

Following the Group reorganisation implemented in June 2012, the Company's corporate governance structure is based on the Managing Partner and the Supervisory Board, which relies on four specialised committees: the Audit Committee, the Strategy Committee, the Risk Committee and the Remuneration and Nomination Committee.

The Corporate Governance Code referred to by the Company on a voluntary basis in this report is the Corporate Governance Code for Listed Companies (revised in November 2016) published by the French employers' organisation *Association Française des Entreprises Privées* (AfeP) and *Mouvement des Entreprises de France* (Medef) (the "AfeP-Medef Code"). The AfeP-Medef Code can be viewed on the AfeP website (<http://www.afeP.com>) and the Medef website (<http://www.Medef.com>). Rothschild & Co does not comply – or does not comply in full – with certain recommendations of the AfeP-Medef Code as set out in the table on page 91 of this report.

1 The Managing Partner, Rothschild & Co Gestion SAS

1.1 Role and duties

Rothschild & Co Gestion SAS, the sole Company's Managing Partner (*Gérant*) and legal representative of Rothschild & Co, was appointed by Rothschild & Co's articles of association, as the first statutory Managing Partner, for the duration of the Company. Rothschild & Co Gestion SAS, as Managing Partner of Rothschild & Co, is responsible for the overall management of Rothschild & Co, the Group's lead holding company.

The Company's Managing Partner has full power to act in all circumstances in the Company's name and on its behalf, in order to, among other things to:

- ensure the effective determination of the direction of the business of the Company and the entities within the Group on a consolidated basis;
- supervise the accounting and financial information and direct the internal control of the Company and the entities within the Group on a consolidated basis;
- determine the regulatory capital of the Company and the entities within the Group on a consolidated basis;
- approve the annual, consolidated and half-yearly accounts of the Company;
- determine the agenda and prepare the draft resolutions of the shareholders' General Meetings of the Company;
- convene the shareholders' General Meetings of the Company; and
- prepare those reports and decisions established in its capacity as the Managing Partner of the Company.

David de Rothschild, in his capacity as Chairman of the Company's Managing Partner represents Rothschild & Co *vis-à-vis* third parties. Subject to the powers granted by Rothschild & Co Gestion SAS's shareholders, the Chairman is vested with the broadest powers to act on in the name and on its behalf of Rothschild & Co Gestion SAS, acting itself the Company's Managing Partner, in any circumstances.

The list of positions held by David de Rothschild is presented on 74 page.

1.2 The Management Board of Rothschild & Co Gestion SAS

The decision-making process of the Managing Partner relies on its Management Board (*Conseil de gérance*), a collective body which aims to assist the Chairman of the Company's Managing Partner to fulfil the commitments of Rothschild & Co Gestion SAS acting in its capacity as the Managing Partner of Rothschild & Co.

During the 4th quarter of the 2016/2017 financial year, the governance arrangements surrounding the functioning and composition of the Management Board evolved, enhancing the quality and strength of the Managing Partner and also reinforcing the management and control of the

Group for the benefit of the Supervisory Board and the shareholders of the Company, as follows:

- Alexandre de Rothschild has been appointed as Executive Deputy Chairman of the Managing Partner, with the necessary powers delegated to him by its Chairman, for carrying out specific tasks of management and control of the Group, and to represent the Managing Partner *vis-à-vis* third parties when it acts on behalf of the Company;
- the composition has been reinforced, in the spirit of an executive board (*directoire*) of a public limited company with executive and supervisory boards (*société anonyme à directoire et conseil de surveillance*): joining the Management Board alongside the Chairman, the Executive Deputy Chairman, Nigel Higgins and Olivier Pécoux: Marc-Olivier Laurent, the Group Head of Merchant Banking, and Robert Leitão, the Group Head of Global Advisory;
- Nigel Higgins, Olivier Pécoux, Marc-Olivier Laurent, and Robert Leitão, have each been appointed as Managing Partners of Rothschild & Co Gestion SAS; and
- as at 31 March 2017, the Management Board comprised six members: the Chairman, the Executive Deputy Chairman and the four Managing Partners.

In addition, David de Rothschild and Olivier Pécoux perform the functions referred to in Article L. 511-13 of the French Monetary and Financial Code (*Code monétaire et financier*) in the context of the Company as a financial holding company supervised on a consolidated basis by the French Prudential Control Authority (*Autorité de contrôle prudentiel et de résolution*).

The Management Board is consultative, with the final decisions resting with its Chairman.

With regard to the oversight management and supervision of the Group, the following areas are reserved to the Management Board, without prejudice to, and consistent with, other significant Group companies' local requirements:

- Group organisational structure;
- strategy and management;
- appointments and compensation;
- financial matters;
- capital management;
- risk management and control (including Group Policies); and
- brand, marketing & communication.

The Management Board meets at least four times a year ahead of the meetings of the Supervisory Board and the Supervisory Board's specialised committees, in particular so as to enable an adequate preparation and review ahead of reports to the Supervisory Board and its committees.

In addition to those quarterly meetings, in order to maintain the proper and consistent functioning of the Group's management and supervision and to streamline the process of information to the Management Board, the Management Board meets more frequently if so required by the Chairman.

Furthermore, Messrs. Nigel Higgins and Olivier Pécoux represent the Company's Managing Partner at the Group Executive Committee (formerly named the Group Management Committee), the senior executive committee at Rothschild & Co. They co-chair the Group Executive Committee and are jointly responsible for the oversight and co-ordination of the support functions of the Group. The Group Executive Committee meets monthly to ensure, among other things, that the Company and the Company's Group entities implement effectively the decisions taken by the Company's Managing Partner on the behalf of the Company.

Corporate governance

Rothschild & Co Gestion SAS

Positions held within Rothschild & Co SCA:

- Managing Partner

General information

French simplified joint stock company (*société par actions simplifiée*)
Number of Rothschild & Co shares held as at 31 March 2017: 1

Date of first appointment: 8 June 2012
Date of last renewal: n/a (appointed in the Company's articles of association Managing Partner)
End of term of office: for the duration of the Company

Other directorships and positions held

Within the Group

In France:
Managing Partner of RCB Gestion SNC

In other countries:
None

Outside the Group

None

Positions no longer held (but held within the last five years)

None

David de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Chairman of Rothschild & Co Gestion SAS in its capacity as Managing Partner

General information

French
Born in 1942
Number of shares held as at 31 March 2017: 2,520

Date of first appointment: 8 June 2012
Date of last renewal: n/a
End of term of office: term defined in accordance with the provisions of the articles of association of Rothschild & Co Gestion

Other directorships and positions held

Within the Group

In France:
Chairman of Rothschild Concordia SAS
Member of the Supervisory Board of Banque Martin-Maurel SA
Managing Partner of Rothschild & Cie SCS
Manager of Rothschild & Compagnie Banque SCS
Chairman of SCS Holding SAS
Chairman of Rothschild & Co Commandité SAS
Chairman of RCG Partenaires SAS
Chairman of RCI Partenaires SAS
Chairman of Cavour SAS
Chairman of Verdi SAS
Chairman of Aida SAS
Chairman of Financière Rabelais SAS
Chairman of Paris Orléans Holding Bancaire (POHB) SAS
Chairman of Financière de Reux SAS
Chairman of Financière de Tournon SAS
Managing Partner of RCB Partenaires SAS
Manager of Bero SCA
Permanent representative of Rothschild & Co Gestion SAS as Managing Partner of RCB Gestion SNC
Sole Director of GIE Sagitas

In other countries:

Chairman of Rothschild Europe BV (The Netherlands)
Member of the Board of Directors of Continuation Investments NV (The Netherlands)

Outside the Group

In France:
Managing Partner of Rothschild Ferrières SC
Managing Partner of SCI 2 Square tour Maubourg SC
Managing Partner of Société Civile du Haras de Reux SC
Member of the Supervisory Board of Euris SAS
Member of the Board of Directors of Casino SA⁽¹⁾
Sole Director of GIE Five Arrows Messieurs de Rothschild Frères

In other countries:

None

Positions no longer held (but held within the last five years)

In France:

Member of the Board of Directors of La Compagnie Financière Martin-Maurel SA until its merger with the Company (2017)
Member of the Board of Directors of Edmond de Rothschild SA (2015) (Outside the Group)
Chairman of RCG Gestion SAS (2013)
Chairman of RCB Gestion SNC (2013)
Chairman of RCBP Gestion SAS (2013)
Chairman of RCI Gestion SAS (2013)
Chairman of Norma SAS (2013)

In other countries:

Member of the Board of Directors of Rothschild Employee Trustees Limited (United Kingdom) (2016)
Vice-Chairman of Rothschild Bank AG (Switzerland) (2016)
Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2016)
Member of the Board of Directors of Rothschild Holding AG (Switzerland) (2016)
Member of the Board of Directors of Rothschild Concordia AG (Switzerland) (2016)
Chairman of Rothschild North America Inc. (United States of America) (2015)
Chairman of Rothschilds Continuation Holdings AG (Switzerland) (2014)
Member of the Board of Directors of Rothschild Asia Holding Limited (China) (2014)
Chairman and Director of N M Rothschild & Sons Ltd (United Kingdom) (2014)
Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Board of Directors of De Beers SA⁽¹⁾ (Luxemburg) (2013) (outside the Group)

(1) Listed company.

2 The Supervisory Board

(Report of the Chairman of the Supervisory Board on corporate governance)

This report, established pursuant to paragraphs 7 to 9 of Article L. 225-68 of the French Commercial Code with reference to Article L. 226-10-1 of that code, sets forth the principles of the corporate governance of Rothschild & Co.

This report describes the Supervisory Board's powers and duties, the duties of its members, and the status, powers and duties of the Supervisory Board's specialised committees. These arise from the provisions of the Company's articles of association and the Supervisory Board's terms of reference and internal rules of procedure of the specialised committees.

All of the work that went into the preparation of this report was presented to the Supervisory Board, which approved its terms at its meeting of 14 June 2017.

2.1 Composition of the Supervisory Board

In accordance with the articles of association, the Supervisory Board is composed of a maximum of 18 members, all of whom are shareholders in the Company. The Supervisory Board members are appointed by the ordinary General Meeting of shareholders, which in accordance with the articles of association, sets the duration of their term of office. The number of members of the Supervisory Board over the age of 75 years may not exceed one third of the members in office; if this proportion is exceeded, the members who are required to leave the Supervisory Board in order to restore compliance with this proportion will be considered to have resigned, starting with the oldest.

Following the death of Lord Leach of Fairford on 12 June 2016⁽¹⁾, the resignation of Martin Bouygues on 27 September 2016 and the appointment of Adam Keswick as a new member at the shareholders' General Meeting held on 29 September 2016, the Supervisory Board was composed of 14 members as at 31 March 2017:

■ Éric de Rothschild, Chairman	■ Adam Keswick	■ Anthony de Rothschild
■ André Lévy-Lang, Vice-Chairman	■ Arielle Malard de Rothschild	■ Sipko Schat
■ Dr. Daniel Daeniker	■ Lucie Maurel-Aubert	■ Peter Smith
■ Angelika Gifford	■ Carole Piwnica	■ Luisa Todini
■ Sylvain Héfès	■ Jacques Richier	

■ Non-independent Members ■ Independent Members as this term is defined in the Afep-Medef Code

Among the 14 members of the Supervisory Board, nine members are independent: Dr. Daniel Daeniker (also member of the Strategy Committee and Risk Committee), Angelika Gifford, Adam Keswick, André Lévy-Lang (also member of the Audit Committee, Strategy Committee and Remuneration and Nomination Committee), Carole Piwnica (also member of the Strategy Committee and Audit Committee), Jacques Richier, Sipko Schat (also Chairman of the Risk Committee), Peter Smith (also Chairman of the Audit Committee and member of the Strategy Committee and Remuneration and Nomination Committee) and Luisa Todini (also member of the Remuneration and Nomination Committee).

During the 2016/2017 financial year, five members' terms of office were renewed at the shareholders' General Meeting held on 29 September 2016, as follows: Angelika Gifford, Luisa Todini, Carole Piwnica, Arielle Malard de Rothschild and Dr. Daniel Daeniker. And Adam Keswick was appointed as a new member of the Supervisory Board at the same shareholders' General Meeting.

Mr François Henrot was also appointed as non-voting member (*censeur*) of the Supervisory Board at the shareholders' General Meeting held on 29 September 2016.

The Group Company Secretary (and General Counsel of the Company) also acts as Secretary to the Supervisory Board under the supervision of the Chairman of the Supervisory Board.

2.2 Profiles and lists of positions held by members of the Supervisory Board

A summary profile for each of the members of the Supervisory Board and the list of their directorships and positions held as at 31 March 2017, within and outside the Group, in France and in other countries, are presented below.

More information, including a short biography for each of the members, is available on the Company's website at www.rothschildandco.com.

(1) The press release dated 14 June 2016 related thereto is available on Rothschild & Co's website (<https://www.rothschildandco.com/WorkArea/DownloadAsset.aspx?id=3476&LangType=1036>).

