



SARASIN

**INTERNAL REGULATIONS FOR
ORGANISATIONAL STRUCTURES AND
BUSINESS MANAGEMENT (ROBM)**

BANK SARASIN & CO. LTD

Basel, December 2007

Passed by the Board of Directors

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I. GENERAL

Note:

This English translation is for information only and is not legally binding. The original German version should be consulted in the event of any dispute.

Pursuant to Art. 716b of the Swiss Code of Obligations, Art. 3 Cl. 2 let. a of the Swiss Banking Act and Art. 10 Cl. 2 let. a of the Swiss Stock Exchange Law and Art. 17 and 19 of the Articles of Association of Bank Sarasin & Co. Ltd, the Board of Directors issues the following Internal Regulations for Organisational Structures and Business Management (ROBM).

Content of the Regulations Article 1

These ROBM define the business activities and govern the assignments and authorities of the following bodies, instances and organisational units of the Bank:

1. Board of Directors (ROBM Art. 5 ff.)
2. Chairman of the Board of Directors (ROBM Art. 9 ff.)
3. Chief Executive Officer (ROBM Art. 11 ff.)
4. Management (Executive Committee, EC) (ROBM Art. 14 ff.)
5. Heads of Divisions and Heads of Staff Functions (ROBM Art. 17 f.)
6. Group Internal Audit GIA (ROBM Art. 19 ff.)

Abstention

Article 2

The members of the Board of Directors, the statutory banking and stock exchange auditors and the Executive Committee must report in advance if they face a conflict of interest when making decisions. The person concerned either offers to abstain, or the other members of the body in question shall decide whether the person concerned should be excluded from that decision-making. A simple majority shall suffice.

Signatory powers

Article 3

- ¹ Powers to sign are assigned by the Board of Directors; in principle, signatories sign jointly.
- ² Standard correspondence and other mailings produced in large volumes concerning day-to-day business may bear either just one signature, no signature or a facsimile signature. Attention must be drawn to these exceptions to the basic principle of joint signing power.

II. BUSINESS ACTIVITIES

Article 4

¹ The business activities of the Bank cover all areas listed in Art. 2 Cl. 2 of the Articles of Association, in particular:

1. investment consulting and asset management;
2. purchase and sale of all types of securities, including derivatives, on its own account and for the account of third parties, for institutional and private clients in Switzerland and abroad, on stock markets in Switzerland and abroad, particularly on stock exchanges which are subject to appropriate supervision; either directly as a stock exchange member or indirectly through banks and brokers appointed by the management, or outside the official market (over the counter) with selected counterparties;
3. underwriting and placement of issues and lead-managing and participating in underwriting syndicates in Switzerland and abroad;
4. safekeeping and custody-services of securities and valuables;
5. acceptance of assets of all customary types in banking, including savings deposits;
6. issue and management of investment funds and establishment of legal entities in the financial and investment sector;
7. issue of certificates of deposits and bonds, the Bank's own certificates and other securities;
8. investment and lending of money;
9. purchase and sale of foreign exchange, banknotes, coins, precious metals and related transactions;
10. handling of payment transactions, documentary credits and collections against documents;
11. issue, discounting and collection of bills of exchange and cheques;
12. acceptance of sureties and guarantees;
13. fiduciary transactions;

14. comprehensive advice on financial planning, in relation to tax and inheritance, execution of wills and handling of estates;

15. all other business which the operation of a bank may entail.

² The Bank may found subsidiaries in Switzerland and abroad, operate branches, establish foundations and acquire interests in other enterprises, particularly banking and financial institutions. It is entitled to acquire, manage, mortgage and sell real estate properties in Switzerland and abroad.

III. THE BOARD OF DIRECTORS

Article 5

Constitution

- 1 The Board of Directors is constituted each year, normally at its first meeting following the Annual General Meeting. Members of the Board have to step down when they reach the age of 70.
- 2 The Board of Directors holds the elections stipulated under the Articles of Association and appoints its Secretary, who does not need to be a member of the Board of Directors.
- 3 Elections are held openly, unless a member demands a secret ballot.

Article 6

Meetings

- 1 Meetings of the Board of Directors are convened by the Chairman or, in his absence, by a Vice-Chairman, as often as necessary, normally once per quarter. Moreover, any member may demand in writing that a meeting of the Board of Directors be convened (to discuss matters which are the responsibility of the Board of Directors), stating the agenda.
- 2 Notices of the meeting together with the agenda shall be sent at least three working days before the meeting. In urgent cases, these may be sent at shorter notice.
- 3 The agenda is binding. Amendments or additions to the agenda are only permitted if all members are present and two thirds are in favour.
- 4 Minutes are kept of the meeting, to be signed by the Chairman and Secretary and approved by the Board of Directors.

