

## **CHARTER AND INTERNAL REGULATIONS GOVERNING THE SUPERVISORY BOARD OF EULER HERMES SA**

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Euler Hermes SA (the "Company") is a public limited company under French Law with securities trading on Euronext Paris (Compartment A).

The Supervisory Board has decided to set out within a single document the duties, obligations and operating guidelines (members' charter and internal regulations) relating to the Supervisory Board.

This single document was adopted at the meeting of May 7, 2010.

### **CHARTER OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY**

This charter presents the duties and obligations of the members of the Supervisory Board of the Company and the people attending its meetings.

#### **Article 1. Administration and corporate interest**

Each Supervisory Board member must be guided by the corporate interest of the Company. He or she must, irrespective of how he/she was appointed, consider himself/herself as representatives of all the Company's stakeholders.

#### **Article 2. Compliance with laws and Articles of Association**

Each Supervisory Board member and any person attending a Supervisory Board meeting must be fully conversant with his or her rights and obligations. He or she must comply and be familiar with the legal and regulatory provisions related to his/her duties, as well as with the Company's own rules resulting from its Articles of Association and this charter and internal regulations.

#### **Article 3. Performance of duties: guidelines**

Each member of the Supervisory Board performs his or her duties independently, loyally and professionally.

#### **Article 4. Profile of the Supervisory Board – Composition in general**

According to the Company's Articles of Association, the Supervisory Board has at least three and no more than twelve members who are appointed by the Ordinary General Meeting and serve a three year term.

No member of the Supervisory Board may be over 70 years of age. If a member of the Supervisory Board reaches this age, this member must automatically resign<sup>1</sup>.

In the selection of Supervisory Board members there will be a balance of nationality, gender and age. In addition, there will be a balance in experience and affinity with the nature and culture of the business of the Company and its subsidiaries (the "Group").

The Supervisory Board will consist of a mix of persons with relevant and reasonable current executive experience in the management of complex multi-national enterprises, preferably gained in the private sector.

Among its members, there should be a proper array of specific know-how with respect to the various aspects of the business of the Group. Its members should have an open eye for and should be capable to evaluate international, social, economical and other development relevant to the Group.

Its members should be deemed (or, in the case of a reappointment, have proven) to be capable to operate as members of the Supervisory Board as a collegiate body and not as advocates of any specific person or group of person.

#### **Article 5. Independence and duty to speak**

Each member of the Supervisory Board must ensure that he or she retains his or her independence of judgment, decision and action. He or she undertakes not to be influenced by any element outside the Company's corporate interest that it is their duty to defend.

He or she should disclose to the Board any matter that might come to his or her attention and which he/she considers might affect the Company's interest. He or she is duty-bound to clearly express his/her questions and opinions.

He or she will strive to convince the Board of the relevance of their opinions and positions. Should there be disagreement, he or she may request that his/her positions be recorded in the meeting minutes.

#### **Article 6. Independence and conflict of interest**

All members of the Supervisory Board must do their utmost to avoid any conflict arising between their moral and material interests and the interest of the Company. They must inform the Board as soon as they become aware of any conflict of interests or potential conflict of interests, and subsequently refrain from taking part in discussions and voting on any related resolutions.

According to the AFEP-MEDEF code of April 2010, the criteria to be reviewed by the Supervisory Board in order to qualify a member as independent and to prevent risks of conflicts of interest between the member, the Company or the Group, are the following:

- Not to be an employee or executive director of the Company, or an employee or director of its parent or of a company that it consolidates, and not having been in such a position for the previous five years;
- Not to be an executive director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the Company (currently in office or having held such office going back five years) is a director;
- Not to be a customer, supplier, investment banker or commercial banker:
  - that is material for the Company or the Group;
  - or for a significant part of whose business the Company or the Group accounts;

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<sup>1</sup> Resolution to be submitted to the approval of the General Meeting of the 21<sup>st</sup> of May 2010

- Not to be related by close family ties to a member of the Board of management;
- Not to have been an auditor of the Company within the previous five years;
- Not to have been a director of the Company for more than twelve years.

The Supervisory Board may consider that, although a particular member meets all the criteria, he or she cannot be held to be independent owing for specific circumstances of the person or the Company, due to its ownership structure or for any reason. Conversely, the Supervisory Board may consider that a member who does not meet the criteria is nevertheless an independent member of the Board.