Corporate governance

Éric de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Chairman of the Supervisory Board
- Member of the Strategy Committee

Main position:

- Chairman of the Supervisory Board

General information

French

Born in 1940

Number of shares held as at 31 March 2017: 10

Date of first appointment: 29 October 2004

Date of last renewal: 25 September 2014

End of term of office: AGM to be held in 2017

Other directorships and positions held

Within the Group

In France:

Member of the Board of Directors and General Manager of Rothschild Concordia SAS

Partner of RCB Partenaires SNC

General Partner and Manager of Béro SCA

Permanent representative of Béro SCA as Chairman of Ponthieu Rabelais SAS

In other countries:

Chairman of Rothschild Holding AG (Switzerland)

Member of the Board of Directors of Continuation Investments NV (The Netherlands)

Member of the Board of Directors of The Rothschild Archive Ltd (United Kingdom)

Outside the Group

In France:

Permanent representative of Béro SCA as:

- Chairman of Société du Château Rieussec SAS

- Co-Manager of Château Lafite Rothschild SC

- Manager of Château Duhart-Milon SC

- Manager of La Viticole de Participation SCA, co-Manager of Domaines Barons de Rothschild (Lafite) SCA

Chairman of Fondation nationale des Arts graphiques et plastiques

Member of the Supervisory Board of Milestone SAS

Member of the Supervisory Board of SIACI Saint-Honoré SA

Member of the Board of Directors of Baronnes et Barons Associés SAS

Member of the Board of Directors of Christie's France SA

Member of the Board of Directors of Société des Amis du Louvre

Member of the Board of Directors of Centre national de la Photographie

In other countries:

Chairman and Director of DBR USA Inc. (United States of America)

Member of the Board of Directors of Los Vascos SA (Chile)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Member of the Board of Directors of Rothschild Employee Trustees Ltd (United Kingdom) (2016)

Chairman of Rothschild Asset Management Holdings AG (Switzerland) (2016)

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2016)

Member of the Board of Directors of Rothschild Concordia AG (Switzerland) (2016)

Chairman of Rothschild Bank AG (Switzerland) (2014)

Member of the Board of Directors of N M Rothschild & Sons Ltd (United Kingdom) (2014)

Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)

Member of the Board of Directors of Rothschild North America Inc (United States of America) (2013)

André LEVY-LANG

Positions held within Rothschild & Co SCA:

- Vice-Chairman and independent member of the Supervisory Board
- Member of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy Committee

Main position:

- Chairman and founder of Institut Louis Bachelier

General information

French
Born on 1937
Number of shares held as at 31 March 2017: 4,305

Date of first appointment: 29 October 2004
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

Chairman of the Supervisory Board of Les Échos SAS
Chairman of La Fondation du Risque (association)
Chairman of Institut Louis Bachelier (association)

Member of the Board of Directors of Institut Français des Relations Internationales (association)
Member of the Board of Directors of Hôpital Américain de Paris (association)
Member of the Board of Directors of Institut des Hautes Études Scientifiques (association)
Member of the Board of Directors of Paris Sciences et Lettres (association)

In other countries:

None

Positions no longer held (but held within the last five years)

In France:

Chairman of Institut Français des Relations Internationales (association) (2015) (outside the Group)
Chairman of the Audit Committee of Paris Orléans SCA⁽¹⁾ (2013)
Vice-Chairman of Institut Europlace de Finance (association) (2013) (outside the Group)
Member of the Board of Directors of Groupe des Ecoles Nationales d'Économie et Statistique (2013) (outside the Group)

In other countries:

None

Dr. Daniel DAENIKER

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Member of the Risk Committee
- Member of the Strategy Committee

Main position:

- Managing Partner of Homburger AG (Switzerland)

General information

Swiss
Born in 1963
Number of shares held as at 31 March 2017: 2,010

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

None

In other countries:

Member of the Board of Directors of dormakaba Holding AG⁽¹⁾ (Switzerland)
Member of the Board of Directors of Homburger AG (Switzerland)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Member of the Board of Directors of GAM Holding AG⁽¹⁾ (Switzerland) (2015) (outside the Group)
Independent member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2014)

(1) Listed company.

Corporate governance

Angelika GIFFORD

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board

Main position:

- Executive Director and Vice-President of Software business of Hewlett-Packard GmbH (Germany)

General information

German
Born in 1965
Number of shares held as at 31 March 2017: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group
None

In other countries:
Executive Director and Vice-President of Hewlett-Packard GmbH (Germany)
Member of the Executive Board of Atlantik-Brücke e.V. (Germany)
Member of Board of Directors of ProSieben Sat.1 Media SE⁽¹⁾ (Germany)
Member of the Supervisory Board of TUI AG⁽¹⁾ (Germany)

Outside the Group
In France:
None

Positions no longer held (but held within the last five years)

In France:
None

In other countries:
None

Sylvain HÉFÈS

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board
- Chairman of the Remuneration and Nomination Committee
- Member of the Audit Committee

Main position:

- European Chairman of Rhône-Capital

General information

French
Born in 1952
Number of shares held as at 31 March 2017: 10

Date of first appointment: 29 March 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group
In France:
Member of the Board of Directors of Rothschild Concordia SAS
Member of the Advisory Committee of Five Arrows Managers SAS

Outside the Group
In France:
None

In other countries:
Senior Advisor of N M Rothschild & Sons Ltd (United Kingdom)
Member of the Investment Committee of Five Arrows Principal Investments SCA SICAR (Luxembourg)
Member of the Board of Directors of Five Arrows Capital Ltd (British Virgin Islands)
Chairman of Francarep, Inc. (United States of America)

In other countries:
Member of the Board of Directors of Rhone Capital LLC (United States of America)

Positions no longer held (but held within the last five years)

In France:
Chairman of the Executive Board of Paris Orléans SA⁽¹⁾ (Until 29 March 2012)
Member of the Rothschild Group Risk Committee (2014)

Member of the Audit Committee of Rothschild Bank AG (Switzerland) (2013)
Member of the Board of Directors of Rothschild Bank AG (Switzerland) (2013)
Non-executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)

In other countries:
Member of the Board of Directors of IntercontinentalExchange Group, Inc⁽¹⁾ (United States of America) (2015) (outside the Group)
Director of NYSE Euronext Inc. (United States of America) (2013) (outside the Group)
Member of the Advisory Committee of General Atlantic LLC (United States of America) (2013) (outside the Group)

(1) Listed company.

Adam KESWICK

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board

Main position:

- Chairman of Matheson & Co Limited (United Kingdom)

General information

British
Born in 1973
Number of shares held as at 31 March 2017: 10

Date of first appointment: 29 September 2016
Date of last renewal: n/a
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

None

In other countries:

Chairman of Jardine Pacific Limited (Bermuda)
Chairman of Jardine Schindler Holdings Limited (British Virgin Islands)
Chairman of Matheson & Co limited (United Kingdom)
Member of the Board of Directors of Jardine Matheson Holdings Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of Jardine Motors Group UK Limited (United Kingdom)
Member of the Board of Directors of Dairy Farm International Holdings Limited⁽¹⁾ (Bermuda)

Member of the Board of Directors of Hongkong Land Holdings Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of Mandarin Oriental International Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of Jardine Strategic Holdings Limited⁽¹⁾ (Bermuda)
Member of the Board of Directors of JMH Finance Holdings Limited (British Virgin Islands)
Member of the Board of Directors of JMH Investments Limited (British Virgin Islands)
Member of the Board of Directors of JMH Management Holdings Limited (British Virgin Islands)
Member of the Board of Directors of JMH treasury Limited (British Virgin Islands)
Member of the Board of Directors of JSH Treasury Limited (British Virgin Islands)
Non-executive Member of the Board of Directors of Jardine Lloyd Thompson Group plc⁽¹⁾ (United Kingdom)
Non-executive Member of the Board of Directors of Ferrari NV⁽¹⁾ (The Netherlands)
Member of the Board of Directors of Yabuli China Entrepreneurs Forum (China)

Positions no longer held (but held within the last five years)

Within the Group

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2012)

Outside the Group

Chairman & Managing Director of Jardine Motors Group Holdings Limited (Bermuda) (2016)
Chairman & Managing Director & Chief Executive of Jardine Motors Group Limited (Bermuda) (2016)
Chairman of Jardine Pacific Limited (Bermuda) (2016)
Chairman of Jardine, Matheson & Co., Limited (Hong Kong) (2016)
Chairman of Zung Fu Company Limited (Hong Kong) (2016)
Chairman of Fu Tung Holdings Limited (Hong Kong) (2016)
Chairman & Non-executive Member of the Board of Directors of Gammon China Limited (Hong Kong) (2016)
Deputy Chairman & Deputy Managing Director of Jardine Matheson Limited (Bermuda) (2016)
Member of the Board of Directors of Zhongsheng Group Holdings Limited⁽¹⁾ (Cayman Islands) (2016)
Member of the Board of Directors of JRE Asia Capital Management Limited (Cayman Islands) (2016)
Member of the Board of Directors of Mandarin Oriental Hotel Group International Limited (Bermuda) (2016)
Member of the Board of Directors of Mandarin Oriental Hotel Group Limited (Hong Kong) (2016)
Member of the Board of Directors of Dairy Farm Management Services Limited (Bermuda) (2016)
Member of the Board of Directors of Yonghui Superstores Co., Limited⁽¹⁾ (China) (2016)
Member of the Board of Directors of Hongkong Land Limited (Bermuda) (2016)
Member of the Board of Directors of Jardine Matheson (China) Limited (Hong Kong) (2016)
Member of the Board of Directors of The Hongkong Land Co., Limited (Hong Kong) (2016)
Member of the Board of Directors of Hongkong Land China Holdings Limited (Bermuda) (2016)
Member of the Board of Directors of Maxim's Caterers Limited (Hong Kong) (2016)
Member of the Board of Directors of Mindset Limited (Hong Kong) (2016)

Member of the Board of Directors of OHTL Public Company Limited (Thailand) (2016)
Member of the Board of Directors of JRE Asia Capital Limited (Cayman Islands) (2013)
Member of the Board of Directors of Jardine Motors (China) Limited (Hong Kong) (2013)
Member of the Board of Directors of Pandora Asset One Limited (Hong Kong) (2013)
Chairman of Gammon Capital Management Limited (Hong Kong) (2012)
Chairman of HACTL Investment Holdings Limited (British Virgin Islands) (2012)
Chairman of Jardine OneSolution Holdings Limited (Bermuda) (2012)
Chairman of Jardine OneSolution Limited (Bermuda) (2012)
Chairman of Pizza Vietnam Limited (Vietnam) (2012)
Chairman of Jardine Restaurants Victoria S.A. (Panama) (2012)
Chairman of Strawberry Hill Development Limited (Hong Kong) (2012)
Chairman of The Jardine Engineering Corporation, Limited (China) (2012)
Member of the Board of Directors of Hong Kong Air Cargo Industry Services Limited (Hong Kong) (2012)
Chairman of Hong Kong Air Cargo Terminals Limited (Hong Kong) (2012)
Member of the Board of Directors of Jardine Matheson & Co. (Macau) Limited (Macau) (2012)
Member of the Board of Directors of Jardine OneSolution Holdings (C.I.) Limited (Cayman Islands) (2012)
Member of the Board of Directors of Jardine Properties Investments Limited (Hong Kong) (2012)
Member of the Board of Directors of JEC (HK) Holdings Limited (Hong Kong) (2012)
Member of the Board of Directors of KFC Vietnam Joint Venture Company Limited (Vietnam) (2012)
Member of the Board of Directors of Pandora Asset Holdings Limited (Hong Kong) (2012)
Member of the Board of Directors of Pizza Hut Hong Kong Management Limited (Hong Kong) (2012)
Member of the Board of Directors of Pizza Vietnam Holdings Limited (British Virgin Islands) (2012)
Member of the Board of Directors of TYS Limited (Hong Kong) (2012)
Member of the Board of Directors of Fleet Trans International Co. Limited (Hong Kong) (2012)

(1) Listed company.

Corporate governance

Arielle MALARD de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board
- Member of the Risk Committee

Main position:

- Managing Director of Rothschild & Cie SCS

General information

French
Born in 1963
Number of shares held as at 31 March 2017: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held within the Group

Within the Group

In France:
Managing Director of Rothschild & Cie SCS

In other countries:
None

Outside the Group

In France:
Chairwoman of CARE France
Member of the Board of Directors of Groupe Lucien Barrière SAS

Member of the Board of Directors of Imerys SA⁽¹⁾
Member of the Nomination and Remuneration Committee of Imerys SA⁽¹⁾
Member of the Board of Directors, Fondation de Rothschild (a charity)
Member of the Board of Directors, Traditions pour demain (a charity)

In other countries:

Treasurer of CARE International (Switzerland)
Member of the Board of Directors of Electrica SA⁽¹⁾ (Romania & United Kingdom)
Member of the Nomination and Remuneration Committee of Electrica SA⁽¹⁾ (Romania & United Kingdom)
Member of the Audit and Risk Committee of Electrica SA⁽¹⁾ (Romania & United Kingdom)

Positions no longer held (but held within the last five years)

Within the Group
None

Outside the Group
Vice-Chairwoman of CARE International (Switzerland) (2016)

Lucie MAUREL-AUBERT

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board
- Member of the Strategy Committee

Main position:

- Chairwoman of the Supervisory Board of Banque Martin Maurel SA

General information

French
Born in 1962
Number of shares held as at 31 March 2017: 12,610

Date of first appointment: 8 June 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:
Chairwoman of the Supervisory Board of Banque Martin Maurel SA
Chairwoman of the Supervisory Board of International Capital Gestion SA
Chairwoman of the Supervisory Board of Martin Maurel Gestion SA
Member of the Supervisory Board of BBR Rogier SA
Chairwoman of Grignan Participations SAS
Chairwoman of Hoche Paris SAS
Chairwoman of Immobilière Saint Albin SAS

In other countries:
Manager (Type A) of Mobilim International Sàrl (Luxemburg)

Outside the Group

In France:
Chairwoman of the Supervisory Board of Hoche Gestion Privée SA
Chairwoman of the Supervisory Board of Optigestion SA
Member of the Supervisory Board of Fonds de garantie des depots et de resolution
Vice-Chairwoman of the Association Française des Banques
Member of the Board of Directors of Compagnie Plastic Omnium SA⁽¹⁾
Member of the Board of Directors of Théâtre du Châtelet
Member of the Board of Directors of Fondation Hôpital Saint-Joseph
Manager of SC BD Maurel
Manager of SC Paloma

In other countries:
None

Positions no longer held (but held within the last five years)

In France:
Member of the Executive Board and CEO of Banque Martin Maurel SA (2017)
Vice-Chairwoman, Deputy Chief Executive Officer and Director of Compagnie Financière Martin Maurel SA (2017)
Member of the Supervisory Board of Martin Maurel Gestion SA (2017)
Permanent representative of Banque Martin Maurel as member of the Supervisory Board of Optigestion SA (2017)

Member of the Board of Directors of Montupet SA⁽¹⁾ (2016) (outside the Group)
Member of the Supervisory Board of Aéroport Marseille Provence (2015) (outside the Group)
Chairwoman of Groupement Européen de Banques (2015) (outside the Group)
Member of the Supervisory Board of Foncière INEA SA (2014) (outside the Group)
Vice-Chairwoman of the Supervisory Board of Optigestion SA (2013) (outside the Group)

In other countries:
None

(1) Listed company.

