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Graham Staples
Company Secretary

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Chris Hodge
Corporate Governance Unit
Financial Reporting Council
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Dear Mr Hodge

Review of the Impact of the Combined Code

I am writing on behalf of Schroders plc in response to the FRC's review of the impact of the Combined Code ('the Code'). Schroders is a global provider of asset management services for institutional, retail and private clients, and as such is a major investor in UK and international companies. We currently invest approximately £22 billion in UK equities on behalf of our clients, which is in excess of 1% of the total value of the London market. Schroders is also a FTSE 100 listed company and as such is of course subject to the Code.

As a major investor and a listed company, we fully support the aims of the Code and we support the principles based approach embodied therein. Overall, we believe it has had a positive impact on corporate governance within the UK. We would not at this time advocate any material changes to the Code. This is because we feel that the Code is to a great extent achieving its objectives. Companies and investors have had time to become accustomed to applying and interpreting the Code and to introduce significant changes now would be both undesirable and unnecessary in our view. There has been a significant period of change in the way companies are regulated and governed, including new Listing and Disclosure Rules, the Transparency Directive, the new business review requirements and the new Companies Act. Implementation of the Code has been manageable, but most companies would now welcome a period of stability.

As an investor we have found the governance reports issued by companies useful in identifying areas of 'non-compliance' which can be used as points to discuss with the company. Our approach is not to take non-compliance as necessarily indicative of a shortfall in a company's governance arrangements and we would encourage other institutions and voting agencies to follow this approach. The Code has contributed to boards looking at themselves more critically and taking steps to enhance their own performance. This is a positive result. Whilst there has been an increase in the amount of information provided by companies we do not see this as a significant issue and would not advocate any reduction in the amount of disclosure required under the Code. As a listed company we do not have any significant issues with providing the information required by the Code, although we do caution about possible overload when combined with the requirements for the enhanced business review.

With regard to smaller companies, we feel that the benefits of applying the Code outweigh any additional costs. We do not feel that the additional burden on smaller companies should be significant in this respect.

I hope you find these comments helpful. We would be willing to discuss them in further detail should you wish.

Yours sincerely,

Graham Staples