Article 7

Quorum

- 1 The Board of Directors is authorised to pass resolutions provided a majority of its members are present at the meeting. Meetings can also be held in the form of video or telephone conferences.
- 2 Each member has one vote.

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- Adoption of resolutions** ³ The Board of Directors adopts resolutions by an absolute majority of votes cast. In the event of a tied vote, the acting Chairman's vote counts twice.
- Voting by circular** ⁴ Resolutions may also be passed by circular. Such resolutions must be passed unanimously in order to be valid. Such decisions must be entered in the minutes of the next meeting of the Board of Directors.
- Urgent resolutions** ⁵ The Board of Directors can pass urgent resolutions on matters which cannot be delayed. They are valid if approved by the Chairman of the Board of Directors or, in his absence, a Vice-Chairman and a majority of the members of the Board of Directors that can be reached by telephone, email or fax. Such decisions must be entered in the minutes of the next meeting of the Board of Directors.

Article 8

- Powers & responsibilities** ¹ The Board of Directors is responsible for the ultimate direction, supervision and control of the company and for overseeing those charged with running the bank within the meaning of Art. 3 Cl. 2 of the Swiss Banking Act.
- ² The Board of Directors defines the Bank's goals and the key aspects of its business policy, monitors those charged with managing and representing the Bank to ensure that they comply with the requirements of the law, the Articles of Association and the regulations, and accepts regular reports on business performance. It is also responsible for all transactions which are not reserved – either by law or by the Articles of Association – to the statutory banking and stock-exchange auditors or to the General Meeting of Shareholders. Pursuant to Art. 16 point 5 of the Articles of Association, the Board of Directors delegates the management in accordance with the "Allocation of Competencies Board of Directors / Chief Executive Officer / Executive Committee / Head of Division / Head of Business Unit", and receives reports from the CEO in accordance with Art. 12 ROBM.

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- ³ The Board of Directors forms the following committees:
a) Nomination and Compensation Committee,
b) Audit Committee.

The tasks and reporting of these committees are set down in special regulations.

- ⁴ The Board of Directors may appoint other committees to deal with other tasks. The tasks and reporting of these committees are set down in regulations.

- ⁵ The Board of Directors issues regulations for the GIA, defining its tasks, duties and powers.

IV. THE CHAIRMAN OF THE BOARD OF DIRECTORS

Article 9

Duties and powers

- 1 The Chairman is responsible for convening and chairing meetings of the Board of Directors. In his absence, one of the two Vice-Chairmen is responsible.
- 2 Assisted by the CEO, he formulates proposals for the Board which concern the long-term goals, strategic direction and future development of the company and the Group.
- 3 The Chairman liaises with the CEO and the Heads of Divisions to ensure that the Board of Directors and its committees receive information in good time about any aspects of the company and group that are important for the formulation of objectives or monitoring of developments. He must inform the Board of Directors immediately of important exceptional events.
- 4 He is responsible for planning the membership of the Board of Directors.
- 5 The Chairman chairs the General Meeting of Shareholders.
- 6 The Chairman decides over exceptional leaves of the CEO and Heads of Divisions.

Article 10

Supervision, monitoring and representation

- 1 The Chairman organises and coordinates, in the name of the Board of Directors, the monitoring of the activities of the CEO and the Heads of Divisions.
- 2 The Chairman ensures, in cooperation with the CEO, that measures arising from the audit reports of the GIA are implemented.
- 3 The Chairman receives the reports of the statutory banking and stock-exchange auditors and after being dealt with in the Audit Committee presents them to the Board of Directors and the CEO for perusal and discussion. He ensures that these reports are forwarded and the recommendations acted upon. He is responsible for archiving the reports.

- ⁴ The Chairman is also entitled at any time to receive reports of the Heads of Divisions, Chief Financial Officer, the Risk Office and Group Compliance, or to request these himself.
- ⁵ If the Chairman is prevented from exercising his functions, he is represented by a Vice-Chairman. If none is available, the Board elects one of its members to temporarily act in his capacity.