Carole PIWNICA

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Member of the Audit Committee
- Member of the Strategy Committee

Main position:

- Member of the Board of Directors of Naxos UK Ltd (United-Kingdom)

General information

Belgian
Born in 1958
Number of shares held as at 31 March 2017: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group
None

In other countries:

Member of the Board of Directors of Naxos UK Ltd (United Kingdom)
Member of the Board of Directors of Big Red (United States of America)
Member of the Board of Directors of Elevance (United States of America)
Member of the Board of Directors of Amyris Inc.⁽¹⁾ (United States of America)
Member of the Board of Directors of I20 (United Kingdom)

Outside the Group

In France:

Independent Member of the Board of Directors of Sanofi SA⁽¹⁾
Member of the Audit Committee of Sanofi SA⁽¹⁾
Independent Member of the Board of Directors of Eutelsat Communications SA⁽¹⁾
Chairwoman of the Nomination and Governance Committee of Eutelsat Communications SA⁽¹⁾

Positions no longer held (but held within the last five years)

In France:

Chairwoman of Remunerations Committee of Eutelsat Communications SA⁽¹⁾ (2016)

In other countries:

Member of the Board of Directors of RecyCoal Ltd (United Kingdom) (2015) (outside the Group)
Member of the Board of Directors of Louis Delhaize⁽¹⁾ (Belgium) (2013) (outside the Group)

Jacques RICHIER

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board

Main position:

- Chairman and Chief Executive Officer of Allianz France SA

General information

French
Born in 1955
Number of shares held as at 31 March 2017: 10

Date of first appointment: 27 September 2010
Date of last renewal: 25 September 2014
End of term of office: AGM to be held in 2017

Other directorships and positions held

Within the Group
None

In other countries:

Independent non-executive member of the Board of Directors of Georgia Healthcare Group plc⁽¹⁾ (United Kingdom)
Member of the Audit Committee of Georgia Healthcare Group plc⁽¹⁾ (United Kingdom)
member of the Nomination Committee of Georgia Healthcare Group plc⁽¹⁾ (United Kingdom)

Outside the Group

In France:

Chairman and Chief Executive Officer of Allianz IARD SA
Chairman and Chief Executive Officer of Allianz Vie SA
Chairman and Chief Executive Officer of Allianz France SA
Chairman of the Supervisory Board of Allianz Worldwide Partners SAS
Vice-Chairman of the Fédération Française de l'Assurance
Member of the Supervisory Board of Euler Hermes SA⁽¹⁾
Permanent representative of Allianz IARD SA as member of the Supervisory Board of IDI SCA⁽¹⁾
Member of the Board of Directors of Allianz Africa SA
Member of the Board of Directors of Régie Ligne d'Azur EPIC

Positions no longer held (but held within the last five years)

In France:

Member of the Board of Directors of AWP Health & Life SA (2016) (outside the Group)
Chairman of the Board of Directors of Allianz Worldwide Care SA (2015) (outside the Group)
Chairman of Allianz Worldwide Partners SAS (2015) (outside the Group)
Member of the Supervisory Board of Allianz Global Assistance SAS (2013) (outside the Group)
Member of the Supervisory Board of Oddo & Cie SCA (2012) (outside the Group)

In other countries:

Chairman of Allianz Worldwide Care Ltd (Ireland) (2014) (outside the Group)
Member of the Supervisory Board of Allianz Global Corporate & Speciality AG (Germany) (2014) (outside the Group)

(1) Listed company.

Corporate governance

Anthony de ROTHSCHILD

Positions held within Rothschild & Co SCA:

- Member of the Supervisory Board

Main position:

- Member of the Board of Directors of Sculpt the future Company Ltd (United Kingdom)

General information

British
Born in 1977
Number of shares held as at 31 March 2017: 10

Date of first appointment: 8 June 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:

Member of the Board of Directors of Rothschild Concordia SAS

In other countries:

None

Outside the Group

In France:

None

In other countries:

Member of the Board of Directors of Ascott Farms Ltd (United Kingdom)
Member of the Board of Directors of Ascott Nominees Ltd (United Kingdom)
Member of the Board of Directors of Southcourt Stud Company Ltd (United Kingdom)
Member of the Board of Directors of Sculpt the future Company Ltd (United Kingdom)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Member of the Board of Directors of Ascott Properties Ltd (United Kingdom) (2015) (outside the Group)

Member of the Board of Directors of William and Suzue Curley Ltd (United Kingdom) (2014) (outside the Group)

Member of the Board of Directors of A7 Music Ltd (United Kingdom) (2013) (outside the Group)

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2012)

Sipko SCHAT

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Chairman of the Risk Committee

Main position:

- Chairman of the Supervisory Board of Vion N.V. (The Netherlands)

General information

Dutch
Born in 1960
Number of shares held as at 31 March 2017: 10

Date of first appointment: 8 June 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:

None

In other countries:

Member of the Board of Directors of Rothschild Bank AG (Switzerland)
Chairman of the Audit and Risk Committee of Rothschild Bank AG (Switzerland)

Outside the Group

In France:

None

In other countries:

Chairman of the Supervisory Board of Vion N.V. (The Netherlands)
Non-executive member of the Board of Directors of OCI N.V.⁽¹⁾ (The Netherlands)
Member of the Board of Directors of Trafigura Group Pte Ltd (Singapore)

Positions no longer held (but held within the last five years)

In France:

Representative of Rabobank as member of the Board of Directors of NYSE Euronext (2013) (Outside the Group)

In other countries:

Member of the Executive Board of Rabobank Nederland (The Netherlands) (2013) (outside the Group)
Chairman of the Wholesale Management Team of Rabobank International (The Netherlands) (2013) (outside the Group)

Member of the Board of Directors of Bank Sarasin & Cie AG (Switzerland) (2013) (outside the Group)

Member of the Board of Directors of Rabo Real Estate (The Netherlands) (2013) (outside the Group)

Representative of Rabobank as Director of VNO-NCW (Confederation of Netherlands Industry and Employers) (2013) (outside the Group)

Non-Executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2012)

(1) Listed company.

Peter SMITH

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board,
- Chairman of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy Committee

Main position:

- Non-executive Chairman and Member of the Board of Directors of N M Rothschild & Sons Ltd (United-Kingdom)

General information

British
Born in 1946
Number of shares held as at 31 March 2017: 10

Date of first appointment: 27 September 2012
Date of last renewal: 24 September 2015
End of term of office: AGM to be held in 2018

Other directorships and positions held

Within the Group

In France:
None

In other countries:

Non-executive Chairman and member of the Board of Directors of N M Rothschild & Sons Ltd (United Kingdom)
Member of the Board of Directors of Rothschild Bank AG (Switzerland)
Member of the Audit and Risk Committee of Rothschild Bank AG (Switzerland)

Outside the Group

In France:
None

In other countries:

Chairman of the Board of Directors of Land Restoration Trust (a charity) (United Kingdom)
Member of the Board of Directors of Casa San Damian Limited (United Kingdom)

Positions no longer held (but held within the last five years)

In France:
None

In other countries:

Non-executive Chairman of the Board of Directors of Savills Plc⁽¹⁾ (United Kingdom) (2016)
Member of the Board of Directors of Associated British Foods Plc⁽¹⁾ (United Kingdom) (2016)
Non-executive Chairman of the Board of Directors of Templeton Emerging Markets Investment Trust Plc⁽¹⁾ (United Kingdom) (2015) (outside the Group)

Non-executive member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2014)
Chairman of the Audit Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)
Member of the Remuneration Committee of Rothschilds Continuation Holdings AG (Switzerland) (2013)

(1) Listed company.

Corporate governance

Luisa TODINI

Positions held within Rothschild & Co SCA:

- Independent member of the Supervisory Board
- Member of the Remuneration and Nomination Committee

Main position:

- Chairwoman of Todini Costruzioni Generali SpA (Italy)

General information

Italian
Born in 1966
Number of shares held as at 31 March 2016: 10

Date of first appointment: 25 September 2014
Date of last renewal: 29 September 2016
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

None

Outside the Group

In France:

None

In other countries:

Chairwoman of Todini Costruzioni Generali SpA (Italy)
Chairwoman of Todini Finanziaria SpA, Ecos Energia Srl (Italy)
Chairwoman of Comitato Leonardo – Italian Quality Committee (Italy)
Chairwoman of Fondazione Poste Insieme (Italy)

Co-Chairwoman of the Italian and Russian Civil Society Dialogue Forum (Italy)
Chairwoman of Association Agronet
Chair of the Steering Committee, Project Grow Generating Real Opportunities for Women (LUISS Guido Carli)
Member of the Board of Directors of Salini Costruttori SpA (Italy)
Member of the Board of Directors of LUISS Guido Carli University
Member of the Board of Directors of Confindustria (Italian employers' federation) General Council
Member of the Board of Directors of Italy China Foundation
Member of European Council on Foreign Relations
Member of the Steering Committee Member of the cultural association Civita
Member of the Board of Directors of Foundation Child for Study and Research into Childhood and Adolescence (Italy)
Member of the Steering Committee of Assonime (Italy)

Positions no longer held (but held within the last five years)

In France:

None

In other countries:

Chairwoman of Poste Italiane⁽¹⁾ (Italy) (2017) (outside the Group)
Chairwoman of Uni-Esco Srl (Italy) (2016) (outside the Group)
Sole Managing Director of Proxima Srl (Italy) (2016) (outside the Group)
Member of the Board of Directors of RAI SpA⁽¹⁾ (Italy) (2014) (outside the Group)
Member of the Board of Directors of Cediv SpA (Italy) (2014) (outside the Group)

Chairwoman of FIEC (European Construction Industry Federation) (Italy) (2012) (outside the Group)
Chairwoman of Cantina Todini Srl (Italy) (2013) (outside the Group)
Member of the Board of Directors of Salini SpA (Italy) (2013) (outside the Group)
Member of the Board of Directors of Tiesse Holding Srl (Italy) (2013) (outside the Group)

(1) Listed company.

It is hereby confirmed that the terms of offices held by Messrs. Éric de Rothschild, André Levy-Lang and Jacques Richier will come to an end at the shareholders' General Meeting to be held on 28 September 2017. The re-election of Messrs Éric de Rothschild and André Levy-Lang for another term of office will be submitted for approval by shareholders. More detailed information will be presented on these proposed renewals and appointment of few members in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable regulations.

2.3 Profile and list of positions held by the non-voting member of the Supervisory Board

A summary profile for François Henrot, who has been appointed as a non-voting member of the Supervisory Board and the list of his directorships and positions held as at 31 March 2017, within and outside the Group, in France and in other countries, is presented below.

François HENROT

Positions held within Rothschild & Co SCA:

- Non-Voting Member (censeur) of the Supervisory Board

Main position:

- Managing Director of Rothschild & Cie SCS

General information

French
Born in 1949
Number of shares held as at 31 March 2017: 476,260

Date of first appointment: 29 September 2016
Date of last renewal: n/a
End of term of office: AGM to be held in 2019

Other directorships and positions held

Within the Group

In France:

Manager of FH GFA SARL, General Partner and Manager of Rothschild & Cie SCS
Manager of FH GFA SARL, Managing Partner of de RCB Partenaires SNC
Managing Director of Rothschild & Compagnie Banque SCS
Chief Executive Officer of Paris Orléans Holding Bancaire (POHB) SAS

In other countries:

None

Outside the Group

In France:

Member of the Supervisory Board of Rexel SA⁽¹⁾

In other countries:

Chairman of the Board of Directors of Copeba (Belgium)
Member of the Board of Directors of Yam Invest NV (The Netherlands)
Non-Executive member of the Board of Directors of BMCE Bank SA⁽¹⁾ (Morocco)

Positions no longer held (but held within the last five years)

In France:

Non-voting member (*censeur*) of the Supervisory Board of Vallourec SA⁽¹⁾ (2015) (outside the Group)
General Partner and Manager of Rothschild & Cie SCS (2014)
Managing Partner of de RCB Partenaires SNC (2014)
Member of the Supervisory Board of 3 Suisses SA (2013) (outside the Group)

In other countries:

Member of the Board of Directors of Rothschilds Continuation Holdings AG (Switzerland) (2013)

(1) Listed company.

2.4 Powers of the Supervisory Board

The Supervisory Board continually monitors the way in which the Company is managed by the Managing Partner, including in particular the Company's financial and accounting reporting system and its internal control mechanisms applicable to risk, compliance and internal audit, in accordance with the laws and regulations applicable to the Company.

The Supervisory Board may call a General Meeting of shareholders.

