

Press Release

Schroders plc

Board succession

3 March 2016

Schroders plc today announces changes to its Board.

Michael Dobson, Chief Executive since 2001, will step down from the role and be succeeded by Peter Harrison on 4 April 2016. Peter Harrison joined Schroders in 2013 as Head of Equities, becoming a Board member and Head of Investment in 2014. He has had a long and successful career in asset management and has a deep knowledge of Schroders' culture and values, having joined the firm as a graduate in 1988, re-joining Schroders in 2013.

Andrew Beeson, who has been Chairman for the last four years and a member of the Board since 2004, will retire from the Board on 4 April 2016. The Board is pleased to announce that Michael Dobson will become non-executive Chairman, effective 4 April 2016.

The Board is mindful of the UK Corporate Governance Code's provisions and believes these appointments are in the best interests of the Company and its shareholders. Succession planning has been a long-term priority for the Board and these appointments have been made after careful consideration and in consultation with major shareholders. The Chairman has today written to all shareholders to explain the reasons behind these decisions and a copy of the letter is part of this release, together with a statement from Lord Howard, the Senior Independent Director, who led the selection process for the new Chairman.

Massimo Tosato, Executive Vice Chairman and Global Head of Distribution, will retire as a Director of the Company and leave the firm on 31 December 2016. He joined Schroders in Milan in 1995 before relocating to London in 1999, was appointed to the Board in 2001 and has held a number of senior positions within the firm.

Ashley Almanza, who joined the Board in 2011 as a non-executive Director and is currently Chairman of the Audit and Risk Committee, has informed the Board that due to his commitments as Chief Executive of G4S plc, he will not seek re-election and will leave the Board at the forthcoming Annual General Meeting (AGM) on 28 April. Rhian Davies will become Chairman of the Audit and Risk Committee at the conclusion of the AGM.

Lord Howard, the Senior Independent Director, said: "We are delighted that Peter Harrison will succeed Michael as Chief Executive. Peter has great experience of the investment industry and a deep knowledge of the firm, its culture and values.

"Michael Dobson is the outstanding candidate for the Chairman role and the Board's unanimous choice.

"Michael has been an exceptional leader of the business for over 14 years. During that time, profits have reached a record level in excess of £600 million, assets under management have tripled and significant value has been created for shareholders. Schroders has built a highly diversified business with an exceptional pool of talent, and the firm is well placed for the future. Michael will be involved in supporting the firm's relationships with its major clients, shareholders, strategic and commercial partners and regulators.

“On behalf of the Board, I would like to thank Andrew Beeson for his significant contribution to Schroders over the past decade including the past four years as Chairman. We wish him the very best for the future.

“Although he will not be retiring from the firm until the end of this year, I would also like to take the opportunity to recognise the enormous contribution Massimo Tosato has made to the firm over 21 years as head of our highly successful global distribution business working closely with Michael Dobson as a Director of the Company for over 14 years. He will leave to pursue his entrepreneurial ambitions with our very best wishes.”

Andrew Beeson said: “It has been a privilege to serve on the Board of Schroders for over 11 years. As I look back on my time at the Company I believe it has never been in a stronger position than it is today. Michael and Peter will make a formidable team and the firm could not be in more capable hands. I would like to thank Ashley for his contribution to the Board and in particular as Chairman of the Audit and Risk Committee. The appointment of Rhian Davies last year anticipated the need to have a successor for Ashley as he had indicated his executive commitments might prevent him from committing to Schroders in the longer term. As Chairman, Michael Dobson will be reviewing the composition of the Board and will lead the search for new non-executive Directors.”

Ashley Almanza said: “I have enjoyed my time as a Director of Schroders. It is a company I admire greatly. I am fully supportive of the changes announced today and I wish Peter and Michael every success in their new roles.”

No further details need to be disclosed in relation to any of these appointments, as required under the rules of the UK Listing Authority (UKLA).

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Biographies

Michael Dobson

Michael Dobson has been Chief Executive of Schroders plc since November 2001, having joined the Board as a non-executive Director in April 2001. He was previously Chief Executive of Morgan Grenfell Group and a member of the Board of Managing Directors of Deutsche Bank AG. He is a member of the FCA Practitioner Panel and the President's Committee of the Confederation of British Industry.

Peter Harrison

Peter Harrison was appointed Head of Investment and a Director of Schroders plc in May 2014. He began his career at Schroders in 1988 and subsequently held roles at Newton Investment Management as Portfolio Manager, JP 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. He is a Director of the Investment Association.

Rhian Davies

Rhian Davies joined the Board in July 2015. She is a chartered accountant and was a partner at Electra Partners, an independent private equity fund manager, from 1992 until June 2015. She remains a senior advisor to Electra. She previously worked at PricewaterhouseCoopers in their audit and insolvency practice.

Appendix

3 March 2016

Dear Shareholder,

I wanted to write to you personally to let you know that I am retiring as Chairman of Schroders plc and to communicate some other important changes to the Schroders Board. I also wanted to take this opportunity to outline the decision making processes which informed these changes.

Upon my retirement on 4 April 2016, Michael Dobson will succeed me as non-executive Chairman. Michael will be succeeded as Chief Executive by Peter Harrison. Ashley Almanza has decided not to seek re-election at the forthcoming Annual General Meeting due to his commitments as Chief Executive of G4S and will therefore leave the Board on 28 April. Rhian Davies, who joined the Board and the Audit and Risk Committee in July 2015, will succeed Ashley as Chairman of the Committee. Massimo Tosato, Executive Vice Chairman and Global Head of Distribution, will retire as a Director of the Company and leave the firm at the end of 2016.

