- 1.7 Any decision to cease to operate all or any material part of the Group's business;

- 1.8 Any response to an approach regarding a bid for all or any material part of the Group's business;
- 1.9 The making of any takeover offer under the Takeover Code.

2. CAPITAL AND CORPORATE STRUCTURE

- 2.1 Approval of the Company's capital strategy and changes to the Company's capital structure including:
 - 2.1.1 the issue of any new securities (except non-voting shares under employee share plans)
 - 2.1.2 any share capital reduction
 - 2.1.3 the redemption of any securities of the Company
 - 2.1.4 the granting of options over securities of the Company, other than in connection with awards made under employee incentive arrangements
 - 2.1.5 the purchase of the Company's securities and the holding of shares in treasury
 - 2.1.6 the establishment of any borrowing facilities, any increase in borrowings or any material refinancing or variation of existing borrowings
- 2.2 Material changes to the Group's corporate structure or its listing;

3. FINANCIAL REPORTING

- 3.1 Approval of the Company's annual results, half-year results and interim management statements;
- 3.2 Approval of the Company's Annual Report and Accounts;
- 3.3 Approval of the dividend policy, declaration of any interim dividends and recommendation of the final dividend;
- 3.4 Approval of any material changes in accounting policies or procedures;
- 3.5 Approval of the annual submission of the Group's Internal Capital Adequacy Assessment Process (ICAAP);
- 3.6 Upon recommendation of the Audit and Risk Committee, recommending to shareholders the appointment, reappointment or removal of the external auditor and the authority to determine the auditor's remuneration.

4. CONTRACTS AND FINANCIAL COMMITMENTS

- 4.1 Approval of acquisitions, disposals and any other transactions with a value in excess of £25 million or which are material either strategically or in which any member of the Board or the Group Management Committee is interested, directly or indirectly;
- 4.2 Approval of venture capital, trade, fixed assets and other investments and any other capital expenditure (other than seed capital and investments made in the ordinary course of the Company's treasury activities, in both cases in accordance with policies approved by the Board) in excess of £25 million per transaction or project;
- 4.3 Approval of financial commitments in excess of £25 million which are not in the ordinary course of business;
- 4.5 Approval of any letter of guarantee or letter of comfort or support under which a material contingent liability is assumed by the Company.

5. COMMUNICATION

- 5.1 Approval of circulars to shareholders, prospectuses and other listing particulars, and recommendations contained in circulars including changes to the Company's Articles of Association and resolutions to be put to shareholders in general meeting;
- 5.2 Approval of announcements relating to the Company's financial performance and such other matters as may be decided by the Board;

6. BOARD MEMBERSHIP AND OTHER APPOINTMENTS

- 6.1 Determining the structure, size and composition of the Board and its Committee following recommendations from the Nominations Committee;
- 6.2 Appointment and removal of any Director following recommendation from the Nominations Committee;
- 6.3 Selection of the Chairman of the Board; the appointment of the Chief Executive and the Senior Independent Director and approval of their job descriptions;
- 6.4 Approving the membership, Chairmanship and Terms of Reference for each of the Board Committees;
- 6.5 Ensuring adequate succession planning for the Board following recommendations from the Nominations Committee;
- 6.6 Appointment or removal of the Company Secretary.

7. REMUNERATION

- 7.1 Approval of the remuneration strategy of the Company and its subsidiaries;
- 7.2 Approval of the Directors' remuneration policy to be put to shareholders for approval, on the recommendation of the Remuneration Committee;
- 7.3 Determination of the fees for the Chairman and the Non-executive Directors;
- 7.4 The introduction of share-based and deferred remuneration plans, ensuring such plans support the business strategy and, where appropriate, recommending new plans or changes to existing plans, be put to shareholders for approval, on the recommendation of the Remuneration Committee;
- 7.5 Approval of staff remuneration packages which are of a value greater than, or guaranteed for a duration longer than, the maximum levels set by the Board (and communicated to the management of the Company).

8. DELEGATION OF AUTHORITY

- 8.1 The division of responsibilities between the Chairman and the Chief Executive;
- 8.2 Approval of the delegated authority to the Chief Executive and any changes to it.

9. GOVERNANCE

- 9.1 Determining the Company's corporate governance arrangements;
- 9.2 Authorising actual or potential conflicts of interest where permitted by the Company's Articles of Association.

10. POLICIES

- 10.1 Approval of the Dealing in Schroders' Securities policy;
- 10.2 Approval of the Board Diversity Policy;
- 10.3 Approval of Group level policies in the areas of political involvement and charitable donations;

11. OTHER

- 11.1 Undertaking an annual evaluation of the performance of the Board, its Committees and Directors;
- 11.2 Approval of prosecution, defence or settlement of litigation involving amounts in excess of that delegated to the Chief Executive (currently £25 million) or being otherwise material to the interests of the Group;
- 11.3 Approval of the overall levels of insurance for the Group including directors' and officers' liability insurance and professional indemnity insurance (such approval being generally delegated to the Audit and Risk Committee) and indemnification of directors;
- 11.4 Major changes to the rules of the Group's pension scheme, changes of trustees and approval of the pension scheme funding;
- 11.5 Changes to this schedule of matters reserved to the Board;
- 11.6 Any other matter not falling within the powers and authority of the shareholders, the Chief Executive or delegated to a Committee of the Board including but not limited to any other matter requiring the approval of the Board as a matter of law.

Notes

(a) The above schedule indicates those matters which the Board specifically reserves to itself. The schedule is not, however, exclusive and does not derogate from the Board's overall duties and responsibilities.

(b) The Board may, at its discretion, delegate consideration and/or approval of any of the above matters to a Committee of the Board specifically constituted for that purpose. Furthermore, the principal Board Committees, namely the Audit and Risk Committee, the Nominations Committee and the Remuneration Committee shall consider and determine such matters for which they are responsible in accordance with their terms of reference.