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

- the Supervisory Board conducts such checks and controls that it considers appropriate at any time of the year, and may ask to be provided with such documents it considers useful to perform its duties;
- every three months (or more frequently if requested by the Supervisory Board), the Managing Partner presents a report to the Supervisory Board on the status and conduct of corporate affairs, such report to be drawn up as directed by the Supervisory Board;
- within three months of the end of each financial year, the Managing Partner presents the annual and consolidated financial statements to the Supervisory Board for verification and control purposes;
- the Managing Partner submits its annual operating objectives to the Supervisory Board and, at least once a year, its long-term strategic projects;
- the Supervisory Board presents a report to shareholders at the annual General Meeting of shareholders in which it reports any discrepancies and/or inaccuracies in the annual and consolidated financial statements and comments on the way in which the Company is managed;
- the Supervisory Board approves the Chairman's report on the composition of the Supervisory Board and the application of the principle of equal representation of men and women on the Supervisory Board, the terms and conditions according to which the Supervisory Board prepares and organises its work, and the internal control and risk management procedures implemented by the Company;
- it decides each year on the Company's policy in terms of professional equality and equal pay;
- the agreements and commitments relating to the combined provisions of Article L. 226-10 and L. 225-38 to L. 225-43 of the French Commercial Code are submitted to the Supervisory Board for prior authorisation; and
- it checks 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 Managing Partner and the annual report drawn up by Managing Partner, or at the time of major transactions.

In addition to the powers granted to it by law, using the methods set forth in Article 10.2.3 of the Company's articles of association, the Supervisory Board issues:

- an advisory opinion to the Managing Partner in respect of:
 - the strategic policies, annual budget and three-year business plan of the Rothschild & Co Group;
 - any significant acquisition or disposal of a business or part of a business; and
 - any strategic initiative or major refocusing of the business of the Rothschild & Co Group; and
- a recommendation to shareholders regarding the Company's dividend policy.

Moreover, the Supervisory Board presents a report to the shareholders and a reasoned opinion on any resolution submitted to the 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 the Managing Partner at any time.

2.5 Duties of the Supervisory Board members

Before assuming a seat on the Supervisory Board, each member 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.

The Company provides new members with its articles of association and the Supervisory Board's internal rules of procedure before they take office. By accepting a seat on the Supervisory Board, members agree to abide by its internal rules of procedure.

When taking part in Supervisory Board meetings and casting a vote, Supervisory 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 that they require.

Supervisory Board members must 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 of shareholders, 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 Supervisory Board meetings is confidential. In accordance with applicable regulations, Supervisory Board members and all other persons invited to attend the meetings may not pass on such information to a third person, other than within the ordinary scope of their work or occupation, for any purpose or activity other than those for which the information was provided to them. They are required to take appropriate measures to protect the confidentiality of such information. Such information ceases 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.

Members must notify the Supervisory Board of any actual or potential conflict of interest with the Rothschild & Co Group. They must 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 Rothschild & Co Group has a direct interest, or of which he is aware as a result of his membership of the Supervisory Board, must be disclosed to the Supervisory 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 Supervisory Board in advance.

Supervisory Board members and all other persons who are invited to attend Supervisory 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 Supervisory 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:

- shares in the Company held by a Supervisory 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;
- 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.); and
- transactions involving Rothschild & Co shares, including hedging transactions effected during the 30 calendar days prior to the publication of the annual statutory and consolidated financial statements, half-yearly financial statements and (where applicable) the full quarterly financial statements (such period being reduced to 15 days in respect of the publication of quarterly financial information) and on the publication date may not be undertaken by Supervisory Board members or any other person who attended the Supervisory Board meeting at which the results were reviewed. The same rule applies with respect to the announcement of projected annual and half-yearly results.

2.6 Organisation and operation of the Supervisory Board

2.6.1 Notice of meetings

Following a proposal by its Chairman, the Supervisory Board prepares a schedule of meetings each year, for the following year.

The Supervisory Board meets 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 the Supervisory Board members, the Company's Managing Partner, or a General Partner, subject to reasonable notice unless circumstances require a meeting to be called at very short notice.

The person(s) who call(s) a Supervisory Board meeting prepares the agenda of the meeting and informs the Supervisory Board members in a timely manner and by any appropriate means.

All Supervisory Board members may consult the Secretary and benefit from the latter's services. The Secretary is responsible for all procedures relating to the Supervisory Board practices and for the organisation of the meetings.

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

Members of the Management Board of the Company's Managing Partner attend the meeting of the Supervisory Board in an advisory capacity and to discharge the Managing Partner's reporting duty *vis-à-vis* the Supervisory Board. Any other person outside the Supervisory Board may be invited to attend the whole or part of a Supervisory Board meeting by the Chairman of the Supervisory Board or upon the recommendation of the Company's Managing Partner as given to the Chairman of the Supervisory Board.

2.6.2 Organisation of meetings

Under any circumstances, 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 informs Supervisory Board members of the main facts and significant events concerning the Group's operations that have occurred since the date of the previous Supervisory 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.

2.6.3 Attendance and majority

The Supervisory Board members are entitled to be represented at any meeting by another member, pursuant to specific authorisation set out in a letter, a fax, an email or any other method of communication deemed reasonable and acceptable by both parties.

The Supervisory Board members who take part in a Supervisory Board meeting via the technical resource methods referred to above are deemed present, except where the Supervisory Board is meeting to verify and check the annual report and the statutory and consolidated financial statements.

Decisions are 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.

2.6.4 Review of the Supervisory Board's activity during the financial year

The Supervisory Board meets at least four times a year in March, June, September and November. The Supervisory Board met eight times during the 2016/2017 financial year, with an average attendance rate of 76.5% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

Each meeting of the Supervisory Board is preceded by a meeting of the Audit and Risk Committees and as necessary, by meetings of the Remuneration and Nomination Committee.

At its meeting on 18 May 2016, the Supervisory Board, in particular:

- considered a memorandum from the Company's Managing Partner on the contemplated merger with Compagnie Financière Martin Maurel;
- considered a report from a third party advisory regarding the French private banking business in France;
- considered draft due diligence reports being requested from a third party advisor and a law firm;
- considered a draft Memorandum of Agreement (MoA) relating to the contemplated merger with Compagnie Financière Martin Maurel;
- rendered a positive opinion to the Company's Managing Partner on the conclusion of the MoA relating to the contemplated merger with Compagnie Financière Martin Maurel;
- approved the above MoA as a regulated agreement in accordance with the provisions of article L. 226-10 of the French Commercial Code; and
- approved a financial advisory agreement entered into with Rothschild & Cie SCS as a regulated agreement in accordance with the provisions of Articles L. 226-10 of the French Commercial Code.

At its meeting on 22 June 2016, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance and outlook for 12 months to 31 March 2016;
- verified for control purposes the Company's "solo" parent and consolidated accounts for the year ended 31 March 2016 and the draft results announcement;
- considered the report of the Audit Committee following its meeting on 15 June 2016;
- considered the report of the Risk Committee following its meeting on 15 June 2016;
- considered a report from the Remuneration and Nomination Committee following its meeting on 4 May 2016;
- considered the Medium Term Strategic review prepared by the Company's Managing Partner for its advisory opinion;
- considered regulatory capital planning report prepared by the Group Chief Financial Officer the Group;
- received for approval the report on governance and risk management prepared by the Chairman on the Supervisory Board;
- received for purposes of quality control of the information to shareholders, the draft Management report from the Company's Managing Partner; and
- in advance of the Annual General Meeting of shareholders, received from the Company's Managing Partner and considered the draft agenda and resolutions and approved the Supervisory Board's report to shareholders.

At its meeting on 29 July 2016, the Supervisory Board, in particular:

- considered a memorandum on the key legal and financial aspects of the draft merger treaty with Compagnie Financière Martin Maurel;
- considered the draft versions of the resolution on the merger with Compagnie Financière Martin Maurel submitted for approval by shareholders and the Company's Managing Partner's report to shareholders on the merger treaty;
- considered a draft French version of the press release on the merger required under legal provisions;
- rendered a positive opinion to the Company's Managing Partner concerning the execution of the merger treaty with Compagnie Financière Martin Maurel;
- approved the Supervisory Board's report to shareholders in relation with the merger with Compagnie Financière Martin Maurel; and
- upon recommendations of its Remuneration and Nomination Committee, opined in favour of the selection of Mr. Adam Keswick as new Supervisory Board member.

At its meeting on 8 September 2016, the Supervisory Board:

- reviewed the request from Edmond de Rothschild Holding SA to appoint two members to the Supervisory Board of Rothschild & Co and the recommendations of its Remuneration and Nomination Committee; and
- in an opinion submitted to the Company's Managing Partner and shareholders, recommended that shareholders vote against the two resolutions presented by Edmond de Rothschild Holding SA.

At its meeting on 29 September 2016, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance, and the results for four months ended 31 July 2016;
- considered the report of the Audit Committee following its meeting on 22 September 2016;
- considered the report of the Risk Committee following its meeting on 22 September 2016;
- received an update on the implementation of the merger with Compagnie Financière Martin Maurel; and
- took note of the Company's Managing Partner consideration on any potential impacts of Brexit on the Group's business activities.

At its meeting on 29 November 2016, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance to 30 September 2016 and forecast for the year to 31 March 2017;
- verified for control purposes the 2016/2017 Half-Year Consolidated Accounts and the draft results announcement;
- considered the report of the Audit Committee following its meeting on 22 November 2016; and
- considered the report of the Risk Committee following its meeting on 28 November 2016.

At its meeting on 23 February 2017, the Supervisory Board, in particular:

- considered the governance changes at the Company's Managing Partner level and, in accordance with the recommendations of its Remuneration and Nomination Committee, opined in favour of these changes.

At its meeting on 30 March 2017, the Supervisory Board, in particular:

- considered the Rothschild & Co Group Performance, the outlook for 12 months to 31 March 2017 and overall Group budget to December 2017;
- considered for an advisory opinion to the Company's Managing Partner, the overall Group budget to December 2017 and the business budgets for 2017;
- considered the report of the Audit Committee following its meetings on 16 and 23 March 2017;
- considered the report of the Risk Committee following its meeting on 29 March 2017;
- considered the Rothschild & Co Group Report for 2016 on Internal Control, Compensation and Risk for prepared in accordance with Articles 258, 259, 260, 262 and 264 of the Arrêté of 3 November 2014; and
- approved the allocation of remuneration to the members of the Supervisory Board for 2016/2017.

2.6.5 Assessment of the Supervisory Board's organisation and working methods

In accordance with the Afep-Medef Code to which Rothschild & Co has chosen to comply, the Group Company Secretary, in liaison with the Remuneration and Nomination Committee, conducted an assessment of the Supervisory Board's organisation and working methods as regards the 2016/2017 financial year in its meeting on 14 June 2017.

The Group Company Secretary conducted more specifically an assessment of the effectiveness of the Supervisory Board. The objective was to check that important issues are properly prepared and discussed.

The Supervisory Board's self-assessment is based on a questionnaire with a grading system with scores ranging from 1 (excellent) to 5 (poor), with the ability to provide further comments. 13 general topics were covered in the questionnaire: Terms of Reference of the Supervisory Board, its composition, training and resources provided, organisation of meetings, financial reporting, internal control and financial risk management, internal audit process, external audit, reliance of the work of subsidiaries' audit committees, whistleblowing and relationships with the Supervisory Board, the Risk Committee and the shareholders.

Answers received in response to the questionnaire showed the Supervisory Board's members had a favourable opinion on the majority of the statements. The Supervisory Board approved an action plan for those areas identified as requiring further attention.

2.7 Specialised committees of the Supervisory Board

In accordance with legal and regulatory provisions, the Supervisory Board set up an Audit Committee, a Remuneration and Nomination Committee and a Risk Committee, and defined the composition of those committees as well as their tasks and practices.

In addition, according to the articles of association which provide the creation of any additional committee to assist the Supervisory Board, the Supervisory Board set up a Strategy Committee.

Only members of the Supervisory Board may sit on these committees and only for their term of office on the Supervisory Board. The composition of each committee is decided by the Supervisory Board.

Members of the Management Board of the Company's Managing Partner may attend a meeting of a Supervisory Board's committee if so requested or at the invitation of the committee's chairman.

2.7.1 Audit Committee

2.7.1.1 Composition

As at 31 March 2017, the Audit Committee was composed of four members: Peter Smith (Chairman and independent member), Carole Piwnica (independent member), Sylvain Héfès and André Lévy-Lang (independent member)⁽²⁾.

2.7.1.2 Responsibilities

Specifically the Audit Committee is responsible for:

- reviewing the process of drawing up financial information (such as annual accounts, half year accounts and quarterly financial statements), the statutory audit of the annual accounts and consolidated accounts by the Statutory Auditors and the independence and objectivity of the Statutory Auditors;
- checking that the information provided is clear, and providing an appraisal of the relevance of the accounting methods used to draw up the individual and consolidated accounts;
- reviewing the effectiveness of the internal control and risk management systems both at the Group and Rothschild & Co levels; and
- providing an appraisal of the internal control systems, in particular, examining whether the measurement, monitoring and risk control systems are consistent and, where necessary, suggesting further actions in this respect.

⁽²⁾ Peter Smith, Carole Piwnica and André Lévy-Lang are independent members, as this term is defined in the Afep-Medef Code.

The Audit Committee can draw on the help of Company employees as necessary. It is empowered to obtain any information it considers necessary to fulfil its task from the Company's executive body, its staff and the Company's or its subsidiaries' Statutory Auditors. Audit Committee members have the opportunity, if necessary, to seek the opinion of the senior executives of the Group as well as that of the Statutory Auditors.