V. THE CHIEF EXECUTIVE OFFICER (CEO)

Article 11

- Tasks and competencies**
- ¹ The CEO, together with the Heads of Division, works out the strategic direction and the future development of the company and the Sarasin Group, as well as the long-term goals, which include the required financial, human and organisational resources. It then submits these to the Board for approval.
The CEO is responsible for implementing the plans and projects approved by the Board of Directors.
 - ² The CEO is in charge of the operational management of the company and the Group.
 - ³ The CEO orders the delegation of competencies to the divisions in the form of division regulations, as laid down in the "Allocation of competencies Board of Directors / Chief Executive Officer / Executive Committee / Head of Division / Head of Business Unit".
 - ⁴ The CEO consults with the relevant Heads of Division to define the management structure and the management and controlling instruments of the divisions and monitors their activity.
 - ⁵ The CEO helps to appoint the members of the Executive Committee and the Heads of Division.
 - ⁶ The CEO initiates and oversees the implementation of Board resolutions.
 - ⁷ The CEO prepares the business of the Board of Directors.

Article 12

- Duty of disclosure**
- ¹ The CEO, or where applicable the responsible Head of Division, informs the Board of Directors:
 1. regularly concerning the general progress of business, development in the relevant markets and of the operating result;
 2. regularly concerning the steps taken to reach the Bank's business policy objectives;
 3. concerning the Bank's monthly accounts and about the quarterly consolidated account;

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4. concerning the interim and annual financial statements of subsidiaries and affiliates;
 5. regularly concerning the development of results in the individual Divisions;
 6. immediately if important concerning its assessment of the risks in the divisions, concerning impending and realised losses and concerning litigation and all other exceptional, significant events and those likely to be of media interest, serious disciplinary matters and regulatory infringements and the measures taken in this regard;
 7. periodically concerning the schedules of cluster risks according to Art. 21 of the Banking Ordinance (by individual institution and on a consolidated basis);
 8. via quarterly reports concerning the implementation of the risk policy (ascertainment, management and limitation of risk positions).
- ² The CEO generally informs the Board of Directors in such a way that he latter is able to perform its supervisory and control functions.
- ³ The CEO is responsible for providing prompt and detailed information to the Chairman of the Board, the Board of Directors and its committees regarding any aspects that are important for the management and control of the company and the Group. The CEO notifies the Chairman of the Board immediately about unusual events and reports regularly on the progress of business and projects, as well as the risk situation of the company and the Group.

Article 13

Management Circle

The CEO invites the Head of Divisions together with the Heads of Business Units to attend joint meetings as required. The purpose of these meetings is to develop and implement programmes and projects that span different Divisions. This inter-divisional body is known as the "Management Circle". It is not an executive body and has purely an advisory capacity.

VI. THE EXECUTIVE COMMITTEE

Article 14

Organisation

- 1 The Executive Committee consists of at least five members including the CEO.
- 2 The CEO or his deputy chairs the Executive Committee. He is responsible for dealing with matters that lie outside the competence of the divisions.
- 3 If the Chairman of the Executive Committee agrees, Executive Committee members may have themselves represented. Such representation is noted in the minutes.

Article 15

Meetings

- 1 The Executive Committee normally holds meetings once per month, led by the CEO. The notice of the meeting and the agenda are issued by the Chairman of the Executive Committee. Extraordinary meetings take place whenever necessary or at the request of the Chairman of the Board of Directors or of a member of the Executive Committee, notifying the agenda.
- 2 Notices of the meeting together with the agenda shall be sent at least three working days before the meeting. In urgent cases, these may be sent at shorter notice.
- 3 The agenda is binding. It can only be amended or added if all members are present or represented and two thirds are in favour.
- 4 Minutes are kept of the resolutions passed at the meeting, to be signed by the Chairman of the Executive Committee and the Secretary and approved at a subsequent meeting.
- 5 The Chairman of the Board of Directors receives both the notices of meetings and the minutes of the Executive Committee.