Independent members of the Supervisory Board should account at least for a third.

#### **Article 7. Loyalty and good faith**

No member of the Supervisory Board or person attending Board meetings shall act in any way that might go against the interest of the Company and shall act in good faith in all circumstances. All members of the Supervisory Board undertake to comply with all the decisions adopted by the Board in line with currently applicable rules and regulations.

#### **Article 8. Confidentiality**

All members of the Supervisory Board or people attending Board meetings are bound by professional secrecy with respect to discussions and deliberations of the Board and its committees as well as any information they may receive in the course of their duties. All members of the Supervisory Board or people attending Board meetings are bound to non-disclosure of any such information outside the Supervisory Board.

All members of the Supervisory Board or people attending Board meetings undertake not to use for their personal gain or for the benefit of any other person or business entity, the insider information to which they have access. In particular, should they be in possession of information that has not been made public, they shall not disclose it, use it to buy or sell shares in the Company either themselves or through a third party.

#### **Article 9. Diligence**

By accepting the office of Member of the Supervisory Board, members undertake to devote the necessary time, care and attention to their duties, in compliance with legal provisions applicable to plurality of offices. Unless genuinely unable to do so, they must attend all meetings of the Supervisory Board and of any committees of which they are members.

All Board members undertake to offer their resignation to the Board when they consider they are no longer fully able to carry out their duties.

#### **Article 10. Professionalism**

All members of the Board contribute to the collegiate administration and efficiency of the work of the Board and any related committees. They will make any recommendations they consider might improve Board procedures, in particular when the periodical performance evaluation of the Board is made.

The Board members jointly ensure that audit missions are accomplished efficiently and without hindrance.

They have a duty to ensure that the positions adopted by the Board are taken for the proper reasons and recorded in the minutes of the meetings.

### **Article 11. Board members' civil responsibility**

Article L.225-257 of the French Commercial Code provides that *"members of the Supervisory Board shall be liable for negligent or tortuous acts committed by them in a personal capacity in performance of their duties. They shall incur no liability for acts of management or the result thereof."* This absence of liability with regard to the management of the Company follows on from members' non-involvement in the management.

While members are not liable for the management of the Company, they may be declared civilly liable for the misdemeanours committed by the managers if they were aware of these and did not reveal them to the General Meeting. They shall be liable for personal faults committed in the performance of their mandate.

The Company has taken out "Directors and Company Officers liability" insurance.

## **INTERNAL REGULATIONS OF THE SUPERVISORY BOARD**

### **Article 12. Board operating procedures**

The Supervisory Board elects a Chairman and a Vice-Chairman, who must be individuals, from among its members. The Chairman, and in his absence the Vice-Chairman, is responsible for convening Board meetings and chairing its deliberations.

If the Supervisory Board considers it useful, it may, when so proposed by its Chairman, appoint non-voting members of the Board (censors), for a term that it chooses. These non-voting members may be individuals or legal entities and may but need not be shareholders. The Board determines their responsibilities and the conditions of their remuneration.

According to Article 11 of the Company's Articles of Association, members of the Supervisory Board must own at least five shares during their term of office.

### **Article 13. Supervisory Board missions and powers**

The Supervisory Board continuously monitors the Company's management by the Group Management Board and grants to the Management Board prior authorisations required under the law or the Company's Articles of Association.

It appoints the members of the Company's Management Board, decides on their number, and appoints its Chairman and also sets their remuneration.

It may recommend that the Ordinary General Meeting remove one or more members of the Management Board from office.

Throughout the year, it makes the checks and controls it considers appropriate and can arrange to receive any documents that it considers useful for the completion of its mission.

At least once a quarter, the Management Board presents a report to the Supervisory Board.

The Management Board must present the annual financial statements to the Supervisory Board for verification and control within three months of the year-end, and must submit its recommendations for allocation of the year's distributable income to the Supervisory Board for its prior approval. The Supervisory Board presents to the Ordinary General Meeting of shareholders its observations on the Management Board's report and on the annual financial statements.

The Supervisory Board can call shareholders' meetings and set the agenda.

The Supervisory Board can decide to create committees and it sets their composition and duties. Their activity is exercised under the Board's responsibility, without the said duties being a delegation of the powers attributed to the Supervisory Board by law or the Articles of Association, nor having the effect of reducing or limiting the powers of the Management Board.