2.7.1.3 Activity

The Audit Committee meets at least four times a year in March, June, September and November, or more frequently if so required. The Audit Committee met six⁽³⁾ times during the 2016/2017 financial year, with an average attendance rate of 83.3% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Group Chief Financial Officer, the Group External Reporting Director, the Group Head of Internal Audit, the Group Head of Legal & Compliance, the Group Chief Risk Officer, the Group Company Secretary and the Statutory Auditors are permanent attendees at the meetings of the Audit Committee.

The June and November meetings are mainly focused, respectively, on the review of annual and half year accounts and the presentation by the Statutory Auditors of its report after its review of such accounts. In addition, at the June meeting, the Audit Committee reviews the section of the Chairman's report issued in accordance with the provisions of article L. 225-37 of the French Commercial Code, on risk management procedures implemented by the Company on pages 96 onwards of this report. The June meeting includes, in addition, a focus on the Banking book and the November meeting includes a review of the Merchant Banking Division.

The March and September meetings mainly focus on internal control matters. In March, the Audit Committee receives for consideration, the Group internal control report to be submitted to the French Prudential and Control Authority (*Autorité de contrôle prudentiel et de résolution*). In advance of each meeting, the Audit Committee members receive the Internal Audit activity report and the status of Statutory Auditors recommendations. The activities of the Group subsidiary audit committees are also presented to the Audit Committee during those two meetings. This year, the Audit Committee also reviewed the list of non-audit fees and took note of the new auditor partner's rotations and audit governance requirements under the revised Statutory Audit Directive.

At the end of each meeting, the Audit Committee usually meets with the Group Head of Internal Audit and the Statutory Auditors without the presence of any representative of senior management.

After each meeting of the Audit Committee, the Chairman of the Audit Committee submits a report on the work of the Audit Committee to the Supervisory Board members.

In addition, the Audit Committee receives, in advance of each meeting, the Group Risk and Compliance quarterly report addressed also to the Group Risk Committee.

Furthermore, every year, at the request of the Chairman of the Audit Committee, the Group Company Secretary coordinates a review of the annual work programme of the Audit Committee with the committee members, to ensure that the Audit Committee discharges its responsibilities in accordance with its Terms of Reference. In addition, this review considers the Afep-Medef recommendations to which the Company expressly refers to.

The conclusions of the 2016/2017 financial year's review were discussed and debated at the meeting of the Audit Committee held on 22 November 2016.

(3) One of these meetings was a joint meeting with the Risk Committee.

(4) The criteria used to identify for Regulated Persons are notably set out in the followings regulations: (i) the third iteration of the Capital Requirements Directive (CRD III) and associated guidelines, and (ii) the qualitative role base criteria set out in the EBA Regulatory Technical Standard (RTS) for identifying material risk takers (Commission Delegated Regulation 604/2014).

2.7.2 Remuneration and Nomination Committee

2.7.2.1 Composition

As at 31 March 2017, the Remuneration and Nomination Committee was composed of four members: Sylvain Héfès (Chairman), André Lévy-Lang (independent member), Peter Smith (independent member) and Luisa Todini (independent member).

2.7.2.2 Responsibilities

The role of the Remuneration and Nomination Committee is to assist the Supervisory Board with its remuneration-related duties and in particular with the preparation of its decisions in correction with the Group's remuneration policy principles. It also makes recommendations to the Supervisory Board on all matters relating to the composition of the Supervisory Board, such as appointments or renewals of terms of office, or the compliance with Afep-Medef recommendations.

Specifically the Remuneration and Nomination Committee is responsible for:

- setting the principles and parameters of remuneration policy for the Group as a whole and periodically reviewing the policy's adequacy and effectiveness taking into account all factors which it deems necessary including the Group's strategy from time to time;
- supervising and reviewing the broad policy framework for the remuneration arrangements within the Group and principles applicable to all staff members whose professional activities have a material impact on the risk profile of the Group (the "Regulated Persons")⁽⁴⁾;
- supervising the remuneration paid/awarded to members of the Compliance and Risk divisions and, where appropriate, the employment and remuneration arrangements of members of the Group Executive Committee;
- identifying Regulated Persons as we define them in each of Rothschild & Co, Rothschild & Compagnie Banque SCS and its subsidiaries, N M Rothschild & Sons Limited and its subsidiaries for the purposes of the French Prudential and Control Authority, and the United Kingdom Financial Conduct Authority and Prudential Regulatory Authority as appropriate;
- participating in the selection and nomination process of members of the Supervisory Board, as provided by the Afep-Medef Corporate Code;
- reviewing the nature and scale of the Group's short and long-term incentive performance arrangements to ensure that they encourage enhanced performance and reward individuals in a fair and responsible manner for their contribution to the success of the Group in light of an assessment of the Group's financial situation and future prospects;
- discussing and reviewing with the Company's Managing Partner the determination and quantum of the total bonus pool; and
- undertaking any other remuneration related obligations placed upon the Remuneration and Nomination Committee by either the lead regulator or a local regulator.

2.7.2.3 Activity

The Remuneration and Nomination Committee met twice during the 2016/2017 financial year, with an average attendance rate of 100% for all meetings. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The meetings of the Remuneration and Nomination Committee were mainly convened to set and to periodically review the principles and parameters of its remuneration policies and their adequacy and effectiveness, review developments in remuneration regulations and ensure that Rothschild & Co Gestion SAS and business divisions are in compliance.

In addition, the Remuneration and Nomination Committee reviews the proposals submitted by business divisions regarding fixed and variable compensation with absolute discretion to adjust fixed compensation proposals, bonus pools and individual payments, and to supervise and review the broad policy framework for the remuneration of senior employees, including the Regulated Persons across the Rothschild & Co Group.

No Group employee is permitted to participate in discussions or decisions relating to his or her remuneration.

The Chairman of the Supervisory Board, the Chairman, the Executive Deputy Chairman and the Managing Partners of the Company's Managing Partner, the Group Human Resources Director and the Group Chief Financial Officer are permanent attendees at the meetings of the Remuneration and Nomination Committee.

In addition, with regards to the meetings of the Remuneration and Nomination Committee to review the proposals submitted by business divisions regarding fixed and variable compensation, the Heads of Group business divisions attend the meetings for part of the meeting to present their own business division.

2.7.3 Risk Committee

2.7.3.1 Composition

As at 31 March 2017, the Risk Committee was composed of three members: Sipko Schat (Chairman and independent member), Arielle Malard de Rothschild and Dr. Daniel Daeniker (independent member).

2.7.3.2 Responsibilities

Specifically the Risk Committee is responsible for:

- advising the Supervisory Board on the overall current and future risk appetite and strategy, both at the Group and Rothschild & Co levels;
- assisting the Supervisory Board in overseeing the implementation of that strategy;
- reviewing on a consolidated basis the material risks of the Group, and the total exposures of the Group's activities to such risks;
- reviewing the results of the Group's risk assessment that identifies and evaluates exposures to risk in the light of internal and external factors;
- reviewing the Group's broad guidelines relating to risk management and examining the effectiveness of the risk management policies put in place;
- reviewing all material new products and new classes of products and funds that have been approved pursuant to the Group's New Products Policy; and
- examining incentives provided by remuneration policies and practices to ensure they are consistent in the light of the risk, capital, liquidity and the likelihood and timing of expected earnings for entities.

2.7.3.3 Activity

The Risk Committee meets at least four times a year in March, June, September and November, or more frequently if so required. The Risk Committee met five⁽⁵⁾ times during the 2016/2017 financial year, with an average attendance rate of 93.3%. Before each meeting, every member receives a file containing all the documentation, notes and reports relating to each item on the agenda.

The Chairman of the Audit Committee, the Group Chief Risk Officer, the Group Head of Legal & Compliance, the Group Head of Internal Audit, the Group Chief Financial Officer, the Group External Reporting Director and the Group Company Secretary are permanent attendees to the meetings of the Risk Committee.

During those meetings, the Risk Committee reviewed the four quarterly Group Legal, Compliance and Risk reports and examined the Group strategic and operational risk assessments. In addition, the Risk Committee reviewed various Group policies, and checked the implementation of crisis management plans across the Group.

2.7.3.4 Cooperation with the Audit Committee

The Chairmen of the Audit Committee and the Risk Committee consult each other, whenever they deem it necessary and at least once a year, on various subjects, including but not limited to, subjects of common interest and/or cross-committee topics falling within the missions assigned to them, related to the internal control and risk management system.

2.7.4 Strategy Committee

2.7.4.1 Composition

As at 31 March 2017, the Strategy Committee was composed of six members: Éric de Rothschild, Dr. Daniel Daeniker (independent member), André Lévy-Lang (independent member), Lucie Maurel-Aubert, Peter Smith (independent member) and Carole Piwnica (independent member).

2.7.4.2 Responsibilities

The main role of this committee is to support the Supervisory Board in advising the Company's Managing Partner, on strategy matters.

Meetings of the Strategy Committee are prepared beforehand by the Company's Managing Partner and the Group Executive Committee.

2.7.4.3 Activity

The Strategy Committee meets at least once a year, or more frequently if so required. The Strategy Committee did not meet during the 2016/2017 financial year as the most significant strategy issues were covered by the full Supervisory Board during the year.

2.8 Corporate governance code

The Company has decided voluntarily to adhere to the Afep-Medef Code.

The Company is very committed to the principles of good governance and to the recommendations of the Afep-Medef Code. It should, however, be stressed that the very principle of partnerships limited by shares, the Company's form of incorporation, gives a unique structure to governance providing a clear separation of powers between the Company's Managing Partner, and the Supervisory Board, which cannot comply with the Afep-Medef recommendations without adaptation. In this situation, the Board takes into account the specific characteristics of this form of incorporation, and the Board is organised in a way that is adapted to the nature of the functions conferred upon it by law and the articles of association as well as by the recommendations of the Afep-Medef Code.

(5) One of these meetings was a joint meeting with the Audit Committee.

Pursuant to the AMF recommendations, the recommendations of the Afep-Medef Code not applied by the Company are described in the table below, with an explanation for each of them:

Afep-Medef recommendations	Explanations by the Company
<p>Independence criterion for members of the Supervisory Board related to the length of office (§8.5 of the Afep-Medef Code):</p> <p>Criterion providing that in order to be considered as independent a Director must not “<i>have been a Director for more than twelve years</i>”.</p>	<p>Given the Company’s ownership structure, which is controlled by an enlarged Rothschild Family Concert acting in concert with companies owned by members of the Rothschild family and by other shareholders with long-standing ties to the Rothschild family, and given the legal and statutory characteristics of a French partnership limited by shares, the Supervisory Board has expressly decided to waive the criterion relating to the duration of Supervisory Board members’ terms of office.</p> <p>This particular criterion was therefore expressly waived in the Supervisory Board’s Internal rules of procedure as follow:</p> <p>“The independence criteria that apply are those referred to in Article 9.4 of the Afep-Medef Corporate Governance code of December 2008, amended in June 2013, excluding the criteria relating to terms of office, which is expressly set aside.”</p> <p>The Supervisory Board considers that length of service is a key element for assessing and understanding the Rothschild & Co Group’s activities and that the effectiveness of the Supervisory Board is ensured by a wide-ranging composition in terms of diversity, professional experience and expertise of its members.</p>
<p>Independence criterion for members of the Supervisory Board related to directorship in a company the corporation consolidates (§8.5 of the Afep-Medef Code):</p> <p>Criterion providing that in order to be considered as independent a Director must not “<i>be an employee or executive director of the corporation, or an employee or director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years</i>”.</p>	<p>Peter Smith is non-executive Chairman of the Board of Directors of N M Rothschild & Sons Ltd (NMR) and non-executive Director of the Board of Directors of Rothschild Bank AG, two Group’s entities. However the Supervisory Board considered that as a result of Peter Smith performing duties in important international groups, this gives him a good perspective and a strong vision which contributes to the effectiveness of the Supervisory Board. Moreover, his experience and Group knowledge gives him a freedom of speech and opinion which is a guarantee of independence. He is therefore able to challenge the Supervisory Board and make an extremely valuable contribution to the discussions at the Supervisory Board.</p> <p>Sipko Schat is a senior advisor at NMR. However the Supervisory Board considered that he performed management duties in an important banking group and it gives him expertise and capacity of judgement which contributes to the effectiveness of the Supervisory Board.</p> <p>Accordingly, the Supervisory Board considers their situations do not affect their independence and they can be deemed as independent members.</p>
<p>Assessment of the actual contribution of each director of the Supervisory Board (Recommendation §9.2 of the Afep-Medef Code):</p> <p>The evaluation should measure “the actual contribution of each director to the Board’s work through his or her competence and involvement in discussions”.</p>	<p>The self-assessment questionnaire of the Supervisory Board does not expressly measure the actual contribution of each member.</p> <p>All members of the Supervisory Board expressed a positive assessment on the collective functioning of the Supervisory Board which implies that the individual contribution is also positive. Measuring the actual contribution of each member creates a risk to the general climate of confidence within the Supervisory Board. However, the current evaluation process allows the member to express their personal opinion on other individuals’ contributions in the general remarks section.</p>
<p>Status of the Chairman of the Remuneration and Nomination Committee (§ 16.1-17.1 of the Afep-Medef Code):</p> <p>“<i>The committee (in charge of compensation) should not include any executive directors, and should have a majority of independent directors. It should be chaired by an independent director. It is advised that an employee director be a member of this committee.</i>”</p>	<p>Mr Sylvain Héfès is the Chairman of the Remuneration and Nomination Committee despite his status of non-independent member.</p> <p>The Supervisory Board decided, during its meeting on 14 June 2017, to entrust the Chairmanship to Mr. Héfès due to his extensive knowledge of the Group’s business operations. He served notably for several years as head of Europe wealth management in one of the top leading global investment banking, securities and investment management firm and thanks to his various positions within this firm, he has developed an excellent appreciation of all matters related to the remuneration policies within the banking sector for the benefit of the Company and the Group.</p> <p>In addition, after having considered the moral authority that he enjoys within the Company and within the family company Rothschild Concordia as statutory independent director, his important knowledge of the specificities of the remuneration systems in France, the United Kingdom and other major locations where the Group operates, the Supervisory Board decided his appointment is justified to support the Group’s economic and financial challenges.</p> <p>Therefore, the Supervisory Board considers his situation as not jeopardising his ability to be the Chairman of the Remuneration and Nomination Committee and act in the best interest of the Company and the Group.</p>

2.9 Gender quota on the Supervisory Board

The composition of the Supervisory Board complies with the provisions of Law No. 2011-103 of 27 January 2011, which requires representation of both genders on the Supervisory Board.