Article 16

Quorum	¹ The Executive Committee has the capacity to adopt resolutions provided at least half the members are present.
Adoption of resolutions	² Resolutions of the Executive Committee are adopted by an absolute majority of votes cast. In the event of a tied vote, the Chairman's vote counts twice.
Voting by circular	³ Resolutions may also be passed by circular. Such resolutions require the approval of all members of the Executive Committee and are to be entered in the minutes of the next meeting.
Urgent resolutions	⁴ The Executive Committee may pass urgent resolutions on matters which fall within its competence and which cannot be delayed. They are valid if approved by the Chairman of the Executive Committee or, in his absence, his deputy and a majority of the members of the Executive Committee that can be reached by telephone, email or fax. Such resolutions must be specially minuted.
Proposals to the Board of Directors	⁵ The Executive Committee submits proposals via the CEO regarding matters over which the Board of Directors has the power of decision according to the law, Articles of Associations or regulations.
Tasks and competencies	⁶ Executive Committee members support the CEO in preparing and developing the business strategy and in making proposals and submitting reports to the Board of Directors. They help to prepare the annual accounts and consolidated financial statements, the budget control for the current year, the financial planning.
Duties and powers	⁷ The duties and powers of the Executive Committee are set down in the "Allocation of Competencies Board of Directors / Chief Executive Officer / Executive Committee / Head of Division / Head of Business Unit".

VII. THE HEADS OF DIVISIONS AND STAFF UNITS

Article 17

Tasks and competencies

- ¹ The Heads of Division are responsible for the operational goals and the operational management of their divisions, within the framework of the overall strategic objectives. They ensure efficient organisation and suitable human resource planning in their divisions.
- ² The competencies and tasks of the Heads of Divisions and Heads of Staff Functions are as laid down in the organisational structure and/or job descriptions, the allocation of competencies, and the business regulations of the divisions in question, which must be approved by the Board of Directions at the proposal of the Executive Committee.
- ³ The Heads of Division ensure that the CEO receives timely and accurate information about the business performance of their divisions.
- ⁴ The Head of Divisions are responsible for ensuring compliance with all banking and other regulations, especially the correct processing and technically and legally competent execution of pending transactions. They must also make sure the Bank satisfies the relevant regulations concerning equity capital, liquidity and risk spread.

VIII. GROUP INTERNAL AUDIT (GIA)

Article 18

Organisation

- ¹ GIA is responsible for the internal auditing of the group. It answers directly to the Board of Directors.
- ² The Head of the GIA is appointed by the Board of Directors.

Article 19

Tasks

- ¹ The GIA supervises the activities of the Bank and of the consolidated companies. It verifies compliance with legal and regulatory requirements and the articles of association, professional standards and internal guidelines and directives. It conducts audits as defined in the regulations, following objectives approved annually by the Board of Directors.
- ² The GIA can be assigned to permanent or one-off audits or it may perform monitoring functions at subsidiaries or affiliates.
- ³ With the consent of the Audit Committee, the GIA exercises special mandates of the Chairman or members of the Board of Directors, of the statutory banking and stock exchange auditors or of the CEO.
- ⁴ The GIA and the statutory banking and stock-exchange auditors must coordinate their auditing activities.

Article 20

Powers

- ¹ The GIA has unlimited rights to audit and inspect documents, in so far as necessary to the fulfilment of its tasks and auditing duties. It must be provided with all the necessary details and findings in this regard.
- ² The GIA is entitled to make requests and recommendations to the Board of Directors and the CEO, but has no authority to give instructions.

Reporting

Article 21

- ¹ The GIA issues its reports independently of any instructions.
- ² The Head of the GIA reports regularly to the Audit Committee on the internal and external auditing activities, to allow it to form an opinion on the organisation, functioning and quality of the control system.
- ³ After obtaining the comments of the audited body, the Head of the GIA reports regularly to the Audit Committee, the Chairman of the Board of Directors, the CEO and – pursuant to Art. 40 of the Banking Ordinance – the statutory banking and stock-exchange auditors concerning the results of the audits carried out. In case of particular events, it immediately informs the Chairman of the Board of Directors, the CEO and, in important cases, the statutory banking and stock-exchange auditors.
- ⁴ Each year the Head of the GIA issues an activity report, which is brought to the attention of the Audit Committee, the Chairman of the Board of Directors care of the Board of Directors, the CEO, the Heads of Division and the statutory banking and stock-exchange auditors.

IX. FINAL PROVISIONS

Article 22

- Allocation of Competencies** ¹ The "Allocation of Competencies Board of Directors / Chief Executive Officer / Executive Committee / Head of Division / Head of Business Unit" forms an integral part of the current Internal Regulations for Organisational Structures and Business Management (ROBM).
- Transitional period** ² The further regulations and implementing provisions necessitated by these ROBM shall be issued within one year. In the interim, the previous regulations shall apply in substance.
- Effective date** ³ These Regulations were approved by the Board of Directors on 14 December 2007. They come into effect immediately following approval by the Swiss Federal Banking Commission (SFBC), replacing those of 2 November 2006.

The Chairman:



Dr. Georg F. Kraye