I am very pleased that Michael Dobson, who has achieved great success for Schroders over more than 14 years as Chief Executive, will take on the Chairmanship. It will enable him to continue to bring his great experience to bear for the benefit of the firm and, working closely with Peter Harrison, he will continue to be involved with many of our major clients, shareholders, strategic and commercial partners and regulators. A statement from Philip Howard, the Senior Independent Director, explaining in more detail the decision to appoint Michael Dobson is attached to this letter.

I am also delighted that Peter Harrison is taking over as Chief Executive. He has a long and successful track record in asset management and knows Schroders well, having joined the firm as a graduate in 1988, re-joining Schroders in 2013.

Planning for the succession of the Chief Executive has been a long-term consideration for the Board. When we recruited Peter Harrison as Head of Equities in 2013, the Board was mindful of broadening the number of individuals within the firm's senior management team who could have the potential to one day succeed Michael. External candidates were also considered as part of the process, and in hiring Peter we were looking outside the firm for individuals with the potential of taking on the Chief Executive role in due course.

The criteria for the selection of the new Chief Executive included:

- Continuity and stability for the firm, its clients and employees;
- An understanding of the firm's culture and values; and
- A broad and deep knowledge of the asset management sector.

After careful review, the Board believes that Peter is the most appropriate successor for Michael Dobson as Chief Executive. Promoting from within was the clear preference of the Board for this role – an individual who has proven himself within the firm and understands its culture and values. It also brings continuity and stability for the firm, its clients and employees.

Peter has spent his whole career in the asset management industry, which he began at Schroders in 1988 as an equity analyst. He subsequently held roles at Newton as a portfolio manager, at JP Morgan as Head of Global Equities and Multi-asset, and at Deutsche Asset Management as Global Chief Investment Officer. Directly prior to joining Schroders he was Chairman and Chief Executive of RWC Partners. He re-joined Schroders in 2013 and was appointed to the Board and became Head of Investment in 2014.

Peter's knowledge of the sector is deep and broad and, at this time of significant regulatory and industry change, there is a need for a Chief Executive who understands the Company, as well as the complexities of the sector.

It has been a privilege to serve on the Board of Schroders for over 11 years. As I look back on my time at the Company I believe it has never been in a stronger position than it is today. Michael and Peter will make a formidable team and the firm could not be in more capable hands.

Yours sincerely,

Andrew Beeson

Statement from Philip Howard – Appointment of non-executive Chairman

As the Senior Independent Director I led the process of appointing a new non-executive Chairman.

The criteria set by the Board for the role of Chairman included:

- A strong commitment to shareholder value creation;
- The ability to command the respect of the Board, shareholders, employees and other key stakeholders, including an ability to work effectively with the new Chief Executive;
- A deep knowledge of the asset management industry; and
- A thorough understanding of the global financial services industry, particularly the rapidly evolving regulatory framework for asset managers.

It is clear to the Board that Michael Dobson is the outstanding candidate for the role. Michael brings continuity at a time of change and the Company will retain his experience and expertise, which make him particularly well qualified to assume the Chairmanship as judged by the Board's assessment criteria.

The Board is confident that the transition of roles by both Peter and Michael will be effective and that the Chief Executive/Chairman relationship will thrive under the new arrangements.

Michael has been Chief Executive of Schroders for over 14 years. He has been an exceptional leader of the business over that time and hands over the management of a firm that has been transformed since he arrived. Under his tenure Schroders has consistently delivered strong results. Michael has steered the firm through some difficult times and taken the business from making a loss in 2001 to a record level of profitability in 2015 at over £600 million. Schroders is now one of the largest listed asset managers in Europe.

The Board recognises that the UK Corporate Governance Code states that, ordinarily, the chief executive should not go on to be the chairman, but that if a board does decide to appoint the chief executive as chairman, then the board should consult shareholders. The Board has consulted the major shareholders of the Company to explain the reasons behind this decision.

Michael has enjoyed the strong support of the shareholders as Chief Executive and we believe that he will, as Chairman, continue to serve their interests as effectively as he has in the past.

The Board does not regard this appointment as setting a precedent at Schroders and the separation of the roles of Chairman and Chief Executive remains in place.

The Board is conscious of the need to maintain a good balance of skills, expertise, industry knowledge and independence. As Chairman, Michael will be reviewing the composition of the Board as a priority and will lead the search for additional non-executive Directors.

As non-executive Chairman, Michael Dobson's role, in addition to the usual functions of the Chairman, will include his involvement in supporting the firm's relationships with its major clients, shareholders, strategic and commercial partners and regulators. He has committed to spend sufficient time on the firm's business to appropriately discharge those responsibilities.

Michael Dobson's new terms and conditions are appropriate to his role as non-executive Chairman. He will be engaged under a letter of appointment and will not have a service contract. The Board does not expect to make any payment to him for giving up his role as Chief Executive and there will be no contractual provision for any compensation when his role as Chairman ends. His annual fee will be £625,000, which the Board believes is commensurate with the role at comparable financial services groups and FTSE-100 companies.

Michael was the unanimous choice of the Board. He is deeply committed to the long-term success of Schroders and has sustained and enhanced the values and culture of the business during his tenure.

Lord Howard of Penrith

Senior Independent Director