It is also noted that this representation is reflected in the membership of the Audit Committee (25%), the Risk Committee (33.3%), the Remuneration and Nomination Committee (25%) and the Strategy Committee (33.3%).

3 Compensation and other benefits received by corporate officers

3.1 Compensation received by the Company's Managing Partner and its Chairman

3.1.1 Rothschild & Co Gestion SAS

In application of Rothschild & Co's articles of association, no compensation is paid to Rothschild & Co Gestion SAS in respect of its position of the Company's Managing Partner. Accordingly, the summary tables relating to compensation and other benefits granted to the Managing Partner required in accordance with AMF recommendations are not relevant.

It is, however, hereby specified that the Company's articles of association provide that Rothschild & Co Gestion SAS is entitled to reimbursement of its operating expenses. In this respect, a total amount of €1,173,540 has been due to Rothschild & Co Gestion SAS as reimbursement of its operating expenses for the financial year ended 31 March 2017.

In accordance with the provisions of Article 14.1 of the articles of association, an amount of €813,658, equal to 0.5% of the distributable profit of the 2016/2017 financial year, will be automatically allocated for payment to the two General Partners, Rothschild & Co Gestion SAS and Rothschild & Co Commandité SAS. This does not constitute compensation for their services as General Partners.

3.1.2 David de Rothschild

Pursuant to the AMF recommendations, the table below presents an overview of compensation due or paid to David de Rothschild, Chairman of Rothschild & Co Gestion.

In thousands of euro	31/03/17	31/03/16
Fixed compensation	500	500
Variable compensation	-	-
Extraordinary compensation	-	-
Directors fees	-	-
Benefits in kind	-	-
TOTAL	500	500

Moreover, David de Rothschild has not benefitted from employment contracts, supplementary pension schemes and compensation or benefits due in the event of termination of office or change in function and non-compensation clauses during the financial year ended 31 March 2017.

3.2 Compensation policy for Supervisory Board members

Rothschild & Co's articles of association provide that the Supervisory Board shall freely distribute all or some of any remuneration that the Ordinary General Meeting of shareholders grants to its members.

The General Meeting of shareholders on 25 September 2014 set at €500,000 the maximum amount of fees available for allocation to members of the Supervisory Board of Rothschild & Co, until a new decision is taken.

During its meeting on 30 March 2016, the Supervisory Board approved, for the financial year 2015/2016 and for the years thereafter until a new decision is taken, a compensation policy based on a fixed fee structure for Supervisory Board and committee memberships, as follows:

	Fees in euro (per member each year)
Supervisory Board membership	20,000
Committee membership (<i>per committee</i>)	5,000
Position as Chairman of Board/committee	10,000

Distribution of fees is subject to the following.

- When a member holds multiple positions in Supervisory Board and Committees, the fees are cumulative. For example, a Board member chairing a committee shall receive €35,000 per financial year.
- All fees are paid on a pro rata basis at the end of the annual financial year in March. For example, when a Supervisory Board member has been appointed by the General Meeting of shareholders in September, fees payable correspond to the period from the date of the nomination as member of the Board to date of the end of the financial year.
- The Supervisory Board decided that, due to their operational and/or advisory functions within the Rothschild Group, Mr Éric de Rothschild, Mrs Arielle Malard de Rothschild and Mr François Henrot, as non-voting member (*censeur*), shall not receive any attendance fees in respect of their positions on the Supervisory Board and its specialised committees.

The table below shows the gross compensation allocated by the Company to the members of the Supervisory Board, in respect of their positions held at Rothschild & Co's Supervisory Board and its committees, during the 2016/2017 financial year.

Distribution of fees

	Supervisory Board	Audit Committee	Strategy Committee	Remuneration and Nomination Committee	Risk Committee	2016/2017 Total
Éric de Rothschild	■ ■		■			-
André Lévy-Lang	■ ■	■	■	■		30,000
Martin Bouygues ⁽¹⁾	■					9,808
Dr. Daniel Daeniker	■		■		■	25,000
Angelika Gifford	■					20,000
Sylvain Héfès	■	■		■ ■		40,000
Lord Leach ⁽²⁾	■		■			3,946
Adam Keswick ⁽³⁾	■					10,028
Arielle Malard de Rothschild	■				■	-
Lucie Maurel-Aubert	■		■			20,000
Carole Piwnica	■	■	■			25,000
Jacques Richier	■					20,000
Anthony de Rothschild	■					20,000
Sipko Schat	■				■ ■	35,000
Peter Smith	■	■ ■	■	■		40,000
Luisa Todini	■			■		25,000
François Henrot	■					-
TOTAL						323,782

- Chairman
- Vice-Chairman
- Independent member
- Non-independent member
- Non-voting member

(1) A pro rata basis of 179/365 days, corresponding to the period from 1 April 2016 to 27 September 2016 the date of the resignation as member of the Supervisory Board.

(2) A pro rata basis of 72/365 days, corresponding to the period from 1 April 2016 to 12 June 2016 the date of his death.

(3) A pro rata basis of 183/365 days, corresponding to the period from 29 September 2016, the date of the nomination as member of the Supervisory Board.

Corporate governance

The table below provides the breakdown of compensation received by the members of the Supervisory Board (in position during the financial year) in respect of their positions held at Rothschild & Co and at any other Group company during the 2016/2017 financial year.

In thousands of euro	31/03/17		31/03/16			
	Rothschild & Co ⁽¹⁾	Other compensation ⁽²⁾	Rothschild & Co ⁽¹⁾	Other compensation ⁽²⁾		
Members of the Supervisory Board						
Éric de Rothschild	-	Benefits in kind	-	Benefits in kind	6	
André Lévy-Lang	30	-	35	-		
Martin Bouygues ⁽³⁾	9.8	-	20	-		
Dr. Daniel Daeniker	25	-	30	-		
Angelika Gifford	20	-	20	-		
Sylvain Héfès	40	Directors fees Benefits in kind	173 2	40 205 2	Directors fees Benefits in kind	
Lord Leach ⁽⁴⁾	3.9	-	25	-		
Adam Keswick ⁽⁵⁾	10	-	-	-		
Arielle Malard de Rothschild	-	Fixed Variable Benefits in kind	242 273 25	- - - Benefits in kind	242 222 20	
Lucie Maurel-Aubert	20	Fixed Consultancy	5 68	25 -	- -	
Carole Piwnica	25	-	30	-		
Jacques Richier	20	-	20	-		
Anthony de Rothschild	20	-	20	-		
Sipko Schat	35	-	35	-		
Peter Smith	40	Fixed	144	45	Fixed	171
Luisa Todini	25	-	25	-		

(1) Includes compensation received from Rothschild & Co in respect of the role of member of the Supervisory Board and, if applicable, its committees.

(2) Received from controlled companies.

(3) Member of the Supervisory Board until 27 September 2016.

(4) Member of the Supervisory Board until 12 June 2016 (the date of his death).

(5) Member of the Supervisory Board from 29 September 2016.

3.3. Vote on compensation

In accordance with the recommendations of the Afep-Medef Code (article 26.1), to which Rothschild & Co refers to, compensation paid or due for the financial year ended 31 March 2017 to Rothschild & Co Gestion SAS, as Managing Partner of Rothschild & Co, and David de Rothschild, as the Chairman and sole legal representative of Rothschild & Co Gestion SAS, and the Chairman of the Supervisory Board will be submitted to the shareholders' advisory vote at the next General Meeting of shareholders on 28 September 2017.

4 Transactions involving the Company's securities by corporate officers

Pursuant to the provisions of Article 223-26 of the AMF General Regulations, the transactions involving the Company's securities during the 2016/2017 financial year executed by persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code, disclosed to the Company and the AMF, are summarised in the table below.

Name	Quality	Transaction date	Nature of the transaction	Unit price (in euro)	Total amount (in euro)	AMF decisions ⁽¹⁾
Nigel Higgins	Managing Partner of Rothschild & Co Gestion SAS	02/01/2017	Acquisition ⁽²⁾	28.195	404,795.62	2017DD461179
Nigel Higgins	Managing Partner of Rothschild & Co Gestion SAS	02/01/2017	Sale	25.79	174,030.92	2017DD461179

(1) These decisions are available on the AMF website (www.amf-france.org).

(2) Shares granted in accordance with the provisions of the third iteration of the Capital Requirements Directive (CRD III) regulating notably market operators' compensation.

5 Statutory Auditors

5.1 Terms of office

The General Meeting of shareholders of 27 September 2011:

- renewed for a term of six financial years, the appointments of Cailliau Dedouit et Associés SA, as main Statutory Auditor, and of Mr Didier Cardon, as Alternate Auditor; and
- appointed KPMG Audit FS II SAS, as main Statutory Auditor (merged into KPMG Audit SA in 2017) and KPMG Audit FS I SAS, as Alternate Auditor, in replacement of KPMG Audit (a division of KPMG SA) and of SCP de Commissaires aux Comptes Jean-Claude André et Autres, whose appointments were not renewed.

In the continuity of Rothschild & Co's conversion into a French partnership limited by shares approved by the General Meeting of shareholders of 8 June 2012, the Statutory Auditors and Alternate Auditors' appointments were confirmed.

It is hereby specified that the terms of offices held by the Statutory Auditors and the Alternate Statutory Auditors will come to an end at the General Meeting of shareholders to be held on 28 September 2017. Shareholders will be asked to deliberate on the renewal of the offices of the main Statutory Auditors. More detailed information will be presented on these proposed renewals in the General Meeting Document, grouping all information to be presented to the shareholders, pursuant to the applicable regulations.

5.2 Fees to Statutory Auditors

The information relating to the fees paid to the Statutory Auditors in respect of the financial year ended 31 March 2017 is presented on page 175 of this report.

5.3 Regulated agreements and undertakings

In accordance with applicable legal and regulatory provisions, the Statutory Auditors have been informed of all the regulated agreements and undertakings entered into during the 2016/2017 financial year, and of agreements and undertakings entered into during previous financial years but still into effect during the 2016/2017 financial year.

During the 2016/2017 financial year, the following two agreements were approved by the Supervisory Board as regulated agreements:

- the first regulated agreement approved by the Supervisory Board on 18 May 2016 was the Memorandum of Agreement (MoA) setting forth (i) the main terms of the merger with Compagnie Financière Martin Maurel, which was covered by a merger agreement dated 29 July 2016 and was approved by the General assembly of Rothschild & Co's shareholders and (ii) the main terms of the transactions to be completed before the closing of the merger. Such agreement was approved as a regulated agreement, to the extent that Rothschild Concordia, Rothschild & Co Gestion, David de Rothschild, Alexandre de Rothschild, Éric de Rothschild and Lucie Maurel Aubert were parties to the MoA; and
- the second regulated agreement approved by the Supervisory Board on 18 May 2016 was the financial advisory agreement entered into with Rothschild & Cie SCS, in the framework of the merger with Compagnie Financière Martin Maurel.

These two regulated agreements will be submitted for approval to the shareholders at the General Meeting to be held on 28 September 2017.

More detailed information on these regulated agreement and the report of the Statutory Auditors related thereto will be presented in the General Meeting Document.

Internal control and risk management procedures

The Chairman's report on internal control procedures is drawn up in accordance with Article L. 226-10-1 of the French Commercial Code. Its purpose is to provide a summary presentation of Rothschild & Co's internal control system as applied to its different business activities. It also reports on the financial risks relating to the effects of climate change and the Rothschild & Co's objective to implement measures to reduce these effects through a low-carbon strategy in all aspects of its business.

Report of the Chairman on internal control and risk management procedures implemented within the Group

1 Regulatory context

Rothschild & Co is on the list of the financial holding companies supervised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) on a consolidated basis. The rules which impact upon the Group arrangements for risk management systems and controls are set out in the French Monetary and Financial code (*Code monétaire et financier*) and the Order dated on 3 November 2014, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. The Order dated on 3 November 2014 lays down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems.

As required by the Order dated on 3 November 2014, the Group internal control system established by Rothschild & Co operates a distinction between organisations and managers in charge of permanent controls (including Compliance, anti-money laundering and risk management) and periodic controls (i.e. internal audit).

The internal control system of Rothschild & Co must also take into account, as appropriate, *Autorité des marchés*'s General Regulations (the "AMF Regulations"), local regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management, the most widely accepted industry practices in this area and the recommendations of international bodies dealing with the capital adequacy framework of international banks, foremost among

which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority, European Securities and Markets Authority).

2 Definition, objectives and scope of internal control

The internal control system refers to Rothschild & Co's own internal control system and the Group's internal control system on a consolidated basis. The internal control system seeks to provide directors, officers and shareholders with reasonable assurance that the following objectives are achieved:

- the effectiveness and efficiency of the entity's operations;
- the prevention and detection of fraud;
- compliance with laws and regulations, internal standards and rules;
- the reliability of accounting and financial information; and
- protection of the entity's assets.

It also fulfils the internal control objectives specific to financial companies supervised by the ACPR on a consolidated basis.

