



**SUPERVISORY BOARD  
INTERNAL RULES OF PROCEDURE**

**Updated on 26 September 2013**

When Rothschild & Co (the **Company**) was transformed into a *société en commandite par actions* (partnership limited by shares) pursuant to a decision taken by shareholders at their Extraordinary General Meeting of 8 June 2012, the Company's Supervisory Board decided to draw up a set of internal rules of procedure to define the guidelines according to which the Board should operate.

These internal rules of procedure cancel and replace the internal rules adopted on 5 July 2006 by the Supervisory Board of Rothschild & Co, which was incorporated at the time as a *société anonyme* (limited company) with an Executive Board and a Supervisory Board.

## 1. Members

The Supervisory Board shall consist of 6 to 18 members, who must hold shares in the Company.

At least one third of Supervisory Board members must be independent. A Board member shall qualify as independent when he has no relationship of any kind with the Company, the Rothschild & Co Group or its management.

The independence criteria that apply are those referred to in Article 8.4 of the AFEP/MEDEF Corporate Governance Code of December 2008, amended in April 2010, excluding the criteria relating to terms of office, which is expressly set aside.

The Supervisory Board may consider that, notwithstanding the fulfillment of the aforesaid criteria, a Board member should not be qualified as independent in view of his specific situation or for any other reason. By contrast, the Supervisory Board may consider that a member who does not strictly fulfill all the aforesaid criteria is nevertheless independent.

Each year, the Supervisory Board shall review the situation of each member with regard to the independence criteria and shall inform shareholders of its findings in its annual report.

The Supervisory Board shall allocate attendance fees to its members, according to an allocation schedule that takes account in particular of members' attendance at meetings and the work they perform for the Board and its Committees, within the limit of the amount set for that purpose by shareholders at their General Meeting.

The Board may assign special tasks or offices to one or more of its members for one or more specified purposes.

## 2. Members' obligations

Before accepting a seat on the Supervisory Board, candidates must be aware of the general and special obligations incumbent on them. In particular, they must familiarise themselves with the laws and regulations governing the duties of Supervisory Board members.

Rothschild & Co provides new members with the Company's Articles of Association and these internal rules of procedure before they take office. By accepting a seat on the Supervisory Board, members agree to abide by these internal rules of procedure.

The term of office of Supervisory Board members is set by shareholders at an Ordinary general meeting.

When taking part in Supervisory Board meetings and casting a vote, Board members are representing all of the Company's shareholders and acting in the interests of the Company.

Supervisory Board members must allocate the required time to preparing for Board meetings and meetings of any Committees on which they sit (as the case may be) by carefully reading the documentation provided to them. They may ask the Chairman for any further information they require.

Board members shall attend all Supervisory Board meetings and meetings of any Committees of which they are members (as the case may be), as well as General Meetings, unless subject to an impediment and provided that they notify the Chairman and/or the Secretary accordingly beforehand.

Documentation for Supervisory Board meetings as well as information collected before or during Board meetings are confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend Board meetings may not pass on such information to a third person other than within the ordinary scope of their work or occupation, or for any purpose or activity other than those for which the information was provided to them. They shall take appropriate measures to protect the confidentiality of such information. Such information shall cease to be personal and confidential when published externally by the Company, particularly in the form of a press release.

Supervisory Board members are not permitted to use their position and/or duties to procure any kind of benefit, whether financial or otherwise, either for themselves or for a third party.

They shall notify the Supervisory Board of any actual or potential conflict of interest with the Rothschild & Co Group. They shall abstain from voting on the corresponding decision and from taking part in the discussion held prior to the vote.

The direct or indirect involvement of any Supervisory Board member in an operation or a transaction in which the Group has a direct interest, or of which he is aware as a result of his membership of the Board, must be disclosed to the Board prior to the conclusion of such operation or transaction.

Supervisory Board members are not permitted to assume personal responsibilities in undertakings or affairs that compete directly or indirectly with those of the Rothschild & Co Group without notifying the Board in advance.

Supervisory Board members and all other persons who are invited to attend Board meetings must not engage (either in person or via an intermediary) in transactions involving financial instruments of the Company and/or any other issuer for as long as they possess (as a result of their duties or presence at a Board meeting) confidential information that might have a material effect on the price of the said financial instruments or on the price of related financial instruments. This duty applies without the Company being required to stipulate that the relevant information is confidential or privileged. Similarly, Supervisory Board members must refrain from disclosing such information to any other person outside the ordinary scope of their functions or for any purpose other than those for which the information was provided to them. Lastly, members must refrain from advising any other person to purchase or sell the financial instruments to which such information relates.

To this end, the following measures in particular must be taken:

- a. Shares in the Company held by a Board member personally or by a member's cohabiting spouse, minor child (not of full age) or any other intermediary must be registered, either in a registered account managed by the holder of the Company's register or in the books of a French custodian account keeper whose details shall be provided to the Board's Secretary;
- b. Board members are not permitted to engage in any short or deferred transaction involving derivatives or financial instruments relating to securities issued by the Company (financial futures, warrants, exchangeable bonds, etc.);
- c. Transactions involving Rothschild & Co shares, including hedge transactions effected during the 30 calendar days prior to release of the annual results, half-yearly results and 15 calendar days prior to the release of quarterly financial information and on the publication date may not be effected by Board members or any other person who attended the Board meeting at which the results were reviewed. The same rule applies with respect to the announcement of projected annual and half-yearly results.

Details of the obligations imposed on members of the Supervisory Board will be set out in a Code of Conduct drawn up by the Supervisory Board.