In addition and according to Article 12 of the Company's Article of Association the following decisions of the Management Board are subject to prior authorisation from the Supervisory Board:

- The sale of property and the total or partial sale of shareholdings and the grant of security interests on the Company's assets;
- Direct transactions or equity holdings that might significantly affect the group's strategy and materially modify its financial structure or scope of activity;
- The issue of securities, of any kind, that may result in a change in the share capital of the Company;
- Transactions aimed at granting or contracting any borrowings or loans, credits or advances, granting of sureties, guarantees, deposits or other forms of security.

The Supervisory Board authorises the Management Board to carry out the above transactions within the limits of an amount it shall set for each such transaction. Where a transaction exceeds the specified amount, the approval of the Supervisory Board is required in each case.

#### **Article 14. Supervisory Board meetings**

The Supervisory Board meets as often as required in the interest of the Company. Meetings are convened by the Chairman, or, failing this, by the Vice-Chairman. Meetings are convened by any means, even verbally. However, the Chairman of the Supervisory Board must convene a meeting of the Board on a date which may not be more than fifteen days after the date on which a member of the Management Board or at least one third of the members of the Supervisory Board submit a request to him or her for a meeting to be convened. If the request has not been followed up, the authors of the request may convene a meeting themselves indicating the agenda.

Any member of the Supervisory Board may appoint another member to represent him or her.

Each member may only hold one proxy.

Decisions are taken under the conditions with respect to quorum and majority provided for by law. In the event of a tie, the Chairman of the meeting shall have the casting vote.

#### **Article 15. Attending Supervisory Board via telecommunication facilities**

Members of the Supervisory Board are considered to be present for purposes of forming a quorum or majority when attending meetings through telecommunication facilities allowing them to follow discussions and to participate in person, such as telephone, video-conference or any other teletransmission facility that allows them to be identified. When a member is not physically present, it is the Chairperson's responsibility to check the identity of the member participating in the meeting.

The above provisions do not apply for deliberations that come within the provisions of Article L.225-68 paragraph 5 of the French Commercial code relating to the examination and auditing of annual and consolidated financial statements and pursuant to Article 12 of the Company's Articles of Association, Articles L. 225-59, L. 225-61 and L. 225-81 of the French Commercial code.

Supervisory Board meetings should include the names of the people attending via telecommunication facilities and the type of facility used. They should also note the occurrence of any incident relating to the use of such facilities.

## **Article 16. Inside information - share transactions**

As a listed company, all members of the Supervisory Board undertake to comply with rules relating to insider trading set out by the French Financial and Monetary code, in particular, with the provisions of Articles L.465-1 and seq. and by the French *Autorité des Marchés* ("AMF") in particular, with the provisions of Articles 621-1 to 622-2 of the General Regulation of the AMF.

Pursuant to the General Regulation of the AMF (Article 621-1), inside information with regard to the Group is defined as:

Any information of a precise nature,

- which has not been made public at the time it is used, relating directly or indirectly to the Company's or the Group, or to the Company's shares or to the Company's financial instruments;
- And which, if it was made public, would have a material influence on the price of the Company's shares or financial instruments.

Information is only considered to have been made public when it is included in a press release made to press agencies or when it is published in a document registered with the market authorities (AMF), such as the Reference Document.

Within dedicated blackout periods, no share transactions are allowed for Supervisory Board members, irrespective of them having inside information or not.

Outside blackout period, a pre-clearance of transactions in the Company's shares or financial instruments is required with Euler Hermes Group Compliance prior to any transaction.

According to the General Regulation of the AMF, all Board members shall report to the AMF within five trading days of execution, all acquisitions, disposals, subscriptions or exchanges of the Company's shares or financial instruments. Notification is not required if the total amount of such transactions does not exceed EUR 5,000 in a calendar year.

## **Article 17. Effective date**

This document and the rules therein became applicable when adopted by a majority vote of Board members.

Any change or addition is subject to a vote by the Board under the same conditions and comes into force the same day.

Before accepting his or her appointment, each member must familiarise himself or herself with the laws and regulations relating to his or her office, the Company's Articles of Association and this Charter and Internal Rules and Regulations.

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