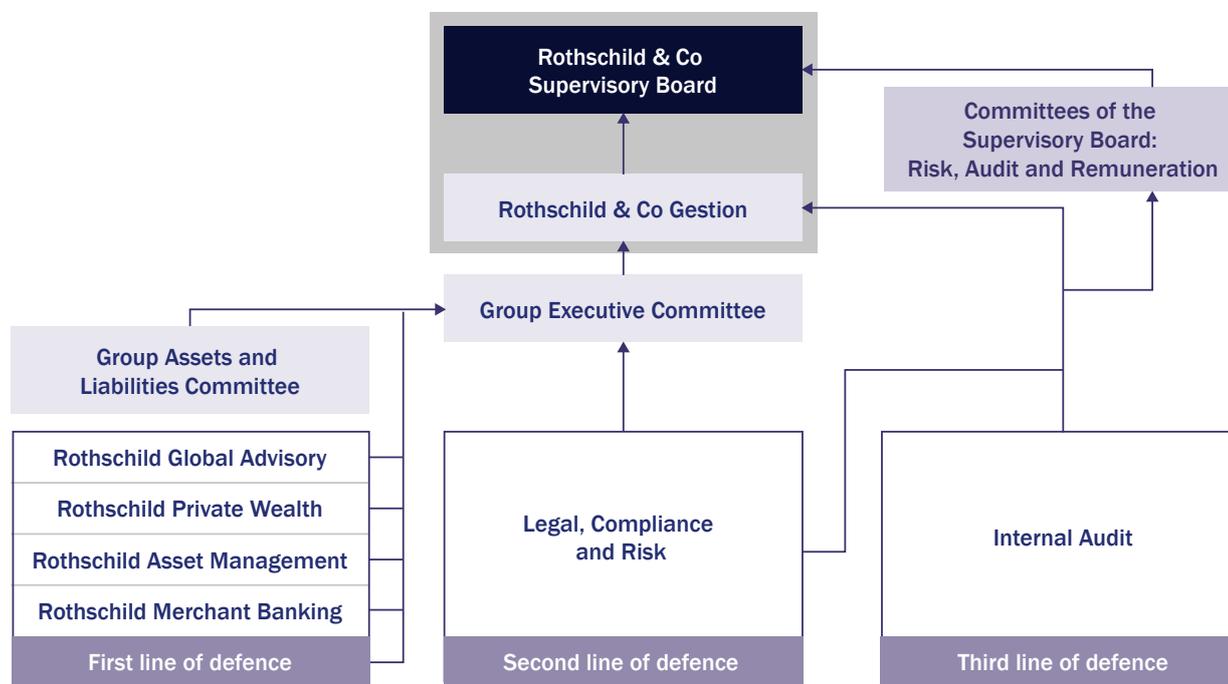
3 Organisation of internal control

The Group's internal control framework is based on the "three lines of defence" model. The first line comprises front-line management of the business itself. The second line includes independent Risk, Compliance (including AML/CFT) and Legal functions and, to a lesser extent, Finance and Human Resources to monitor on a continuous basis the activity of the front line management. The third line comprises Internal Audit who exercises periodic surveillance of the Group's activities, and support functions.

The Three Lines of Defence for identifying, evaluating and managing risks

First Line of Defence	Second Line of Defence	Third Line of Defence
It is the responsibility of senior management in each of the Group's business lines to establish and maintain effective risk management systems and to support risk management best practice.	Comprises specialist Group support functions including: Risk, Compliance, Legal, Finance and Human Resources. These functions provide: <ul style="list-style-type: none"> • operational and technical guidance; • advice to management at Group level and operating entity level; • independent challenge to the businesses; and • assistance in the identification, assessment, management, measurement, monitoring and reporting of financial and non-financial risks. 	Provides independent objective assurance on the effectiveness of the control procedures including those relating to the management of risks across the entire Group. This is provided by the Group's Internal Audit function.

The chart below shows the internal control governance structure through which the Group seeks to comply with these obligations:



3.1 Rothschild & Co Supervisory Board

The Supervisory Board, through the workings and reporting of the Risk Committee, the Audit Committee and the Remuneration and Nomination Committee for matters which have an impact on risk management, ensures the implementation by Executive Management as defined below in Section 3.2 of reliable procedures and processes for monitoring the internal control systems of the Group in order to identify, assess and manage risk.

The Heads of the Compliance, Risk and Internal Audit functions report on the performance of their duties to the Managing Partner and, whenever it is necessary in accordance with legal and regulatory provisions, to the Supervisory Board.

3.2 Rothschild & Co Gestion SAS

The Managing Partner is responsible for the overall management of Rothschild & Co, the Group's holding company. This includes, among other things, establishing the strategic direction of the business, supervising the accounting and financial information, and directing the internal control framework for Rothschild & Co and the Group's entities on a consolidated basis. The Managing Partner exercises its management and supervising responsibilities through its Chairman, M. David de Rothschild, assisted by the Management Board (*Conseil de gérance*).

In addition, a senior committee at Rothschild & Co, the Group Executive Committee (GEC), assists the Managing Partner in the overall management, the definition of the strategy of the Group and the direction of the Group internal control framework, so that Rothschild & Co ensures its proper implementation across the Group.

The Managing Partner, its Management Board and the GEC are referred to as "Executive Management" but for the avoidance of doubt, the final decision-making authority rests with the Managing Partner, represented by its Chairman.

Executive Management, reporting to the Supervisory Board, is responsible for the Group's overall internal control system. The Managing Partner defines the general guidelines of the internal control and risk management systems and monitors the actions implemented within the Group and the local management committees of each business unit.

3.3 Group Executive Committee

The Group Executive Committee (GEC) plays an active role in internal control matters by assisting the Managing Partner in defining the general guidelines of the internal control and risk management systems and monitoring the actions implemented within the Group and the local management committees of each business unit, enabling the Managing Partner on behalf of Rothschild & Co to formulate:

- the Group strategy, long-term strategic projects and three-year business plan;
- the Group's strategic capital determination and allocation; and
- the Group's risk management and control framework.

The Managing Partner is represented at the GEC by two members of the Management Board of the Managing Partner, Nigel Higgins and Olivier Pécoux, who co-chair the GEC.

3.4 Independent control functions

Internal control at Rothschild & Co consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- permanent control is the overall process for monitoring the risks to which the Group is exposed as a result of its on going activities and operations. It is carried out by operational staff, and their line managers, and by independent permanent control functions either within or independent of these operational entities; and
- periodic control is the overall process for *ex post* verification of the operations of the Group, based on investigations that are conducted by the Group Internal Audit function, which performs periodic checks on an independent basis on the design and the effectiveness of the two first lines of defence.

Internal control and risk management procedures

3.4.1 Group compliance function (including AML/CFT)

Group Legal and Compliance ensures that the Group conforms to legal and regulatory provisions, professional standards and codes of conduct, as well as the overall strategy and direction of Executive Management. The responsibilities of Group Legal & Compliance mainly include: development and maintenance of compliance policies and procedures (including those dealing with anti-money laundering and combatting the financing of terrorism), operation of monitoring programmes, or the supervision of monitoring programmes, identification of any failure to follow compliance policies and procedures, monitoring and review of legislation and regulatory developments which might affect the Group's business and reporting results of monitoring programmes to Senior Management and agreeing any remedial action or changes to relevant procedures with Senior Management. This independent internal control function reports to the Group Head of Legal, Compliance and Risk, who is a member of the Group Executive Committee. The Group Head of Legal, Compliance and Risk reports to the Managing Partner, the Supervisory Board's committees (Audit and Risk Committees) and boards around the Group.

3.4.2 Group risk function

Group Risk is responsible for ensuring that suitable risk management processes are in place across the Group and for reporting a consolidated view of risk exposures across the Group. As part of its role, Group Risk assesses the risks run in each business and how they are managed, aims to establish a forward-looking view over emerging risks within the businesses or the external environment and delivers an independent and objective perspective on the risks in the business and whether they are consistent with approved strategy and risk appetite. The Group Chief Risk Officer reports to one of the two *dirigeants responsables* within the meaning of the provisions of French Monetary and Financial Code applicable to Rothschild & Co, as financial holding company. Group Risk reports to Executive Management on significant incidents in accordance with the provisions of the Group Operational Risk Policy. This policy sets out the criteria and thresholds for identifying significant operational risk incidents and the process for escalating them and ensuring that any remedial actions are appropriately monitored.

In addition to the activities highlighted above, Group Risk presents a report on the risk management to the Risk Committee on a quarterly basis. This report covers capital reporting for R&Co, analysis of credit, liquidity, market and operational risk, regulatory and legal issues, any new products and highlights any material limit breaches or issues identified by Group risk in its day-to-day activities.

Other functions are important and participate in the internal control system in their specific areas of responsibilities such as Group Finance and Human Resources.

3.4.3 Group Internal Audit

Periodic control is independently exercised by Group Internal Audit. The Group Head of Internal Audit meets formally every three to four months with the concerned Managing Partners of the Managing Partner and, whenever necessary, to present the activity of the Internal Audit function and discuss any material findings raised during the period. The Group Head of Internal Audit presents the activity of Internal Audit to the Audit Committee which meets four times a year. In March, the Audit Committee approves the audit plan for the coming year and during its meetings in March and September it reviews in detail the activity of the internal audit function as described below. The Group Head of Internal Audit meets regularly, usually every quarter, with the heads of the main lines of business to discuss the evolution of the activity and the evolution of risks for their respective area of responsibility. This forms part of the regular information of the internal audit function on the evolution of the Group's risk profile.

Each of the Internal Audit Officers is responsible for the audit coverage of some specific lines of business: Global Advisory, Private Wealth, Asset Management, Merchant Banking, Banking and Treasury and Information Technology, in parallel to their local geographical coverage. The other members of the Audit function are not specialised by business and are assigned to the different audits according to the scheduling of the annual audit plan. The Group Head of Internal Audit reports to the Officers of RCOG and to the Audit Committee which receives every audit report drawn up by the Internal Audit function.

4 Risk management

The guiding philosophy of risk management in the Group is for the management to adopt a prudent and conservative approach to the taking and management of risk. The maintenance of reputation is a fundamental driver of risk appetite and of risk management. The protection of reputation guides the type of clients and businesses with which the Group will involve itself.

The nature and method of monitoring and reporting varies according to the risk type. Most risks are monitored daily with management information being provided to relevant committees on a weekly, monthly or quarterly basis. Where appropriate to the risk type, the level of risk faced by the Group is also managed through a series of sensitivity and stress tests.

The identification, measurement and control of risk are integral to the management of Rothschild & Co's businesses. Risk policies and procedures are regularly updated to meet changing business requirements and to comply with best practice.

4.1 Credit and counterparty risk

The Group's credit risk exposure primarily arises from its private client lending activity (through RBI, RBZ, RCB and BMM), and from corporate lending through BMM together with a small amount of mezzanine debt financing in Merchant Banking. In addition, the legacy Banking activities undertaken in NMR (commercial loans to corporates) results in some credit risk.

All credit exposures are closely monitored on a regular basis and a quarterly review of bad and doubtful debts is produced.

All material credit exposures are subjected to an intensive process of credit analysis by expert teams and to review and approval by formal credit committees. A high proportion of the credit exposures are secured.

4.1.1. Governance of credit risk

The Group Credit Committee oversees all lending in the Group through three sub-committees. The Private Client Credit Committee (PCCC), the Group Credit Committee – France (GCCF) and the Corporate Credit Committee (CCC). The PCCC is responsible for the management of private client lending exposures (including credit risk and pricing) in Group entities and reviews Private Client Lending which is written on the balance sheets of the banking entities within the Group (excluding RCB and BMM).

The Private Client Lending exposures assumed and the credit policies followed within the Group are subject to the oversight of the Risk Committee. The PCCC reviews the level of risk assumed in respect of Private Client Lending to ensure it is consistent with the risk appetite of the Group and in accordance with the Group Credit Risk Policy. Any material changes to the Private Client Lending policies will be reviewed by the GEC and the Group ALCO, approved by the co-chairmen of the GEC and will be reported to the GRC.

The GCCF is responsible for the management of private client lending exposures and corporate lending exposures in BMM and RCB (together the “French Banking Entities”). The GCCF is also responsible for the management of corporate lending exposures (including credit risk and the pricing of loans) in the French Banking Entities.

The CCC is responsible for the management of corporate lending exposures (including credit risk and the pricing of loans) in Group entities including lending to Group companies/investments in Group funds. The GCC is also responsible for reviewing staff loans and any co-investment in the funds which appear on the balance sheets of any Banking Entity.

The Private Client Lending policies and associated delegated authorities are confirmed by the relevant Board (or Board Committee as appropriate) of each of the banking entities on an annual basis. Any material changes to the Private Client Lending policies are approved by the Managing Partner.

4.1.2 Approach to credit risk

The Group has Credit Risk and Large Exposure policies which are reviewed by the Managing Partner and the Risk Committee. In conjunction with the Group’s Risk Appetite Statement, the policies set out the credit risk appetite of the Group, the limits that have been set and establishes reporting protocols.

All exposure to credit risk is managed by detailed analysis of client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Group’s lending exposures are secured on property or assets; the Group monitors the value of any collateral obtained. The Group also uses netting agreements to restrict credit exposure to counterparties. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest.

Stress testing is an important risk management tool used to evaluate, gain an understanding of the impact of unexpected or extreme events and to validate the firm’s risk appetite. Each Banking Entity is required to set out in its credit risk policy its approach to stress testing and whether it is considered appropriate to the entity’s risk management.

4.1.3 Settlement risk

Settlement risk arises in circumstances where a counterparty does not deliver a security or its value in cash as agreed when the security was traded after the other counterparty has already delivered a security or cash value. Within the Group, settlement risk can arise when conducting derivatives transactions and through the sale and purchase of securities. There are a number of mitigants available to ensure that such risks are minimised and managed appropriately.