### 3. Tasks and responsibilities of the Supervisory Board

The Supervisory Board shall continually monitor the way in which the Company is managed by Management, including in particular the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audits, in accordance with the law and regulations applicable to the Company.

The Board may call a General Meeting of shareholders.

In order to exercise its authority in the area of permanent control:

- The Supervisory Board shall conduct the checks and controls it considers appropriate at any time of the year, and may ask to be provided with the documents it considers useful to perform its work;
- Every three months (or more frequently if requested by the Board), Management shall present a report to the Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Board;
- Within three months of the end of each financial year, Management shall present the annual and consolidated financial statements to the Board for verification and control purposes;
- Management shall submit its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;
- The Supervisory Board shall present a report to shareholders at their Annual General Meeting in which it shall report any discrepancies and/or inaccuracies in the annual and consolidated financial statements and comment on the way in which the Company is managed;
- The Supervisory Board shall approve the Chairman's report on the composition of the Board and the application of the principle of equal representation of men and women on the Board, the terms and conditions according to which the Board prepares and organizes its work, and the internal control and risk management procedures put in place by the Company;
- It shall decide each year on the Company's policy in terms of professional equality and equal pay.
- The agreements referred to in Article L.225-10 of the French Commercial Code (*Code de commerce*) shall be submitted to the Supervisory Board for prior authorization;
- The Board shall ensure that the Company's Articles of Association are updated at regular intervals;
- It shall check the quality of information issued by the Rothschild & Co Group to shareholders and the financial markets, through the Company and Group financial statements prepared by Management and the annual report drawn up by Management, or at the time of major transactions.

In addition to the powers granted to it by law, in accordance with Article 10.2.3 of the Company's Articles of Association, the Supervisory Board shall issue an opinion:

- by way of an advisory opinion given to Management in respect of:
  - the strategic policies, annual budget and three-year business plan of the Rothschild & Co Group;
  - any investment in any organisation or company, any acquisition, sale or exchange of shares, property, debts or assets of the Company or an entity controlled by the Company, outside the ordinary course of business, of an amount exceeding €50 million, and
  - any strategic initiative or major refocusing of the business of the Rothschild & Co Group; and
- by way of a recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board shall present a report to shareholders and a reasoned opinion on any resolution submitted to shareholders at their General Meeting and on any matter that is the subject of a report by the Company's Statutory Auditors.

The Supervisory Board may be assisted by experts of its choosing, whose expenses shall be paid by the Company. It has the broadest powers of investigation and may submit written questions to, or seek the opinion of, Management at any time.

## **4. Supervisory Board practices**

### **4.1 Notice of Board meetings**

On a proposal by its Chairman, the Supervisory Board shall prepare a schedule of Board meetings each year, for the following year.

The Supervisory Board shall meet as often as required in the interests of the Company and at least four times a year, further to a notice of meeting issued by any means by the Chairman, at least one half of Supervisory Board members, Management or a general partner, subject to reasonable notice unless circumstances require a meeting to be called within a very short timeframe.

The person(s) who call(s) a Supervisory Board meeting shall prepare the agenda of the meeting and provide same to Board members in a timely manner and by any appropriate means.

The Supervisory Board may appoint a Secretary, who may but need not be a Board member, but who may not however be a Manager of the Company. All Board members may consult the Secretary and benefit from the latter's services. The Secretary shall be responsible for all procedures relating to Board practices.

Documents provided to Board members to enable them to express an opinion in full knowledge of the facts on items included on the agenda shall be provided to Board members at least 48 hours prior to Board meetings, except in an emergency or if there is a requirement to keep such documents strictly confidential.

Management shall be informed of Supervisory Board meetings, and may attend such meetings in an advisory capacity. Any other person outside the Supervisory Board may be invited to attend the whole or part of a Board meeting by the Chairman of the Supervisory Board.

### **4.2 Board meetings**

In any case, at any of its meetings, in the event of an emergency and on a proposal by the chairman of the meeting, the Supervisory Board may discuss matters referred to its members that are not included on the agenda.

At each Supervisory Board meeting, the Chairman shall inform Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Board meeting.

Supervisory Board meetings may be held at the registered office or at any other location indicated in the notice of meeting, as well as by videoconferencing or teleconferencing facilities that identify members of the Supervisory Board and guarantee their effective involvement through the use of technical resources that continually and simultaneously transmit discussions. Meetings shall be chaired by the Chairman or, in the latter's absence, by the longest-standing Vice-Chairman present or, in the absence of a Vice-Chairman, by the member appointed for that purpose by the Supervisory Board.

### **4.3 Attendance and Majority**

Supervisory Board members are entitled to be represented at Board meetings by another member, pursuant to specific authorisation set out in a letter, a fax or any other method of telecommunication. A member of the Supervisory Board may only represent one other member at any meeting.

Board members who take part in a Board meeting via the methods authorised under section 4.2 above shall be deemed present, except where the Supervisory Board is meeting to verify and check the annual report and the statutory and consolidated financial statements.

Decisions shall be taken by an ordinary majority of members who are present or represented and authorised to vote. In the event of a tie, the chairman of the meeting shall have a casting vote.

## **5. Specialist committees within the Supervisory Board**

The Supervisory Board is free to set up specialist committees, including (but not limited to) an Audit Committee and a Strategy Committee, and to define the composition of those committees as well as their tasks and practices.

Only members of the Supervisory Board may sit on these committees and only for their term of office on the Supervisory Board.