4.2 Operational risk

The Group has defined operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

4.2.1 Governance and organisation of operational risk

The Group has an established operational risk framework with the key objectives of mitigating operational risks by means of policies, processes, systems and procedures; communicating the Group’s risk appetite; protecting the Group’s assets; defining roles, responsibilities and accountabilities across the Group; and establishing a consistent approach for identifying, monitoring, measuring and reporting operational risk throughout the Group.

The Group Operational Risk policy, pursuant to the Group Risk Framework the Group, is reviewed annually and formalises the operational risk framework and is designed to ensure compliance with regulatory requirements in relation to operational risk. Oversight of operational risk matters is undertaken by the GEC, the Managing Partner and the Risk Committee.

Each of the key operating entities have established processes and appointed staff to identify and assess the operational risks they are exposed to in the context of their own market conditions, and have appropriate controls or risk mitigation processes in place. The management’s assessment of operational risk is supported by the risk assessments which are undertaken at least annually.

All incidents with a loss amount greater than €30k are reported in the quarterly Legal, Compliance and Risk report which is presented to the GEC, Risk Committee and the Audit Committee.

Internal control and risk management procedures

4.2.2 Compliance risk

Regular and targeted compliance training ensures that Group employees are clear on their regulatory responsibilities and understand the regulatory environment in which they conduct business.

Group Compliance identifies employee training needs based upon a number of factors, including regular monitoring of permanent control, compliance reviews, regulatory developments, annual compliance risk assessments, breaches of compliance policy, practice or procedure, and the results of the annual employee performance appraisals. Group Compliance works in conjunction with the Learning and Development (L&D) team in Group HR to identify and implement compliance training requirements across the Group. In addition, bespoke training is organised at the business line and legal entity level. *Ad hoc* training is given to ensure prompt dissemination to staff of on best practice and business-related market, legal, compliance and regulatory developments.

Protection of the Rothschild brand is of fundamental importance to the Group. The Rothschild name and its reputation are the Group's key asset and a number of controls are in place to ensure the culture of professionalism and protection of the firm's reputation is maintained.

Procedures relating to guarding against reputational risk are set out in each of the business Compliance manuals. These include extensive procedures relating to new clients taken on/acceptance for all business divisions.

On a monthly basis, each Compliance function in all the major business lines is required to complete a report of Compliance management information. This information comprises quantitative data reporting and qualitative assessments made by local Compliance officers. This gives a Group-wide picture of Compliance risk and also allows to collect the requested information by business line or topic.

4.2.3 Money laundering and terrorist financing risk

The Group Legal, Compliance and Risk function oversees and coordinates the prevention of money laundering and terrorist financing for all Group entities. The Group Head of Legal, Compliance and Risk oversees the Group's AML risk framework and strategy and reports into the Managing Partner. He is assisted by subject matter experts in the Group Financial Crime Team and with execution of operational processes by Legal, Compliance and Risk staff on a global basis.

A Group Financial Crime Committee (Chaired by the Group Head of Financial Crime) examines the design and effectiveness of the Group's financial crime policies, procedures and monitoring programmes as well as developing a strategic approach to money laundering prevention for the Group. The Committee convenes on a quarterly basis and its members include all Regional Heads of Financial Crime.

The Group Financial Crime team review all Group Financial Crime-related-policies on an annual basis.

4.3 Market risk

Market risk arises as a result of the Group's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange, equity and debt position risk. Exposure to market risk on trading activities is small in relation to capital, as trading activity is focused on servicing client requirements rather than on proprietary risk-taking. Foreign exchange and interest rate derivative contracts are predominantly used for hedging purposes. Trading activities in the Group are confined to 'vanilla' products – the Group does not trade in complex derivatives or other exotic instruments.

Each of the Group's regulated banking entities is required to manage market risk on a stand-alone basis in accordance with its individual risk appetite and limits approved by Group ALCO.

The Group measures interest rate risk in the banking book by measuring its effect on the fair value of interest-bearing assets and liabilities (and of interest rate derivatives). This is done by showing the impact of a uniform 200 basis point shock upwards or downwards over one year. These are calculated at the entity level.

Exposure to interest rate risk in the banking book is small in relation to capital and there has been no material change to the profile of interest rate risk in the banking book in the last 12 months report on the internal report to the ACPR.

4.4 Liquidity risk

Liquidity risk is defined as the risk that Group is not able to maintain or generate sufficient cash resources to meet its payment obligations as they fall due. Managing liquidity risk is therefore a crucial element in ensuring the future viability and prosperity of the Group.

4.4.1 Governance of liquidity risk

The Group adopts a conservative approach to liquidity risk and its management and has designed its approach in the overall context of the Banking and Wealth Management strategy.

The Group Risk Appetite Statement establishes limits to ensure that the Group will maintain sufficient liquid resources to meet cash flow obligations and maintain a buffer over regulatory and internal assessment of liquidity requirements. The Group Liquidity Risk Policy is reviewed annually. Each banking entity must have in place a liquidity risk policy approved by the Group ALCO and which defines its liquidity risk limits and how liquidity risk is measured, monitored and controlled.

In line with the directions given by the Managing Partner, the Group ALCO is responsible for the development and oversight of the implementation of liquidity strategy, the approval of local Liquidity Risk Policies and limits, and the implementation of reasonable steps to ensure these are consistent with the Group's risk appetite. The Group ALCO establishes and maintains a structure for the management of liquidity risk including allocations of authority and responsibility to senior managers and ensures that all reasonable steps are taken to measure, monitor and control liquidity risk and identify material changes to the liquidity profile. Group ALCO evaluates the results of stress testing on the liquidity profile and is responsible for the invocation of any Contingency Funding Plan (CFP) measures if necessary. Group ALCO ensures that the appropriate liquidity impact and liquidity cost of transactions is taken into account in the credit processes and approves the benchmark rate for the cost of liquidity used by banking teams as a key element of their pricing and risk-reward assessment in respect of existing and new business.

The Risk Committee has responsibility for reviewing the Group's liquidity risk identification, measurement, monitoring and control policies and procedures.

4.4.2 System for monitoring liquidity risk

The liquidity positions for RBI, RBZ, RCB and BMM are reviewed and reported in depth to the Group ALCO and summarised for the Risk Committee in accordance with the Risk Committee's terms of reference. In addition, the Group is required to have a contingency funding plan in place which requires a periodic review of the relevance and degree of severity of the assumptions used, the level and sustainability of the funding commitments received and the amount and quality of the liquid assets held. The Group also requires a Recovery Plan for liquidity, which sets out adequate strategies and measures to address any possible shortfalls. These will complement existing plans for individual Group entities.

The Heads of Treasury are responsible for: day-to-day management of liquidity, operating the business within liquidity limits set under their local policy and as approved by the Group ALCO, and for reporting to its meetings. Group Finance is responsible for monitoring adherence to the liquidity risk limits and for reporting any limits or target breaches as soon as practicable. Additionally the team is responsible for preparing and submitting regulatory liquidity returns, performing stress tests on the liquidity profile, verifying the appropriateness of such stress tests in consultation with Group Risk and reporting stress test results to Group ALCO.

Group Risk is responsible for monitoring the Group's liquidity risk and preparing periodic reports on it for the Risk Committee, and verifying the appropriateness of stress testing in consultation with Finance.

5 Organisation of the Group accounting arrangements

Group Finance has the necessary people to produce the financial, accounting and regulatory information of the Group on a consolidated and regulatory basis. The Finance Department consists of three sections: management accounting, financial accounting (including consolidations) and regulatory reporting.

5.1 Overview of statutory accounting arrangements

The local accounting departments are responsible for local statutory accounts. Group Finance produces the consolidated Rothschild & Co accounts only.

5.2 Process for establishing consolidated accounts

The consolidation department of Rothschild & Co manages the chart of accounts and the associated databases, performs the Group consolidation, controls the consistency and completeness of data and draws up the consolidated accounts and related notes.

In BFC, the consolidation tool of Group Finance, all subsidiaries report their individual accounting information using a chart of accounts and a format that are common to the whole Group.

Accounting data are reported directly under IFRS in BFC. The Group defines in its data dictionary how to record specific transactions and defines how the notes to the accounts should be prepared. The data dictionary, as well as other accounting guidance, is available for all offices on Rothschild & Co's Intranet. There are also quarterly reporting instructions and a quarterly Group Finance Newsletter/Circular.

Once data has been input into BFC, "blocking" controls defined by the Group are applied in order to validate the consistency of the accounting data, the correctness of the flows and the completeness of the analyses. In addition to these controls, the procedure for preparing the consolidated accounts includes:

- the reconciliation of inter-company transactions and the distribution of shareholdings in the Group's companies;
- checks on the application of consolidation adjustments;
- analysis and justification of shareholders' equity;
- analysis of changes in balances and ratios on a quarterly and year-to-date basis; and
- review at consolidated level of the provisioning policy.

5.3 Accounting control process

The accounting control process at Group level complements the control systems implemented at each level of the Group's organisation.

5.4 Accounting control mechanisms in the Group

Group Finance relies on a decentralised system where the primary control functions are assigned to the persons responsible locally for producing the financial statements.

Accounting data is collected using BFC, the Group's consolidation tool. The local finance departments are responsible for validating the accounting data entered in BFC through three levels of control:

- a first level – of the self-control type – which is embedded in the local accounting processes. These controls are operated daily;
- a second level, which is operated by accounting managers, for example involving controls on securities positions and consistency controls designed to ensure the reliability and completeness of the accounting and financial information; and
- a third level, which involves the Statutory Auditors who certify the accounts, carried out on an annual and half-yearly basis. Note that not all entities are audited (but most are) and that only the large entities and the significant balances are reviewed for the half-year accounts. The Internal Audit department could also be involved in the control process as a third level control.

Local entities' accounting information is input on an IFRS basis into BFC templates. Once data has been input, "blocking" system controls are applied.

Internal control and risk management procedures

5.5 Accounting control mechanisms at consolidation level

In addition to the control procedures described above, the consolidation process is accompanied by additional checks on the integrity of the consolidated accounting information. These checks are carried out by:

- Group Finance, in addition to its controls on the integrity of the accounting information, checks the consistency of the data reported with:
 - its knowledge of the major transactions;
 - the Group management accounts;
 - a category-by-category analysis of key balances; and
 - papers produced by other relevant Committees (for example, the Remuneration and Nomination Committee, the Assets and Liabilities Committee, the Group Executive Committee, etc.).
- The Managing Partner, which approves the consolidated accounts before they are sent to the Audit Committee.
- The statutory auditors, in the context of the certification of the accounts. Their work is carried out in accordance with professional standards.
- A final level of control takes place through the work of the Audit Committee, which is responsible for examining the Rothschild & Co consolidated accounts.

5.6 Control framework for regulatory reports

The Group Regulatory Reporting Division draws up the relevant Group procedures and ensures the quality and reliability of calculations of the solvency ratio, credit risk, market risk, operational risk and regulatory capital.

At Group level, the regulatory reports prepared for the *Autorité de Contrôle Prudenciel et de Résolution* are those related to:

- Solvency ratio (including Capital Adequacy and Risks reports);
- Leverage Ratio;
- Liquidity Coverage Ratio and Net Stable Funding Ratio;
- Large exposures; and
- IFRS/FINREP reports on a regulatory scope.

Following CRD4 implementation, current procedures are currently still under revision to take into account the new CRD4 rules and changes coming from EBA detailed interpretations of rules that are still ongoing in the Q&A process.

There are currently four main procedures related to regulatory reporting process:

- solvency ratio procedure was first written and communicated in May 2010;
- large exposures procedure;
- procedures have been defined for FINREP and list of subsidiaries; and
- counterparty master data procedure.

Furthermore, each quarter the regulatory reporting team circulates quarterly regulatory reporting instructions and a quarterly group regulatory finance newsletter to all relevant finance staff in the Group.

Report of the Chairman on the procedures implemented by the Company in order to prevent and manage the financial risks resulting from its activity on climate change

Pursuant to Article 173 of the energy transition act, as of the 2016/2017 financial year, Rothschild & Co is required to report on the risks linked to climate change and on its low-carbon strategy.

As an independent financial advisory group, Rothschild & Co is exposed to climate change-related risks in the running of its operations and activities.

During the 2016/2017 financial year, Rothschild & Co has been taking steps to understand and, where appropriate, address those risks. A specific example of this is the embedding of the Group Environment, Health & Safety Committee firmly within the Group. The purpose of this committee is to actively lead the successful development and delivery of Rothschild & Co's Environment and Health & Safety (EH&S) Strategies, compliance and regulatory requirements, whilst adding value to the business. The committee will ensure alignment between EH&S and business objectives and will inform the Group Executive Committee of EH&S concerns affecting the Group and Rothschild & Co as well as communicating these to stakeholders, both internal and external.

Moreover, as set out in its Group Environmental Policy, Rothschild & Co's aim is through its operations, products and services to add value to its businesses and those of its clients in a sustainable, environmentally-responsible way, to conserve and protect the world's natural resources.

In recognition of the effects of climate change and its potential impact on societies and ecosystems, resource security and the stability of economic markets, Rothschild & Co gives consideration to climate change issues and their effect on business.

In recognition of the 2 Degree Celsius Target set globally by 197 parties at the 21st session of the Conference of the Parties in Paris in December 2015, Rothschild & Co has adopted a Group Environmental Policy and works to reduce the negative impact of its operations.

Rothschild & Co has already put in place some measures to limit its own impact on the climate, namely rolling out office energy assessments that are aimed at identifying energy efficiency improvements and optimisation of existing office space.